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FOREIGN ASSISTANCE AND RELATED AGENCIES APPROPRIATIONS FOR 1977

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON FOREIGN OPERATIONS AND RELATED AGENCIES

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PART 2

ECONOMIC ASSISTANCE:

Administrator, Agency for International Development
International Organizations and Programs
Operating Expenses
American Schools and Hospitals Abroad
Security Supporting Assistance
Population and Humanitarian Assistance

Printed for the use of the Committee on Appropriations

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FOREIGN ASSISTANCE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1977

FRIDAY, APRIL 2, 1976.

ECONOMIC ASSISTANCE

AGENCY FOR INTERNATIONAL DEVELOPMENT

WITNESSES

HON. DANIEL PARKER, ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT
PHILIP BIRNBAUM, ASSISTANT ADMINISTRATOR, BUREAU FOR PROGRAM AND POLICY COORDINATION, AGENCY FOR INTERNATIONAL DEVELOPMENT
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FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM

PROGRAM AND FINANCING

[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Program by activities:				
Food and nutrition	517,932	836,421	168,300	636,100
Population planning and health	192,406	279,450	65,400	288,600
Education and human resources	92,208	124,100	30,300	148,000
Selected development problems	108,669			
Selected countries and organizations	70,699			
Other development assistance activities		115,250	22,300	92,600
Total obligations	981,934	1,355,221	286,300	1,166,100

FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM—Continued

PROGRAM AND FINANCING—Continued

[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Financing:				
Receipts and reimbursements from: Non-Federal sources	−1,510	−2,800	----------	−2,800
Recovery of prior period obligations	−13,384	−97,182	----------	−69,100
Unobligated balance available, start of period	[1] −363,830	[2] −255,039	----------	----------
Unobligated balance transferred from other accounts	−289,249	----------	----------	----------
Unobligated balance available, end of period	[2] 255,039	----------	----------	----------
Budget authority	569,000	1,000,200	286,300	1,094,200
Budget authority:				
Appropriation	574,000	----------	----------	1,094,200
Appropriation request pending	----------	1,007,000	286,300	----------
Transferred to other accounts	−5,000	−6,800	----------	----------
Appropriation (adjusted)	569,000	1,000,200	286,300	1,094,200
Distribution of budget authority by account:				
Food and nutrition	300,000	616,200	167,200	633,600
Population planning and health	125,000	218,500	66,500	275,600
Education and human resources	82,000	84,500	23,600	101,800
Selected development problems	32,000	----------	----------	----------
Selected countries and organizations	30,000	----------	----------	----------
Other development assistance activities	----------	81,000	29,000	83,200
Relation of obligations to outlays:				
Obligations incurred, net	967,040	1,255,239	286,300	1,094,200
Obligated balance, start of period	373,037	975,906	1,547,300	1,659,429
Obligated balance transferred, net	37,030	312,440	78,111	137,489
Obligated balance, end of period	−975,906	−1,547,300	−1,659,429	−1,885,467
Outlays	401,201	996,285	252,282	1,005,651
Distribution of outlays by account:				
Food and nutrition	135,124	521,323	130,315	588,880
Population planning and health	90,419	187,679	51,664	211,670
Education and human resources development	58,349	94,855	29,081	80,799
Selected development problems	29,135	97,809	25,248	70,903
Selected countries and organizations	88,173	59,302	3,405	15,972
Other development assistance activities	----------	35,317	12,569	37,427

[1] Includes $341,850 of loans authorized but not yet signed.
[2] Includes $246,700 of loans authorized but not yet signed.

NOTES

Excludes $13,705,000 in 1977 for activities transferred to Department of State.
Comparable amounts for 1975 ($11,745,000), 1976 ($11,667,000) and TQ ($3,260,000) are included above.

OBJECT CLASSIFICATION

[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
AGENCY FOR INTERNATIONAL DEVELOPMENT				
Personnel compensation:				
Permanent positions	60,298	89,578	25,544	93,146
Positions other than permanent	3,119	5,186	1,314	5,452
Other personnel compensation	3,287	2,057	737	3,826
Special personal services payments	595	386	130	675
Total personnel compensation	67,299	97,207	27,725	103,099
Personnel benefits: Civilian	7,695	11,602	3,299	13,022
Benefits for former personnel	742	1,037	296	919
Travel and transportation of persons	9,247	13,591	3,773	14,304
Transportation of things	6,255	7,649	2,094	7,353
Rent, communications, and utilities	7,423	13,353	3,804	16,151
Printing and reproduction	886	1,245	334	1,416
Other services	216,266	286,590	87,625	319,923
Supplies and materials	38,704	49,835	12,153	57,637
Equipment	7,663	10,287	2,643	10,782
Lands and structures	119	166	47	----------
Investments and loans	548,570	777,971	122,400	518,000
Grants, subsidies, and contributions	47,017	62,540	15,158	72,292
Insurance claims and indemnities	2,848	158	64	168
Total obligations, Agency for International Development	960,734	1,333,231	281,415	1,135,066
ALLOCATION TO DEPARTMENT OF STATE				
Other services	1,200	990	285	1,034
Grants, subsidies, and contributions	20,000	21,000	4,600	30,000
Total obligations, Department of State	21,200	21,990	4,885	31,034
Total obligations	981,934	1,355,221	286,300	1,166,100

PERSONNEL SUMMARY

AGENCY FOR INTERNATIONAL DEVELOPMENT				
Total permanent positions	2,442	4,767	----------	4,833
Full-time equivalent of other positions	178	451	----------	473
Average paid employment	3,053	4,643	----------	4,884
Average GS grade	9.36	9.34	----------	9.20
Average GS salary	$18,122	$18,976	----------	$18,699
Average grade, grades established by the Foreign Service Act of 1946, as amended (22 U.S.C. 801–1158):				
Foreign Service reserve officers	3.44	3.50	----------	3.53
Foreign Service staff	5.99	6.20	----------	6.20
Average salary, grades established by the Foreign Service Act of 1946, as amended (22 U.S.C. 801–1158):				
Foreign Service reserve officers	$28,268	$29,663	----------	$29,545
Foreign Service staff	$14,342	$14,667	----------	$14,667
Average grade, grades established by the Administrator, Agency for International Development (22 U.S.C. 285)	14.67	14.45	----------	14.45
Average salary, grades established by the Administrator, Agency for International Development (22 U.S.C. 2385)	$31,177	$31,966	----------	$31,966
Average salary of ungraded positions	$11,727	$12,609	----------	$12,609

CONTINGENCY FUND

PROGRAM AND FINANCING

[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Program by activities: Total obligations	1,800	10,000	5,000	10,000
Financing:				
Recovery of prior period obligations	—1,507			
Unobligated balance available, start of period	—5,317			
Unobligated balance lapsing	6,824			
Budget authority:				
Appropriation	1,800			10,000
Appropriation request pending		10,000	5,000	
Relation of obligations to outlays:				
Obligations incurred, net	293	10,000	5,000	10,000
Obligated balance, start of period	14,430	10,407	13,285	15,504
Obligated balance, end of period	—10,407	—13,285	—15,504	—16,853
Outlays	4,316	7,122	2,781	8,651

OBJECT CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT				
Other services		10,000	5,000	10,000
ALLOCATION TO DEPARTMENT OF THE NAVY				
Grants, subsidies, and contributions	1,800			
Total obligations	1,800	10,000	5,000	10,000

INTERNATIONAL DISASTER ASSISTANCE

PROGRAM AND FINANCING

[In thousands of dollars]

	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Program by activities: Total obligations	32,247	22,810	10,000	25,000
Financing:				
Trust funds	—57			
Unobligated balance available, start of period		—2,810		
Unobligated balance available, end of period	2,810			
Budget authority:				
Appropriation	35,000			25,000
Appropriation request pending		20,000	10,000	
Relation of obligations to outlays:				
Obligations incurred, net	32,190	22,810	10,000	25,000
Obligated balance, start of period		13,134	15,692	18,050
Obligated balance, end of period	—13,134	—15,692	—18,050	—19,026
Outlays	19,057	20,252	7,642	24,024

OBJECT CLASSIFICATION

Travel and transportation of persons	38	26	9	30
Transportation of things	460			
Other services	10,977	22,784	9,991	24,970
Grants, subsidies, and contributions	20,772			
Total obligations	32,247	22,810	10,000	25,000

PAYMENT TO FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

PROGRAM AND FINANCING

[In thousands of dollars]

	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Program by activities:				
Government contributions to the fund (obligations)	16,080	16,680	----	16,680
Unobligated balance transferred from other accounts	−480	----	----	----
Financing: Budget authority	15,600	16,680	----	16,680
Budget authority:				
Appropriation	15,600	----	----	16,680
Appropriation request pending	----	16,080	----	----
Amendment transmitted herein	----	600	----	----
Relation of obligations to outlays:				
Obligations incurred, net	16,080	16,680	----	16,680
Adjustments in expired accounts	10	----	----	----
Outlays	16,090	16,680	----	16,680

OVERSEAS TRAINING

PROGRAM AND FINANCING

[In thousands of dollar equivalents]

	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Program by activities: Training at Indian institutions (total obligations)	----	200	----	400
Authority to spend foreign currency receipts	----	200	----	400
Relation of obligations to outlays: Obligations incurred, net	----	200	----	400
Outlays	----	200	----	400

PREPARED STATEMENTS

Mr. PASSMAN. The committee will come to order.

We shall continue our examination this morning of the budget request for foreign aid.

We have as our primary witness Hon. Daniel Parker, Administrator, Agency for International Development, accompanied by supporting witnesses.

GENERAL STATEMENTS

We will insert all the prepared statements in the record at this point.

[The statements follow:]

STATEMENT OF DANIEL PARKER, ADMINISTRATOR

I welcome the opportunity to appear before this Committee to present and explain the Fiscal Year 1977 request for economic assistance.

The request for new obligational authority is $3,167.6 million, which will provide for a total economic program of $3,244.6 million. The difference of $77 million between the appropriation request and proposed program levels consists mainly of estimated recoveries from prior year appropriations.

The request includes two major programs:

-- First, economic development activities are proposed amounting to $1,393 million, consisting of bilateral programs focussed on the critical needs of the poor majority, voluntary contributions to development programs of the United Nations and the Organization of American States, International Disaster Assistance and American Schools and Hospitals.

-- Second, economic security assistance activities are proposed amounting to $1,851.6 million, consisting of Security Supporting Assistance, the Middle East Special Requirements Fund and the President's Foreign Assistance Contingency Fund.

The Setting for Aid

The world setting for economic aid has undergone fundamental change since the first economic assistance programs were begun nearly a generation ago. Power is no longer concentrated in the hands of a few nations and is now much more widely shared. New limits on the external exercise in influence, particularly by military means, have been defined. Global economic interrelationships have been highlighted in recent years by abrupt movement of world commodity prices, the rapid spread of depressed levels of economic activity and a near-universal inflationary surge. As yet we can see only the broad shape and direction of what appears to be movement away from traditional international structures for maintaining a more flexible and broadly based equilibrium. Even the vocabulary we use - words like interdependence - represent only a tentative effort at describing an enormously complex and dynamic process where more knowledge and greater understanding are needed.

The competitive values and outlook which gave comfort in a bipolar world are clearly no longer serviceable, but no sure course of wisdom has emerged to replace them from the present flux in international relations. The only certainty is the challenge we face in keeping pace with rapid change. The very fluidity of the world situation, however, offers fresh opportunity for the pursuit of peace and justice, for creative solutions to co-existence on a global scale, and for working out among countries new modes of mutual accomodation of their basic interests, intentions, capabilities, anxieties and fears of each other.

One aspect of this ongoing process is the strong belief on the part of developing countries that future progress requires important changes in their relationships with the developed world toward what they see as greater equity. Their claims are being put forward with increasing conviction and frequency. They arise out of real need. They forewarn of growing economic, social and political tension as ever-increasing numbers of people press in many developing countries against limited economic and institutional capacity to cope with basic human needs for food, adequate shelter and opportunities for self-improvement.

This is an encounter from which there can be no retreat. We depend on the developing world:

-- for raw materials;

-- for markets for our manufactured goods;

-- for mutually beneficial investment opportunities; and

-- for cooperation in addressing a wide range of economic, environmental and political issues bearing on regional and global stability and prosperity.

The developing countries in turn look to the United States and the rest of the developed world:

-- for the capital and technical and management skills to develop their human and natural resources;

-- for stable markets for their goods; and

-- for understanding of the crucial importance they attach to building better lives for their prople.

There are no separate futures for rich and poor.

Inflationary trends coupled with high rates of unemployment have had a major negative impact on almost all developing countries. Efforts of the international community have focussed on meeting immediate short-term financing requirements of the developing countries by means of the proposed IMF Trust Fund and IMF compensatory financing of export earnings. But little has been done by way of new initiatives to address the longer-term development needs of the poor countries. The situation is particularly serious in countries with per capita incomes under $200. These countries, with over a billion people or over half the population of the developing world, experienced a decline in their per capita incomes of almost one percent a year between 1971 and 1974. Even assuming recovery of the economies of the developed world, the World Bank estimates that the expected growth of the low-income countries will barely keep pace with their population increase for the period 1976-1980. As a result, the per capita income of the low-income countries will remain stagnant for the rest of this decade unless the flow of concessional assistance is increased above current levels. For these poor people, little or no growth means enduring hunger and poverty.

Within this spectrum of U.S. policies and programs bearing on our relationships with the developing countries a U.S. bilateral economic aid program continues to play an essential role. That role has, of course, changed over time and both we and the developing countries now have a more informed and mature view of what aid can and cannot do. For our part we have learned that:

-- A quantitative approach to growth based mainly on resource transfers does not assure balanced development; very specific attention is needed to equity and employment considerations as well.

-- Many of the problems faced by developing countries find no close parallel in Western experience, and the simple transfer of existing technology and managerial skills will not necessarily provide appropriate answers; extensive technical and cultural adaptation or new problem-solving approaches are often needed.

-- Aid of itself is seldom an effective means of eliciting major changes in the short run either in attitude towards political cooperation with the United States or initiation of domestic reforms; aid can often stimulate or accelerate desirable trends, but lasting change must be based on the genuine desires and convictions of the developing countries themselves.

The developing countries, too, have come to understand better the limitations of foreign aid:

-- Prestige projects, once the bane of aid administrators, are no longer in vogue; bad economics doesn't make good politics.

-- Thoughtful men in the developing world are seeking to avoid a purely imitative growth path; they are instead redefining development goals in ways better adapted to their individual country situations, historical traditions and cultural values.

-- There is growing resistance in the developing world to the dependency implied in the aid relationship; a new determination is evident that the development process be based on principles of self-reliance and self-help.

These views are now widely held and afford a new and sounder framework for dignified, collaborative and mutually rewarding aid relationships with more modest and realistic expectations on both sides of what can be accomplished.

The Role of Bilateral Aid and Contributions to the UN and OAS

It is against this background that we propose continuation of both a bilateral economic aid program and voluntary contributions to certain UN multilateral development programs in FY77. The programs before you constitute an important part of our affirmative attack on world economic conditions which, if left to deteriorate, will constitute an increasing threat to our own security and prosperity.

-- First, bilateral aid serves as a direct, identifiable expression of American sympathy and support for third world development aspirations.

-- Second, as such it complements more general U.S. foreign policy interests in developing countries.

-- Third, a bilateral aid program provides a vehicle for making use of American expertise which is particularly valuable in solving the problems facing developing countries, drawing, as it does, on a talented and experienced cadre of outstanding professionals in A.I.D. and in the U.S. private sector.

-- Fourth, a U.S. program helps focus attention and action on those facets of the development process seen by the Congress and the U.S. public as particularly important and unusually expressive of our own values.

-- Fifth, such a program enables the United States, by remaining an active and informed participant in development assistance, to exercise more effective leadership in the several international agencies and institutions we support.

-- Sixth, the United States needs to maintain a significant bilateral aid program in order to continue its leadership role with respect to both the volume and quality of assistance provided by other developed and wealthy OPEC countries, both directly and through international agencies.

The voluntary contributions proposed for UN and OAS development programs provide selective support for activities of particular interest to the United States. These programs assist developing countries in addressing a wide range of problems for which international agencies represent a preferred source of advice either because of special expertise or because the issue itself requires an internationally coordinated solution. Other countries are increasingly sharing the financial burden, and our percentage contribution to the United Nations Development Program, for example, has dropped from 37% in 1966 to less than 19% in 1975.

The transition of program content and management charted by the Congress in the 1973 authorizing legislation is now well advanced. In the few weeks since enactment of the International Development and Food Assistance Act of 1975, we have been able to make a beginning in responding to the additional development guidance it contains on such topics as PL 480 food aid, intermediate technology, urban development and the role of land-grant and other universities.

Particular mention should be made of Title XII of the new legislation which calls for an expanded role for the universities in addressing food and nutrition problems. We are in the process of establishing the Board for International Food and Agricultural Development which will be the principal vehicle for this increased participation.

Pending establishment of the Board, we are engaged in preparatory work:

-- Developing guidelines for Research Program Grants; and

-- taking steps to coordinate research activity more fully with technical assistance.

The program we propose is very much a continuation of what was presented last year with no dramatic new departures. Changes between the FY76 program request and the proposed FY77 program are generally small in overall level, distribution among regions and among functional categories.

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Development Assistance

The development assistance program we propose has these main features:

-- First, the total program is $1,393 million or about the same as FY76. This is a minimum amount set in light of the overall need for budgetary restraint.

** The United States no longer bears a disproportionate share of the burden of development aid, nor are we any longer entitled to feel that we are being outstandingly generous towards the world's impoverished people.

** Our percentage participation in providing total concessional aid resources has dropped from 54% in 1961 to an estimated 22% in 1975. In terms of percentage of GNP devoted to economic aid, the United States is tied for 12th with Japan among 17 DAC donor countries, devoting 0.25% of its GNP to this purpose. This puts us well down the line in terms of relative effort compared to other developed countries and well below the goal of 0.7% of GNP endorsed by the United Nations.

It could well be argued on these grounds that our request is too low.

-- Second, assistance is concentrated in priority sectors identified by the Congress:

** food and nutrition;

** population planning and health;

** education and human resources development; and

** other development problems of special interest.

-- Third, aid is especially directed toward the poor majority and wherever possible seeks to involve the poor as active participants in the development process. Examples of how this is being addressed at the project level can be found throughout the presentation. By stressing these values in U.S.-supported projects we help to encourage recipient countries to give greater attention to equity in sharing the benefits of development.

-- Fourth, assistance is entirely directed to poor countries and increasingly to the poorest among them. Seventy-six percent of the development assistance programmed for specific countries will help countries with a per capita GNP of less than $300.

-- Fifth, we are moving forward with respect to special development problems and issues which the public and Congress singled out for particular attention such as the role of women, participation in the program by private voluntary organizations, and increased support for cooperatives. We also plan a careful examination in the coming months looking toward greater attention to agri-business functions in the development process, and to making more effective use of the great body of U.S. experience in the efficient supply of agricultural inputs and the processing transportation, storage and marketing of agricultural commodities.

-- Sixth, the Agency for International Development is increasingly better managed and has many fewer employees.

The development assistance program has shifted from concern with the full range of developing country economic needs to a program concentrated in a limited number of functional areas and targeted on the poorest members of society. We are now working:

-- in the most demanding and time-consuming development sectors;
-- in programs attempting to reach the most difficult problems of poverty;
-- in subject matter requiring a high degree of cultural sensitivity and adaptation of local conditions;
-- in countries least well equipped with trained manpower and institutions capable of carrying out an aggressive development effort.

The management of A.I.D. has been adapted to meet the requirements of this new challenge. Specific recent measures include:

-- revised project planning and approval process which merges previously separate loan and grant procedures;
-- new information systems to support the planning process and improve access to relevant prior experience; and
-- training programs to better equip personnel for project planning and management responsibilities.

Concurrently with these program and managerial changes we have in the past year adjusted to the abrupt termination of the Indochina programs.

The FY 1977 Development Aid Request

The program proposed for FY77 is as follows:

-- $636.1 million for food and nutrition for projects to improve the productivity and incomes of poor families through better access to improved seed, fertilizer and credit; and rural roads and expanded irrigation systems; and action-oriented research to solve technical and management problems impeding production at the farm level. Examples include:

** continued support for the Philippines Masagana 99 program which has brought high yield varieties of seed, needed credit, fertilizers and pesticides to more than 700,000 small rice farmers over the past two years;

** loan financing of needed fertilizer for Pakistan and Bangladesh supporting government programs to provide wider distribution of this key agricultural input;

** integrated rural development in Panama where five geographic areas will be helped with comprehensive plans including economic activities, physical infrastructure and social services.

** farm-to-market roads and land improvement projects in Liberia and Pakistan;

** assistance to Sahelian countries in improving their capacity to control common annual crop pests;

** rehabilitation of new construction of small-scale irrigation systems in Indonesia which will provide controlled water for 250,000 small farms; and

** increased food production in Sri Lanka through applied research on high-yielding varieties of food grains;

** assistance to the Afghanistan Rural Development Department in labor-intensive construction of small-scale public works and in the integrated delivery of government services to rural areas.

-- $288.6 million for population planning and health to support national programs for the delivery of integrated family planning and health services, to supply contraceptives and related medical equipment and supplies, and to assist with programs for the control of debilitating diseases. Examples include:

** projects to extend the distribution of contraceptives through clinical, commercial and community-based supply systems in Ghana, Indonesia, Bangladesh, and Pakistan;

** improved water supplies in the Yemen Arab Republic and the Philippines;

** a major contribution to the United Nations Fund for Population Activities helping support several hundred projects around the world; and

** participation in a long-term multidonor program to

control onchocerciasis (river blindness) in the Volta River Valley in West Africa;

** projects which integrate the delivery of health, population and nutrition services utilizing, wherever possible, paramedical and auxiliary workers in such countries as Tanzania, Thailand, El Salvador and Costa Rica.

-- $148.8 million for programs of education and human resources development to improve the cost-effectiveness and relevance of formal education systems, and to devise new methods of nonformal education to service those beyond the reach of conventional educational approaches. Examples include:

** radio-assisted teacher training in Nepal;

** education programs for women in Upper Volta;

** research in the teaching of primary mathematics by radio in Nicaragua; and

** use of mass media to teach better nutrition in the Philippines and Tunisia.

-- $92.6 million for programs in special problem areas under Sections 106 and 107 such as development program planning and evaluation, assistance to international and regional development organizations, urban improvement and intermediate technology. Examples include:

** strengthening A.I.D. relationships with private voluntary agencies to improve their institutional capability for development activities and to finance technical assistance

and development projects;

** assisting in urban development by helping the urban poor participate in economic and social development;

** contributing to economic development through organizations such as the Economic Commission for Africa and the African Development Bank.

-- $177.7 million for U.S. voluntary contributions to selected UN and OAS development programs.

** Major contributions are planned for the United Nations Development Program, the UN Relief and Works Agency and the UN Children's Fund.

-- $49.2 million for other programs including:

** $25 million for a strengthened program of International Disaster Assistance including improved contingency planning and preparedness and use of advanced technology in disaster assistance;

** $7.5 million for American Schools and Hospitals Abroad; and

** $16.7 million for the Foreign Service Retirement Fund.

Economic Security Assistance

The second major category of economic aid is economic security assistance, for which a program of $1,851.6 million is proposed. This figure includes $1,806.6 million for Security Supporting Assistance, $35 million for the Middle East Special Requirements Fund and $10 million for the President's Foreign Assistance Contingency Fund. The funds finance economic programs

for countries whose economic prospects affect U.S. security interests and the achievement of U.S. foreign policy objectives.

About 94% of the funds requested are for activities designed to advance the cause of peace and stability in the Middle East where major programs are proposed for Israel, Egypt, Jordan and Syria. This is an area where long-standing tensions threaten wider, global confrontation if not successfully contained. The stakes in the Middle East are no less than war or peace, and are directly and vitally linked to U.S. national interests.

The prospects for lasting peace in the Middle East remains promising, but realization of that promise depends in part on strengthening the economies of the region and improving the outlook for sustained economic and social development.

The concept for allocation of economic aid in the Middle East is based on the following objectives:

-- first, to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process;

-- second, to give substance and significance to our relationships with the Arab nations most directly involved and to encourage those seriously prepared to work for peace; and

-- third, to foster the peaceful development of the area by reducing the incentives to violence and conflict.

Specific programs proposed in the Middle East are:

-- $785 million for Israel to help in meeting the burden imposed by extraordinary defense costs and high debt service requirements; funds will be used to finance essential commodity imports and to meet the continuing readjustment costs resulting from the Sinai withdrawal.

-- $750 million for Egypt to enable the Government to meet in reasonable measure its pressing domestic economic problems while continuing its constructive foreign policies; funds will finance essential imports and important capital development projects.

-- $77.5 million for Jordan to assist in meeting an overall resource gap and to enable increased emphasis on development; funds will be used for budget support and development projects.

-- $90 million for Syria to assist in meeting urgent development needs; funds will be used for rural electrification, agricultural machinery and equipment and technical assistance in such areas as agricultural research and family planning.

-- $35 million for the Middle East Special Requirements Fund; activities to be financed include continued operation of the U.S.-manned surveillance station in the Sinai, assistance to U.S. private voluntary agencies working in the West Bank and Gaza areas, and other special needs which may arise in the Middle East.

Other programs proposed include:

-- $55 million for Portugal to assist the present government deal with pressing economic problems while seeking to strengthen democracy; funds will be used to finance essential imports, capital projects and technical assistance.

-- $10 million to help with the continuing problem of refugees in Cyprus and $9.6 million for the U.S. contribution to the cost of United Nations Forces in Cyprus.

-- $9.5 million for the U.S. share of a NATO commitment in Malta and $400,000 for technical assistance in Bahrain.

In addition to these specific requirements, $10 million is requested for the President's Foreign Assistance Contingency Fund to deal promptly and flexibly with unanticipated needs in carrying out U.S. foreign policy.

Economic security assistance is conceived in the first instance in relation to U.S. national security needs. We make a concerted effort consistent with the guiding policy objectives, however, to assure that the funds are used for sound economic purposes. These two purposes are in harmony in that efficient economic programs make an essential contribution to security objectives.

In Egypt, for example, the government's strategy seeks to direct national energies toward economic development rather than confrontation as a way of achieving national goals. The needs are real and the problems include a serious foreign exchange shortage, economic stagnation,

a high population growth rate, scarce arable land, a food production deficit and an inefficient industrial sector.

The proposed program will be used for an impressive list of purposeful and soundly planned activities.

-- Suez Canel area reconstruction, including electric power generation, port equipment and water and sewage systems;

-- development projects including grain and vegetable oil storage facilities; power distribution, small agricultural equipment and support of an industrial development bank.

-- technical assistance in such fields as manpower training, health delivery systems, village development and family planning; and

-- commodity import financing to provide needed imports for industry and agriculture not otherwise available because of foreign exchange shortages.

Comments on Congressional Presentation

Finally a few comments are in order about the Congressional Presentation document itself. The materials generally follow the format of previous years and will be familiar to you. The following points warrant special mention:

-- The presentation this year is the result of a concerted effort to put before the Congress a document which is as close as possible to the program we will actually carry out. The elapsed

time between preparation of a project proposal by a field mission and the beginning of project implementation can be two years or more; there will and should be differences between the presentation document and the program we actually implement to adjust to changes occurring in that interval. In order to keep such changes to an irreducible minimum, however, this presentation is based on projects at a more advanced stage of preparation and discussion with host governments than ever before.

-- In the absence of appropriations legislation at the time of preparation of the presentation, we assumed that the Congress would grant our full appropriation request for FY76 up to the limits set by the authorizing legislation. If the Congress provides a lower appropriation level there will, of course, need to be a reprogramming to bring our activity level into line with available funds. This means that funding of some projects shown in the FY76 program may have to be deferred until FY77, which in turn would displace projects in the FY77 program.

-- Operating expenses are not separately authorized and are accordingly included in totals for the several functional categories in the Summary volume. The Operating Expense budget is described and justified in a separate volume, including a table of funding sources for the Operating Expenses account which states clearly how the account is

planned to be constituted. The regional and interregional program volumes exclude Operating Expenses. The program volumes plus the Operating Expenses volume add to the total request in the Summary volume.

-- Minor changes have been made in the format of the project data sheets to make them more informative. For new loan projects, for example, we now include a listing of project-specific cost elements and of planned project accomplishments to give a better picture of what we propose to pay for and what achievements are expected.

It was recognized that in doing this we may risk criticism at a later date if we fall short of our planning targets. My own view is that the maintenance and strengthening of the constructive and collaborative relationship we enjoy with this Committee requires a maximum effort on our part to be open, candid and informative. If we do this I am confident that we can expect in return a sympathetic understanding of the operating requirements of a large, complex and geographically dispersed program, and if planning goals are not always reached or if project modifications are needed in the course of implementation, this will not be seen as evidence of mismanagement, but rather as demonstrating the alert and flexible administration needed for a dynamic program of this kind.

Conclusion

We believe the program proposed in the documentation before you accurately reflects the U.S. national interest by filling an essential role in our relationships with developing countries and working towards a better life for the poor. It responds in affirmative and purposeful fashion to strong public interest in such key issues as effective family planning, the food crisis, disaster assistance, the role of women in development and protection of the environment. It is sharply focussed on areas of Congressional concern and better managed than ever before. We look forward to a constructive exchange of views in the hearing process, and hope you will agree after the program has been presented and justified that it deserves your full support for the funds requested.

STATEMENT OF HERMAN KLEINE, ASSISTANT ADMINISTRATOR FOR LATIN AMERICA

Introduction

Mr. Chairman, I am pleased to have the opportunity to present for the consideration of your distinguished committee our proposed program for the Latin American and the Caribbean region for fiscal year 1977.

Economic growth and development are increasingly the dominant concerns of our hemisphere neighbors in Latin America and the Caribbean. U.S. relations with them will be largely determined by how our decisions in the economic sphere affect them.

This interplay of economic forces between us is well illustrated by recent trade and investment figures. U.S. exports to Latin America have increased dramatically, more than tripling between 1968 and 1975, from $5.3 billion to $17 billion. We recorded a 1975 trade surplus of almost $1 billion with Latin America, compared with a 1974 deficit of $2,675 million. In trading with the non-oil exporting countries in the hemisphere the U.S. surplus is even higher, reaching $5,327 million in 1975 compared with $3,998 million in 1974.

Latin America accounts for 16 percent of our exports and 17 percent of imports. Our total trade with the region is close to that of the European Economic Community, with the region accounting for 27 percent of the U.S. trade turnaround in 1975. U.S. private investment in the hemisphere is over $18 billion. Earnings from private U.S. investments in Latin America exceed $2 billion annually.

Our dependence on the Latin American and Caribbean exports of petroleum, iron ore and bauxite is growing as sources elsewhere become less certain. The region is our primary supplier of coffee, cocoa and bananas; a major supplier of sugar and copper. On the other hand, the Latin American countries are our best customers outside of Canada for automobiles, trucks, automotive parts and agricultural tractors. They are also major importers of construction machinery, chemicals, plastics, fertilizers and steel mill products from the U.S.

A Latin America which shares in the growth of the world economy will offer major opportunities for U.S. trade and investment and will feel better able to participate constructively in international forums on economic problems. Indeed, we expect the Latin American countries to play a positive role in improving the prospects that the dialogue between the developed and the developing countries will prove mutually beneficial.

Last year in commenting on the region's continued growth, I noted the developing adverse situation resulting from the worldwide inflation and the energy crisis. During 1975 Latin America's overall growth continued, but at a reduced rate. It was but half the seven percent rate reached during the 1970-1975 period.

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Development was made more difficult by continuing economic problems in the industrialized world, the high cost of oil, and the added import costs due to the high price of capital and consumer goods. For the many oil importing countries of the region, the cost of oil alone was $3 billion more in 1975 than in pre-OPEC times.

During the past year, there was a substantial drop in Latin American export earnings. Although final data for 1975 are not yet in, 14 countries, accounting for 90 percent of Latin American trade, showed a deficit of $10,320 million. This is up from the 1974 trade deficit of $6,580 million. These adverse trends are reflected in the mounting external public debt and debt service obligations for the region. Debt has been growing by an estimate of more than $5 billion per year. Debt service for 1976 appears likely to substantially exceed $5 billion, compared to approximately $4.5 billion in 1974. Also, international financial reserves for many non-oil exporting countries are now precariously low; during 1975 alone, reserves for these countries were reduced by $2 billion.

As we look ahead, we foresee the non-oil producing countries facing continued and even intensified pressure for substantial external resources to finance minimum development and consumption requirements. The Inter-American Development Bank has recently estimated that the widening gap between resources and financial need will hit $4.3 billion in 1976 and $6.2 billion by 1980.

In the past, the U.S. contributed toward achievement of Latin American development aspirations primarily through our bilateral assistance programs. The sizeable resource transfers of the middle and late

sixties provided through A.I.D. made a significant contribution to the impressive growth rates of the region through 1973 and were undoubtedly partially responsible for the increase in U.S.-Latin American trade.

However, as circumstances change so must our programs. Major resource transfers in the future will continue to come, not through A.I.D., but through private investment and the international financial institutions. Foreign trade will also continue to serve as an important source to generate financial resources for development.

In September of last year at the Seventh Special Session of the U.N. General Assembly, the United States took the initiative and stressed measures which are particularly relevant to Latin America. Secretary Kissinger recommended an economic security facility within the International Monetary Fund to address violent fluctuations in export earnings which have from time to time distorted and unbalanced the development plans of many Latin American countries. He supported a major expansion of the World Bank's International Finance Corporation which will provide additional capital for investment in Latin America. He encouraged other industrialized countries to join the Inter-American Development Bank. He proposed an international investment trust which would improve Latin American access to capital markets of industrialized countries, and he supported closer producer-consumer cooperation on a case-by-case review of specific commodity arrangments. On his recent trip to Latin America he reemphasized these initiatives and encouraged the countries that he visited to work with the U.S. to further them. He also stressed that one of our major policies in Latin America is to assist the efforts of the neediest nations to advance themselves.

Our A.I.D. program in Latin America, as in other regions of the world, is a recognition by the U.S. of its interest in assisting in the development of those countries in the hemisphere which have not reached the point of self-generating growth. It is also a tangible expression of our concern for the poor in those countries. It is an adjunct to our bilateral diplomacy and a complement to our financial participation in the international financial institutions. It is concerned with humanitarian as well as development assistance. Our recent prompt and dramatic response to the catastrophic earthquake in Guatemala and earlier similar actions in the Honduras hurricane relief of 1974, the Nicaragua earthquake of 1972 and the Peru earthquake of 1970 were possible because Congress has continued to give its support to A.I.D.

The countries of the region which will receive our assistance are, for the most part the smaller and the poorer countries. They are essentially agricultural societies. They all suffer from grievous rural poverty. We no longer provide bilateral development assistance to Argentina, Mexico and Venezuela. We are phasing out such assistance to Brazil, Ecuador and Colombia.

Much of Latin America's population has not yet shared in the benefits of growth. The problem of the "little man," compounded by explosive population growth and urban expansion, is camouflaged by country per capita income figures which do not reflect the abject poverty of the poor majority. The A.I.D. program is focused specifically on these people. It leaves to the international lending institutions the large infrastructure projects and concentrates on grass-roots

development. Its purpose is to encourage the assisted countries to devote an increasing amount of their resources toward efforts which address fundamental development obstacles and problems and which directly benefit their poorest people. It concentrates on the small farmer to increase food production; lower-cost educational techniques to broaden the poor's access to education; and expanded health services to improve the productive capacity of the poor laborer. Because of this concentration, it is a significant factor in improving living conditions and development prospects in the countries in which it operates. Though modest in terms of a country's overall development requirements, it is important to the success of development strategies in the sectors of concentration. The U.S. thus plays a positive role in and is identified with the achievement of development objectives of importance to the assisted countries. We were encouraged by the report last year of the House International Relations Committee staff, "New Directions in Development Assistance," which concluded:

> "A substantial amount of United States assistance to the four countries we visited is visibly reaching the poor."

The report focussed on four Latin American countries because the region was considered most advanced in implementing the Congressional reforms of the Foreign Assistance Act.

The growing number of instruments of international economic policy are intended to promote a world economic order in which the developing countries can gain access to capital and benefit from world trade expansion. It is axiomatic that the stronger and more advanced of

the LDC's will derive the greatest benefit from such mechanisms. Some of these countries are in Latin America--they either do not receive A.I.D. assistance or are being phased out. But there are a number of small and intermediate countries in the hemisphere which, while not among the world's poorest, cannot yet compete on the world economic scene on equal footing with their richer and stronger neighbors. There is concern in the hemisphere that these countries will be left behind; that they will neither qualify for the concessional assistance which goes to the poorest countries nor be economically strong enough to take full advantage of the new trade and financial instruments. It is these countries where U.S. bilateral assistance remains important. It is to these countries that the U.S. seeks to demonstrate its continuing interest and concern. With a relatively modest program, we can make a significant contribution to their economic well-being and to our continuing good relations with them.

FY 1977 Program

The program proposed for FY 1977 continues to focus on the region's poor through projects in those sectors which will directly benefit them. Ninety-six percent of our proposed program encompasses projects in: agriculture, education and health (including family planning). This is in sharp contrast, for example, with the FY 1971 program in which these sectors represented only 44 percent of the total program.

In FY 1976 our program request was $258.2 million, consisting of $212.5 million in loans and $45.7 million in grants. The $201.1 million proposed for FY 1977 consists of $151.2 million in loans and $49.9 million in grants which largely complement the loan component. In terms of functional areas, the proposed program is broken down as follows:

Food and Nutrition - $107.1 million (53 percent)

Education and Human Resources Development - $60.3 million (30 percent)

Population Planning and Health - $26.6 million (13 percent)

Sector 106 Development Activities - $7.1 million (4 percent)

Food Production and Agricultural Development

Spiralling food prices and concern about over-dependence on external sources for food supplies have intensified the priority given by governments to increasing domestic food supplies. A.I.D. agricultural programs, which are at the heart of our rural development strategy, directly address the problem of increasing small farmer agricultural production and income.

Most of the rural population in Latin America live on small-farm holdings. As major producers of food crops, these poor small farms represent considerable potential for increased food production through the application of new and improved yield-increasing technologies. The importance of small-farm production potential is supported by increasing evidence that small farms can be efficient producers per unit of capital investment because of the intensity of labor inputs from the small-farm family.

Our bilateral agricultural programs address the problems of small farmers by seeking to (1) improve the effectiveness of national policies and planning activities with respect to food production, (2) promote more equitable and productive land tenure arrangements, and (3) strengthen institutional capacities to deliver agricultural inputs such as seeds, fertilizers, credit and equipment appropriate for small-farm production activities.

But, increased production alone is not sufficient. Our programs, therefore, also strive to improve transportation and marketing systems, employment-generating food processing facilities and food distribution programs. The development of integrated programs which encompass the entire production-marketing-consumption system is being emphasized in many countries. Agribusiness enterprises operated on a cooperative basis is one approach being utilized in Latin America, and supported by A.I.D. programs, in an effort to integrate small producers into the processing and marketing activities associated with their products.

A.I.D. support of agribusiness activities in Latin America during FYs 1975 and 1976 include projects in Chile, Colombia, Nicaragua, Panama, Paraguay, Caribbean Region and Central America Regional Program.

The following examples illustrate present and proposed A.I.D. program activities which address the problems of the poor small farmers in Latin America:

-- In the poorest country in the hemisphere, Haiti, the A.I.D. program seeks to intensify crop production programs through improved soil conservation and small irrigation systems. Together with the IBRD and the IDB, we are assisting the Haitian Government extend its rural development efforts throughout the country. Highest priority is being given to crop production that will provide farm families with food and income.

-- In Honduras, as a result of the Honduran Government's agrarian reform efforts, hundreds of new farm groups have been created to improve farm production and increase farm income. In FY 1977, a small farmer technology loan will establish equipment pools to be shared by the farm groups, provide credit for providing draft animals and machinery, and help create a Honduran capability to solve problems through the use of intermediate technology.

-- In FY 1976 a $7.5 million Small Farmer Organization loan program for Bolivia has been approved for strengthening cooperatives and other small farmer organizations. The primary element of this project is the establishment of a credit-in-kind network to these small farmer groups (credit is provided in the form of actual agricultural inputs needed by the small farmer). Also for FY 1976, a $7 million Rural Access Roads loan is planned to improve transportation between farms and market centers. For FY 1977 an $8 million Agricultural Sector loan is proposed to extend new technology inputs and financing to small farmers.

Following along the lines of a proposal made by Secretary Kissinger in March 1975, the Inter-American Development Bank has sponsored the formation of a hemispheric agricultural consultative group, the International Group for Agricultural Development in Latin America (IGAD/LA). The Group is composed of the major international financial institutions, working with Latin American and Caribbean nations to deal on an improved cooperative basis with the problems of agricultural development in the region.

Nutrition Improvement

Analyses of the nutritional situation in the region indicate that inadequate income is the preponderant factor in malnutrition. The lower income half of the population consumes only 16 percent of the total goods and services available. FAO projections for 1985 indicate that Latin America as a whole will triple its 1970 cereals surplus to 16.4 million tons. However, the aggregate data tend to mask the underlying situation: most of the surplus will be accounted for by two countries, Argentina and Brazil. Unless major changes in the Agriculture sector occur, Central America is projected to increase its 1970 deficit by 66 percent, the Caribbean by 40 percent and the Andean countries by 100 percent.

Low family income and aggregate food production for domestic consumption, however, are not the sole determinants of malnutrition. Unequal food consumption patterns within families will result in greater malnutrition in the youngest age groups and among pregnant and lactating mothers. Nutritional deficiency is considered the most important

contributing factor to excessive mortality in developing countries. Of 35,095 deaths of children under five examined in nine Latin American countries by a 1973 AID/PAHO financed study, 57 percent of the children were malnourished or of low birth weight. Low birth weight, which is directly attributed to the poor nutritional status of the mother, increases the child's vulnerability to disease and probability of mortality.

A.I.D. assistance in the nutrition sector has received a major program emphasis in the last two years. Most countries are requesting assistance for evaluation of nutrition problems, development of nutrition planning capabilities and implementation of nutrition intervention programs.

A.I.D. assistance in nutrition since FY 1975 includes funding nutrition sector assessments in six countries as part of health sector assessments (Bolivia, Dominican Republic, Nicaragua, Haiti, Panama, Colombia) and as separate studies in Chile, Costa Rica, Colombia, and Honduras. These assessments are multisectoral studies examining agricultural production, marketing constraints, consumption patterns, water and sewerage facility distribution, food habits and attitudes, etc. and their linkages to nutrition planning.

Two nutrition loans to Chile and Costa Rica and one integrated health/nutrition loan to the Dominican Republic were authorized in FYs 1975 and 1976. The Chile nutrition loan will create and institutionalize a national nutrition planning capacity within the Government of Chile's National Food and Nutrition Council.

The Government of Costa Rica, with assistance from A.I.D., will implement a comprehensive approach to reducing malnutrition, including (1) feeding programs for low income children up to twelve years of age and pregnant and lactating women; (2) environmental sanitation improvements for marginal rural communities; (3) delivery of integrated health/nutrition services to rural communities; and (4) development of a nutrition management information system.

The nutrition component of the Dominican Republic health sector loan will assist in (1) developing a planning capability within the Office of Nutrition Coordination; (2) support research projects to examine determinants of malnutrition and cost effectiveness of current and future programs; and (3) develop national nutrition education and awareness programs.

Other examples of A.I.D. assistance in the nutrition sector include:

-- A FY 1977 nutrition loan to Nicaragua to support the development of a nutrition planning capability within the Government of Nicaragua as well as programs in nutrition education.

-- A nutrition loan to Honduras, scheduled for FY 1977, to support development of a nutrition planning capability within the Government of Honduras and programs in nutrition education and food fortification.

Population Planning and Health

High population growth and the high incidence of disease remain important constraints to economic growth and improvement of the condition of life in the hemisphere. Effective and expanded integrated

health, nutrition and family planning programs are needed to reduce birth, death and sickness rates. Both the International Woman's Year Conference in Mexico in June and the Pan American Health Organization meeting in September 1975 re-emphasized the high priority of both family planning and integrated health and nutritional programs and underscored the need for action.

A.I.D. has intensified its efforts to improve the health of the rural poor in Latin American countries. In FY 1976, A.I.D. initiated assistance to create a rural health delivery system in Honduras. The system will include an improved planning capability, family planning assistance and facilities for training paramedical personnel. In FY 1977, A.I.D. plans to continue this effort by helping to strengthen the paramedical supervisory system in rural areas by training and establishing regional teams of medical sanitary engineers and administrative personnel.

In Bolivia, Haiti, and Panama, programs are proposed in FY 1977 to extend low-cost integrated health systems to rural populations. In Haiti, we seek to help reduce the level of malaria to 500 cases per million by 1981 from the current level of 5,500 per million. In Panama, a 1975 health sector assessment disclosed major dificiencies in health conditions in rural and urban slum areas. A FY 1977 loan program will address these health deficiencies and extend health services and environmental sanitation to new rural areas of Panama.

A.I.D. collaborates closely with other institutions participating in health sector programs such as the Pan American Health Organization (PAHO) and the World Health Organization (WHO). For

example, A.I.D. and PAHO have worked together to assist the Government of Nicaragua carry out a health sector assessment, and the Government of Haiti plan a control program for malaria. In Brazil, PAHO is the executing agency under the A.I.D.-funded Integrated Health Delivery Systems loan.

During the next fiscal year, A.I.D. proposes to support family planning and health programs which total $26.7 million, including $7.1 million for family planning programs. While Latin America's annual population growth rate continues to be among the highest in the world, significant efforts to reduce fertility in a number of countries these past years have had measurable success in lowering birth rates. Countries reducing their brith rates by more than 10 percent during the past decade are: Colombia, Costa Rica, Jamaica, Panama, Barbados, Chile, Trinidad and Tobago, and Venezuela.

Education and Human Resources Development

During the past 15 years there has been a remarkable increase in the numbers of children attending school in Latin America. In 1960, only 46 percent of primary-aged and 18 percent of secondary-aged children attended school. By 1975, attendance had risen to 60 percent and 30 percent, respectively. Despite this progress, Latin America's high population growth rate has impeded progress towards universal access to education.

A.I.D. has been concentrating its assistance towards assuring better distribution of the benefits of learning, the relevance of education to the poor and the cost effectiveness of formal and non-formal education systems.

Education programs in Latin America have been increasingly broadened in recognition of the role education can play in a country's overall development needs. To meet these needs more adequately, educational programs aimed at children and adults stress attitudinal changes, the need for information skills training, and ways to improve the quality of life. Formal school programs are being supplemented by a wide range of non-formal programs. To determine educational needs and evaluate alternative ways of providing assistance, A.I.D.-supported sector assessments have now been completed in Colombia, Bolivia, Nicaragua, Guatemala, Panama, and Peru, and are in process in El Salvador, Honduras, and the Dominican Republic.

In El Salvador, a FY 1977 loan for fundamental education and skills training will build upon a pilot project undertaken earlier. The program will reorganize and expand present skills training efforts and provide vocational training and job-related placement services for unskilled and semi-skilled men and women. A proposed FY 1977 loan to Peru will help finance the creation of education centers in areas containing predominantly disadvantaged populations. The project will seek to reorient the existing educational pattern in Peru toward more practical, development-related instruction. A proposed FY 1977 loan for rural education in Honduras will help the Government increase its capacity to develop and evaluate curricula in primary schools and for out-of-school education of rural Hondurans.

In FY 1977, A.I.D. proposes loans totaling $42 million for Education and Human Resources Development projects; $18.3 million of grant financing is also planned.

Section 106 - Other Development Problems

Section 106 proposals account for less than five percent of the FY 1977 Latin American program. A $3 million loan is proposed to establish a Development Finance Corporation in Haiti. The Corporation will give primary emphasis to agribusiness projects, thus increasing non-farm employment and expanding marketing opportunities for small farmers. Other activities in this category are grants for small community development self-help projects which are responsive to community needs. In Bolivia and Honduras partial financing has been provided to permit communities to construct primary schools and small potable water systems. In El Salvador and Peru artisan handicraft cooperatives have been supported which provide employment for rural women. Grant assistance is also proposed to improve development planning in El Salvador and to finance studies in promoting public interest law in Latin America.

PVOs and Integration of Women

For years, A.I.D.-supported programs in the hemisphere have benefitted from the unique expertise of the U.S. private sector. Our universities, agricultural community, labor organizations and business community have helped in efforts to improve living standards of the people of Latin America and the Caribbean countries. Recently, our efforts to tap the talents of the U.S. private sector have included a new dimension -- "Operational Program Grants" to private voluntary organizations (PVOs). Central to this approach is the use of A.I.D. funds for people-to-people programs, planned and carried out by PVOs, in the key sectors of rural development, education, and health and nutrition.

We are encouraging PVOs to experiment with strategies and methodologies for reaching the poor majority, particularly through projects which have potential for replication. In our program reviews -- which we hold jointly with the PVOs concerned -- we assess whether non-A.I.D. contributions are sufficient to demonstrate PVO and local commitment to the project both during and after A.I.D. funding is provided.

Among the "Operational Program Grants" underway are:

-- A project with Church World Service to help the rural poor in Haiti develop potable water sources and irrigation canals and promote soil conservation.

-- A grant to Catholic Relief Services to assist small farmers in the San Gil region of Colombia through a program of integrated rural development.

-- A non-formal education program developed by the Inter-American Literacy Foundation to help the Guaymi Indians of Panama.

-- A project with a local PVO in Nicaragua to assist rural market women in purchasing supplies and marketing commodities through credit unions.

Our request for FY 1977 appropriations anticipates an expansion of this effort to strengthen the developmental role of the PVOs. We anticipate funding PVO activities totaling $4.4 million in FY 1977 compared to $2.6 million in FY 1976.

We have made progress also in carrying out the mandate of the Congress, under Section 113 of the Foreign Assistance Act, for fostering

the integration of women into national economies. As an integral part of our approach to the key development sectors, we now accord particular attention to women -- both as agents and beneficiaries of the development process in the hemisphere.

In Peru, a committee composed of both U.S. and local A.I.D. employees meets regularly to discuss ways of integrating women into our activities, and maintains contact with local organizations with similar objectives.

Under an A.I.D. project in Nicaragua, 12 credit unions have been established for market women and vendors in rural towns; eight more are to be formed this year.

In Bolivia, Paraguay, Colombia, Panama, Nicaragua, and El Salvador programs are being planned and carried out to train women not only in traditional fields but also in rural and urban community leadership and in such non-traditional areas as computer analysis and programming, radio education, cartography and photogrammetry. The number of female participant trainees in A.I.D. programs increased from 61 in FY 1973 to 122 in FY 1975.

Conclusion

For a number of years, the United States has been assisting Latin American economic and social development. Much has been accomplished but much still remains to be done. Some countries in the hemisphere no longer require bilateral development assistance, but for others -- primarily the poorer ones -- the reduction of poverty remains a formidable task. U.S. bilateral support can be of significant help to them in that task. Our proposed program in FY 1977 continues our efforts to help

these poorer countries break out of their stagnation and move toward economic growth and a better life for their people. The goal of reducing poverty among our neighbors remains clear. It is a goal worthy of our support through the programs such as those proposed for FY 1977. Our joint continued efforts will help enable them and us to realize its achievement. I urge your support for these efforts.

STATEMENT OF STANLEY S. SCOTT, ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA

Mr. Chairman and Distinguished Members of the Sub-Committee:

I welcome this first opportunity to appear before you on behalf of A.I.D.'s economic development cooperation program in Africa. As we turn our gaze toward a third century of American independence and socio-economic progress, we should not, indeed cannot, forget the reservoirs of afflicted humanity throughout the world. Africa still suffers inordinately from the miseries of poverty. Our continued concern for its poor, enables us to play an important role in seeing that pivotal continent firmly on the road to economic progress in freedom. America's economic and political future is surely bound up with the welfare of Africa and its hard struggle to constitute an independent, progressive community of nations. With that view in mind, we are proposing a total FY 1977 program of $200 million of which $125 million is for grants and $75 million for loans. This level of assistance represents an increase of slightly over 10% of the FY 1976 level (including $22.8 million already requested as security supporting assistance in FY 1976 for Zaire). It is still, however, a minimal level in terms of the great needs of Africa.

The African continent contains the largest number of poor countries in the developing world - 18 of the world's 28 least developed. Such a condition is revealed by some very sober statistics. Out of every 100 live-born infants, 15 die before their first birthday. Life expectancy averages only 43 years compared to 53 years as an average for the developing world and 71 years in the United States. Every 15,000 people in the developing countries of Africa have to make do with only one physician, while the developing world average is one physician for every 3,000 people. The situation is even worse when one looks at specific countries: for example, 76,000 people per doctor in Ethiopia, 65,000 per doctor in Chad, and so on. In the United States the average is one doctor for every 600 people. In the area of education, the average illiteracy rate is at an alarming level of 83%. All of these problems are compounded by an average annual population growth rate of 2.7%.

Where there are problems of disease and illiteracy, there is also the challenge of development. In FY 1977 we expect to have an increasingly positive impact on the plight of the poor majority as A.I.D. continues to sharpen its programs in keeping with new Congressional directions.

While African countries have made great strides since independence in laying a solid foundation for development with the help of A.I.D. and other donors, I can unfortunately not report that there has been any appreciable amelioration over the last year in the economic situation of Africa as a whole.

The great drought of the early 1970s which so severely affected the Sahel and other regions of Africa, has left its mark on the land and its people. Soil fertility has been weakened. Although rainfall has been near normal over the past two years, some large pockets remain areas of insufficient production. Throughout the Sahel there has been a major resurgence of

insect pests, rats and other predators which have severely damaged crops - largely as an after effect of the drought. Livestock herders who lost much of their herds have yet to be reintegrated into a more rational herding economy or to be settled permanently on the land. The spread of malnutrition during the recent years has left marks on the already poor health and vitality of millions of people.

While the poorest countries have yet to recover from the devastating effects of the Great Drought, Africa as a whole has suffered a serious drain on resources available for development. The cost of Africa's imports has skyrocketed, especially fuel prices. The slowdown in the world's economy has depressed many commodity prices -- Zaire and Zambia for example, have been faced with a sharp drop in copper prices. The only exceptions to this general rule would be a very few countries such as Nigeria and Gabon, now being transformed by new oil revenues. In Nigeria, final services and training are underway through funds provided in FY 1975, the last year of our concessional assistance. We are now working on procedures for possible cost reimbursable assistance.

The rapid granting of independence to the five former Portuguese colonies in Africa has added a new political and economic dimension in the southern portion of the continent. All five countries achieved independence with limited skilled and trained personnel to manage and direct development programs. The Cape Verde Islands have serious needs following a long drought and Guinea-Bissau needs to reestablish its basic economic institutions following their fight for independence. We have indicated a willingness to assist Mozambique in their development needs -- including helping to offset the economic cost of sanctions imposed against Southern Rhodesia. Decisions regarding assistance to Angola must wait developments in that country.

The A.I.D. program in Africa works closely with large inputs from other donors and voluntary agencies in facing these problems. We are giving increased emphasis to food production and nutrition, health and population, and manpower development. These activities constitute nine-tenths of the request before you. We also will continue to give special attention to the problems of drought-stricken Africa, especially the Sahel, not with a view to emergency and reconstruction needs, but more importantly, to finding permanent development solutions to the basic condition of periodic drought and desert encroachment. A.I.D. will also assist the participation by the local people themselves in the planning and implementation of development activities. In this regard, A.I.D. will assist African countries to increase and strengthen the role of African private and cooperative enterprise in food production efforts. The countries of Africa have themselves recognized the need to do more to meet the needs of the poor majority - basic food crops in addition to cash crops; strengthening of rural and preventive health services; improving training for agricultural extension and other services. This total process to increase and redirect development efforts will take time, but both the Africans and we have made an important beginning. Now I would like to turn to our specific requests by category for FY 1977.

Food and Nutrition

The most critical problem confronting the developing countries of Africa today is how to increase staple food production such that the rural populations of Africa can improve their nutritional and caloric intake while at the same time providing food for the growing urban centers and cash crops for traditional export markets. Per capita food production has been declining for several years now, as Africa has increasingly found itself squeezed between high population growth rates and increasingly less arable land. Drought, which has always been a problem in many parts of Africa, causes a more tenuous balance in nature for man. It has made the continent more vulnerable to severe food shortages as people become more dependent on food levels subject to drought.

Africa continues to move in its agricultural focus from one almost entirely directed toward the export cash crops of cocoa, coffee and peanuts, to a more balanced view of the real needs of the rural majorities where the line between subsistance and death is most finely, but coldly drawn. This increased concern for basic food production has led to a major challenge confronting development programming - how to reach the small-scale farmer with new inputs and techniques. Much experimentation and patience will be needed; some failures will occur.

As African governments have applied increasing resources towards augmenting basic food production, A.I.D. and other donors have come to their assistance to bolster their determination and support their actions. Some 67% of our proposal for fiscal year 1977 is to be devoted to increasing the productivity of small farmers, with the double objective of producing more food and increasing farmer incomes.

This effort is being carried out on several levels. The most important concerns measures to increase the production of staple cereals, millet and sorghum in the drought prone semi-arid zones, and of rice in the river basins of Africa. The package of activities varies among countries, but the combined donor and host country program includes practical research on new varieties and improved cultivation practices, seed multiplication operations, credit facilities, grain storage and marketing, and last but not least, crop protection. In Niger a substantial effort will be continued to bring such inputs and services to small holders. In Liberia and Swaziland new projects are proposed to increase small farmer participation in the benefits of increased food production through cooperative development. We will continue to look for new ways to expand agricultural development at the grass roots by fostering private and cooperative development as in Ghana with the distribution of agricultural inputs. In Tanzania, research efforts will be expanded to cover arid land crops. The program in Tanzania is an important example of the use of sector lending for agriculture. It is through such lending that infrastructure investments in the agriculture sector can be maintained during periods of severe budgetary and balance of payments problems.

In FY 1977 we will be renewing our program of development assistance for Sierra Leone in keeping with its increased emphasis on the rural poor and its new problems as a country among the most severely affected by the recent rise in the prices of their imported commodities, especially fuel. In Sierra Leone the program proposed for FY 1977 will be devoted primarily to raising the yields of basic crops through research efforts and improving agricultural pricing and marketing policies.

Livestock represents the second pillar upon which Africa is building its agricultural sector. The most critical problems in this regard are

providing for a better balance between sources of water and rangelands, and providing for improved, more economically viable marketing systems. The Great Drought which ravaged the herds of the Sahel and other semi-arid zones, has been a great lesson to the peoples and leaders of Africa. A.I.D.-assisted programs aimed at better production methods, grazing control, and increased marketing of cattle are moving forward in Kenya, Botswana, Cameroon, Chad, Mali, Mauritania, Upper Volta and Niger. In Mali we propose to continue improvements in the operations of the Central Veterinary Laboratory which can provide cattle disease vaccines regionwide, and most particularly for the Sahel. As with cereals production, the livestock program is focused on the small holder.

Increased food production for the people of Africa could not move forward without special attention being given to the continent's soil and water resources, especially those of its major river basins. Small-scale irrigation projects and other river basin activities, soil surveys, hydrology studies and similar ventures will all help increase crop production for the benefit of the small-scale farmer. We propose to continue the inventory of land resources in Mali, and to start a new project for the development of small irrigated perimeters in Senegal.

A.I.D. is seeking to employ new, manageable technology to assist the developing world. One such new tool being used for the study of soil and water resources is the Earth Resources Technology Satellite. In FY 1976 we are financing the collection and analysis of data by satellite on land areas which have been depopulated by the scorge of river blindness. For FY 1977 we propose to follow this up with feasibility studies for investments in support of the resettlement of such areas, as they are freed of disease.

All these efforts in cereals, livestock and soil and water resources development are supported by an element of manpower training. The agriculture programs I have so far described emphasize such training whether for research operations, marketing activities or extension services. Certain projects give special stress to the need for new cadres with skills in the planning, design, management and monitoring of food production undertakings. In Sierra Leone, for example, we propose to strengthen the role of agricultural economics, statistics and budgeting as modern indispensible tools of decision-making.

The campaigns to increase food production now underway throughout Africa, fall into a natural framework of rural development. Here the emphasis is on integrating food production activities with actions in the fields of health, rural education and transport. In this context there is a critical need throughout Africa for rural access roads which will permit agricultural inputs to reach the small farmer and allow him to evacuate his produce. In FY 1977, we propose to advance loan funds to Kenya and Liberia for this purpose. For Upper Volta, one of the poorest countries of Africa, modest grant financing is proposed as the suitable means of helping open up rural areas of that country. In all cases, such efforts will move hand-in-hand with multilateral assistance for the development of the areas involved. In Ethiopia, where a forbidding geography has made access to rural areas extremely difficult, A.I.D. proposes continued expansion of agricultural extension service areas along the principal trunk roads.

Certain aspects of agricultural development such as practical rice research and multi-national basin development can, by their very nature, be best approached through subregional or regional structures. A.I.D.'s

collaborative style has encouraged emphasis on basic food production programs under the auspices of the various subregional organizations concerned with development. During FY 1977 we propose to continue our work with such organizations as the Niger River Commission, the Senegal River Development Organization, the Lake Chad Basin Commission, the Entente Fund, the West Africa Rice Development Association, the Africa Cooperative Savings and Credit Association, and the African Development Bank.

The multi-year drought which so devastated the Sahel region of Africa gave rise to a new sense of common destiny on the part of the African states affected. The sense of common prupose led to the creation of the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS), representing the six Sahel states plus Gambia. This Committee has since been strengthened with a view to providing the proper African framework through which the states of the region and the donor community will be able to develop concrete solutions to the drought-related problems of the Sahel. A.I.D. proposes to continue to encourage this multi-lateral effort by supporting the development of comprehensive planning for the major basin areas of the region - the Niger and Senegal Rivers and the Lake Chad Basin areas - all with the aim of seeing the Sahel more nearly selfsufficient in the production of its basic food crops. The Permanent Inter-State Committee will be able to draw, in a coordinated fashion, on the technical work being done through the Niger River Commission, the Inter-African Committee for Hydrology Studies, and other subregional agencies, all benefiting from the aid of the international donor community.

Five newly independent states are emerging from their colonial past under Portugal. These countries will likely require a certain amount of relief and rehabilitation assistance, but high on their list of development priorities will need to be increased food production by and for the poor

majority. All are presently importing basic food commodities with the exception of Angola. As we attempt to develop programs with these countries, A.I.D.'s emphasis will be heavily weighted towards helping to satisfy this need. Fiscal year 1977 funding anticipates proposals for agricultural education in Guinea-Bissau, crop production and fisheries in Cape Verde, and credits for increased food production in Mozambique.

The work that A.I.D. is supporting out in the fields, research centers and training institutes of Africa is backed up by an array of A.I.D.-supported institutions in the United States, drawing the peoples of America and Africa closer together in a relationship of common concern and endeavor. In fiscal year 1977, A.I.D. proposes to continue to support the independent efforts of a series of U.S. private voluntary organizations such as CARE and Church World Services who have mounted their own development programs with and for Africa. I believe that our nation is the richer for having expressed at the grass-roots level a concern for the development needs of the less fortunate.

The link in the development chain between increased food consumption and improved health is better nutrition. We, therefore, propose to initiate and expand nutrition programs for the poor majorities in Africa. This will involve the inculcation of nutrition considerations in the national planning of countries, with special emphasis on mother and child. Much testing will be required to determine the proper mix between increasing the nutritive quality of staple food, and increasing its variety. U.S. voluntary agencies will continue to play an important role, drawing on the Food for Peace program in improving nutrition education.

Population Planning and Health

The problems of disease and malnutrition in Africa are of enormous proportions, especially for its rural areas where most of the people live. In addition, the low level of health in Africa claims mother and child as its first victims. The Africans have thus come to a new realization of the greater need for expanded rural health services and a sharpened focus on mother and child health. The traditional emphasis on new urban medical centers for the new expanding elites of post-colonial society, has been moderated as governments have gained a greater understanding of the health problems of rural areas and a greater appreciation of their productive potentialities. A.I.D. has taken the lead in supporting a redirection of effort in this sense. The principal needs are for low-cost health delivery systems, the training of paramedical personnel and rural health educators, and a proper mix of curative and preventive services. Several countries need intensive assistance with the management and administrative aspects of rural health delivery. Such assistance is proposed for continuation in FY 1977 in Ghana and Chad among other countries.

In Cameroon, we propose to initiate a new activity in rural health education. A number of rural health services activities are being operationally tested on a pilot basis for their cost effectiveness, as in the Danfa region of Ghana and Lofa County in Liberia. In FY 1977, we propose to begin to extend the experience of Lofa County to other counties of Liberia. A.I.D. will focus its support on the needs of primary rural health posts and centers with other donors strengthening linkages to county hospitals. A.I.D. and the Liberian Government have gained enormous experience in successfully establishing and institutionalizing the John F. Kennedy Hospital in Monrovia, for which final year funding is requested in FY 1977. This experience will be of benefit to the donor community as a whole as we continue to turn our

sights to the needs of the rural poor and to new ways of serving them. In these and other countries, we propose to expand our efforts not so much at training additional nurses and auxiliary health personnel, but more so, at institutionalizing such training capability within the individual country setting.

The close interrelation between health and economic development is evident to anyone who has seen the debilitating effects of endemic disease and malnutrition on the vitality and productivity of Africa's rural masses. One endemic disease - onchocerciasis or river blindness, as it is commonly called - has a particularly disastrous effect on the economic productivity of large areas of Africa, and in particular the Volta River Basin of West Africa where seven countries are affected. The disease has touched some one million people and led to the retreat of the population from the fertile river valleys of the basin. Since a large-scale vector control effort will require about twenty years, the United Nations and the World Bank have taken the lead in mounting a multi-donor and intra-African operation for this purpose. The United States has contributed $3 million for the first three years' operations and we are proposing a $1 million contribution for FY 1977 to help extend vector control to the endemic areas charted for Phase II operations.

A.I.D. is assisting the World Health Organization to eradicate smallpox from Ethiopia, the last country known to harbor the disease. We are providing $800,000 in FY 1976 and $1.2 million in the Transition Quarter. U.S. and other donor assistance will help assure the final eradication of this dread disease. Success in this effort represents a triumph for all people, not just for Ethiopians.

The population growth problem is a particularly insidious one in Africa. Many areas of the continent are not overly populated. This has led some to the conclusion that African development is somehow limited by the relatively small numbers of producers and consumers. The bitter truth is that too much of Africa has only a limited agricultural resource base and little in the way of other natural endowments. Under such circumstances, the existing populations are stretching such resources to the breaking point.

Africa's annual population growth rate of 2.7%, which is above the overall average for the developing countries, is thus an obstacle to economic growth and improved health for the continent's poor majorities. The excessive number of children, which result from too little headway in child-spacing, is a drain on the poor family's nutritional and health level. When many of these children do not survive their early years, the average mother and father see their fatalistic and static view of life confirmed. Such an environment is by no means conducive to economic development.

On the economic front, the growing imbalance between people and resources further exacerbates the demand for food, health, schooling and jobs and the myriad of social and public services that the world's peoples are growing to expect as they come more and more in contact with urban life and its anticipated benefits.

In helping confront these problems, we can do no better than to encourage African approaches and solutions. These have evolved along two fronts. In some countries, views have evolved to the point where there is promotion of national family planning programs, most often linked, as well they should be, to mother and child care. A.I.D. and other donors are supporting the efforts of such national family planning programs in Ghana, Kenya, and Botswana. In other countries, various levels of concern with the need for

family planning receive their expression through programs of integrated mother and child care in keeping with the guidelines set by the World Health Organization for such services. The integrated care of mother and child includes services of child spacing and family planning in its broadest context. A.I.D. and other donors are supporting such health and family planning programs through improved midwifery and auxiliary health worker training, informational services, supplies and equipment. Programs involving all of these activities are proposed for continuation in FY 1977 to be backed up by regional programs covering research grants and fellowships, family planning workshops and consultants.

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Education and Human Resources Development

Each of the problem areas of food production and health already discussed cannot hope to achieve solution without heavy doses of manpower training. Our objective here is not simply to train new cadres to undertake development programs in food production and health, but to help the Africans institutionalize their manpower training programs in keeping with their development needs and resources. In light of these aims, we have built an aspect of manpower training into each of our programs. But even this is not sufficient if the total development process is to move forward in a balanced fashion for the betterment of Africa's poor majorities. The requirement is for a broader look at the educational and human resources development sector. The specific need is to establish practical education systems which can respond directly to the requirements of African development, especially rural development. Far too much effort and too many resources have been expended in the twentieth century in a vain attempt to have Africa meet educational standards and curricula norms which were set in Europe and for Europe, and not always even for Europe's modern-day needs, let alone the current life needs of Africa.

The Africans are increasingly determined to reverse this process and to look at human resources development needs from every angle - both formal and non-formal education, academic as well as non-academic. We propose to help Africa continue this experimentation and retooling and to support efforts which show a new concern with rural and managerial education. Examples of this coordinated effort abound. In the developing countries of Southern Africa we will be working at alleviating specific manpower constraints through on-the-job training and short on-site courses. In Kenya and Ghana the emphases will be on training local management with a view to decentralizing the task of development planning and execution. Shortages

of trained manpower are today nowhere more glaring in Africa than in the newly independent Portugese-speaking countries. In fiscal year 1977 we propose to continue the training in the United States and in Africa of students from these countries. We also plan to expand a new project for the development of African manpower both on that continent and abroad where such training will help prepare cadres for present and future high-priority development projects.

Our emphasis is turning more and more toward training in Africa itself whether in the country of specific need or on a regional basis. The latter approach is best typified by our support for the training programs of the Pan-African Institute for Development, with two branch schools in Central and West Africa to meet the needs of both English and French speaking students. Here the training is specifically geared to the needs of mid-level cadres responsible for the design and implementation of development activities. A.I.D. also supports a series of shorter regional seminars in project design and management. In fiscal year 1977, we propose to support the expansion of such training through two new centers, one for the Sahel and the other for East and Southern Africa.

A specific component of manpower training and human resources development which has been too long neglected is that of expanding the societal impact of women. There is a definite need, as recognized by the Congress, to bring women into the mainstream of the development process. Women have traditionally been and remain the mainstay of the African family's nutritional status, its small scale vegetable and other food production and its modest commercial and marketing undertakings. A closer look at these aspects of development, as well as the many other opportunities opening up for women in Africa's economic life, is definitely needed if we are to help Africans make their own development even more collaborative and participatory.

In fiscal year 1977 we propose to help Ghana identify additional skills of women that could be fostered so as to help them participate more fully in the country's economic development processes. In Upper Volta, we plan to foster the training of women for an improved and more concentrated development of the domestic and small farm economy. As these projects evolve and bear fruit, on a pilot basis, we will be in a position to recommend their extension both within the countries concerned and to others as well.

Section 106 Development Activities and Other Programs

A limited number of programs and projects do not relate directly to only one of the problem areas of food, health, and human resources development, but rather cut across the board with an over-riding concern for the core problems of rural development. These programs fall under the purview of Section 106 of the Foreign Assistance Act. For fiscal year 1977 we propose a continued effort in the planning and design of A.I.D. projects for greater program effectiveness. We are required to expend greater energy on project design because of the greater challenge and complexity in working with the largely uncharted area of small farmer development and meeting special design needs such as environmental analysis.

The overall A.I.D. program for Africa is assisted by the financing of specific research on fundamental development problems such as Sahel drought and desert encroachment. This research will be complemented by U.S. support for regional aid coordination and planning in the Sahel. In FY 1977 we propose to expand our experience under the Sahel drought recovery and rehabilitation program in undertaking small scale or pilot activities which, if successful, can have an important impact on accelerating development within a relatively short time. This accelerated impact program will cover the poorer countries of Central and West Africa, not just the Sahel. Under it we propose to finance such undertakings as the development of low-cost agricultural technology, the expansion of the income of small producers and the promotion of rural public health measures. The accelerated impact program will provide a framework for quick action on low-cost, short-term spot activities in these areas.

A.I.D.'s self-help program, providing small inputs for high interest community projects, has been successful in increasing local participation

in the development process. For fiscal year 1977 we propose continued funding in the range of $1.5 million for self-help activities. This program, in operation in Africa since 1965, has touched some 25 of the poorest countries of the continent. It continues to enable our Embassies, Peace Corps volunteers, and American voluntary agencies to become direct partners in the most visible types of village action projects such as well digging, schoolroom and clinic construction, and mixed farming, all of which are highly labor intensive.

A further category of aid under the guidance of Section 106 is our support for the development activities of certain African regional organizations. The two principal ones with an all-African mandate are the United Nations Economic Commission for Africa and the African Development Bank. A.I.D. support for the Economic Commission for Africa (ECA) has helped it to direct its concerns to some of the critical development needs of Africa. To date A.I.D. has helped finance ECA studies of crop and milk production, seminars on corn production, rural development, and women's activities, small-scale industry information services, and trade promotion. For fiscal year 1977 we propose to support similar ECA efforts by providing the services of U.S. technical advisors, and short-term training grants.

The African Development Bank is an important source of capital funds for development projects on the continent. Continuation of A.I.D.'s technical assistance to the Bank will enable it to maintain its help to governments in the preparation and qualification of projects for financing. With A.I.D.'s encouragement, more and more of these projects are related to the critical needs of the poor rural majorities in such fields as land reclamation, cereals and livestock production and health.

A.I.D. draws on other U.S. legislation to forward the objectives of our development assistance programs. This is especially true of the PL 480 Food for Peace legislation. Under Title I of that Act we are able to support economic stabilization programs through the benefits of long-term concessionary lending to help a country meet its basic food import requirements. In fiscal year 1977 Title I programs will be considered for Ethiopia, Guinea, Liberia, Mali, Senegal, Tanzania and Zaire.

Food for Peace Title II programs provide food commodities on a grant basis when tied to such humanitarian and development fields as child and school feeding, nutrition and health education, and increased self-help efforts through food for work activities, especially for rural works. In fiscal year 1977 we will continue to look for new and expanded ways of using such food grants in support of development projects, either within our own A.I.D. program or within the excellent programs of the various U.S. private voluntary organizations cooperating in Africa's development.

In conclusion, please allow me to re-emphasize the nature of the challenge we and the international donor community have taken up on the African continent. The developing countries of Africa between the Sahara Desert and the borders of South Africa represent a land mass which is almost three times that of the continental United States. Within that vast area, 90 percent of the people live in dire poverty, mostly on farflung subsistance farmland. The challenge of giving these people a greater sense of participation with us in making the world a better, more productive place in which to live, is in the highest interest of the American people, if not of ourselves, then surely of our children. The program before you is another meaningful step forward in helping to meet that challenge.

STATEMENT OF ALFRED D. WHITE, DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR NEAR EAST

Mr. Chairman and Members of the Committee. I am pleased to appear before you today to testify on AID's proposed FY 1977 Development Assistance Program for Afghanistan, Yemen, Morocco and Tunisia.

INTRODUCTION

We are requesting $43.0 million to carry out Development Assistance Programs in these four countries and to continue a number of regional programs. Close to two thirds of the request will finance programs in the two poorest countries--Afghanistan and Yemen. Food and nutrition projects will use forty percent of the request; another forty percent is for population planning and health projects. Development Assistance requested is $12.0 million higher than that requested for FY 1976. This larger amount--all in loans--will fund an expanded water and sewage system in Taiz (Yemen) and 300 rural school buildings and teachers' hostels in Afghanistan.

In addition $10.7 million of PL 480 Title I commodity sales are planned for three countries, and $22.4 million of PL 480 Title II commodities for four country programs.

Afghanistan and Yemen

Afghanistan and Yemen are among the world's poorest countries. Their per capita GNP is under $100; eight out of every ten workers are engaged in primitive agriculture; life expectancy is low because infant and child mortality is high and preventive medical care is virtually unavailable; only about ten percent of the children are in school; and there are very few professionally or technically trained people working in the private or public sectors.

Our development programs are designed to change these conditions. We are working with the Governments of Afghanistan and Yemen to create new institutions and to improve the capacity of existing institutions to design and manage social and economic development programs. As far as possible we are working closely with other foreign donors so that total foreign assistance can make a lasting impact.

The new Republican Government of Afghanistan, which took power two and a half years ago, has committed itself to reaching the rural people bypassed in the development programs undertaken in the past. We have redirected our program (FY 1977 request: $11.8 million) to augment the efforts of the new Government. Taking Afghanistan's stage of development into account, we have designed each new project to be simple in design, to have a pilot test phase before we consider a second and larger operation, and to be based on evidence that it will clearly benefit the rural people.

Let me illustrate the new approach by describing one project for which loan and grant funds are requested. The Afghan Government has created a new Rural Development Department to design and build small projects responsive to village needs. Although the new Department is an independent agency, its projects necessarily will involve regular Afghan Government agencies since the Rural Development Department will be carrying out work projects to expand agricultural production, provide simple health services, and carry out adult education.

We are supporting this new rural program by helping the Afghans plan and implement small projects, and design and test new integrated agricultural, education and health programs. Beyond this technical assistance, A.I.D.'s largest contribution will be the proposed loan funding of rural works, water control and small irrigation schemes, bridges and roads. Our loan will finance seventy-five percent of the cost of constructing 200 rural works projects. Payment will be made on a fixed-amount reimbursement basis after construction has been completed. This means that the Afghan Rural Development Department and the other Afghan Government agencies will have to conform to jointly agreed standards of construction, and will bear the costs of construction until we have agreed to reimburse them. We believe that using fixed-cost reimbursement will help the Rural Development Department organize itself more effectively.

Our program of assistance to Yemen's modernizing government (FY 1977 request: $14.2 million) concentrates on three major constraints to growth. In our judgment, the absence of clean water is a major health hazard, and

the construction of village and town water systems is an essential prerequisite for social and economic change. Increasing the production of basic cereals, poultry, and fruits and vegetables is the key to an improved diet. The government has to have a minimum staff of trained professional and technical personnel to design and run programs; a continuing training program is needed.

Let me describe how A.I.D. is going about helping Yemen overcome the first of these three constraints. The A.I.D. program is financing technical advisors and equipment to bring clean water to 15 to 20 rural village centers each year. The people of the villages contribute their labor; the program is also supported by Yemen's Arab neighbors and the UNDP. A.I.D. also will finance feasibility studies and final design for the water systems of rural towns whose populations range between 5,000 and 30,000 and will train staff members of the National Water and Survey Authority to evaluate similar feasibility studies in the future and monitor the design and construction of simple water systems. The ultimate objective of this pilot effort is to bring the Yemen government to the point where it can evaluate studies carried out by others, get foreign donors to provide funds for more work of this kind, and be ready to run the water systems when they are built. Finally, A.I.D. will finance the construction of an expanded water system for the growing city of Taiz; this project also will be training Yemeni to operate the expanded system, and will help design a rate structure which will make the system more self-supporting while assuring availability of water to the poor.

Since Yemen is such a poor country, and its central government is hard-pressed to expand services beyond the major cities and market towns, we are also supporting the Government's effort to encourage voluntary local development associations to carry out rural development schemes, particularly projects growing out of our program in water and food production. These rural associations, which first emerged during the civil strife of the 1960's, are continuing to grow in numbers and strength. We will be working with four such associations to test their potential for undertaking more simple irrigation works, land clearing and terracing, and improved access roads.

Yemen desperately needs professionally trained managers and administrators so that the government can design and carry out development programs on a larger scale than at present. Consequently, we are continuing to finance academic training in management, finance, statistics, and economics, as well as in technical fields like agriculture. Fifty-seven Yemeni trained under this program have so far returned and assumed positions of greater responsibility. The current request will finance the training of 83 new participants in the U.S. and Egypt and continue the training of at least 25 others. We are also sending Yemeni to study at AUB under the Regional program.

Morocco and Tunisia

The second two countries -- Morocco and Tunisia -- for which we are requesting development assistance are much further along in their social and economic development than Afghanistan and Yemen. They have a per

capita GNP of between $300 and $400 a year and their economies continue to grow at a reasonable rate. Their close economic association with France makes possible the migration of unemployed farm laborers to France. Finally, in contrast to most poor LDCs, these two countries have a government bureaucracy which can design and implement social and economic development programs. Since Morocco and Tunisia continue to have a large number of rural people in conditions of abject poverty, they need to pay more attention to neglected problems in agriculture and health.

Our development programs (FY 1977 request for Morocco: $7.7 million; for Tunisia: $3.5 million) are designed to help the governments test new approaches and to expand programs to improve the economic productivity, educational level and health conditions of the least advantaged.

The Moroccan Government has concentrated its investment in the modernized agricultural sector and placed little emphasis on increasing productivity of the small farmer in the semi-arid area. The Government has come to understand that dryland farmers engaged in traditional grain growing and cattle raising must improve their farming methods and be integrated into the modernized sector. A new technical assistance project directed to this end is being undertaken in FY 1976. A.I.D. also intends to continue assistance to the Hassan II National Agronomic Institute, focused on the technical and socio-economic problems of dryland agriculture.

The Government of Morocco has come to realize that attacking the problem of malnutrition requires an integrated approach to agricultural and health problems. A number of nutritional studies had been undertaken by different

Moroccan Ministries, each looking at the problem from its parochial point of view. The need to relate these different approaches, and to organize programs around a central theme, will be addressed by an A.I.D-financed Nutrition Planning project.

Tunisia is the most economically advanced of the four countries receiving development assistance. As per capita income in Tunisia's cities has continued to rise, the demand for livestock and dairy products has expanded dramatically, but the small farmers have been unable to respond. Consequently, A.I.D. is joining the government in a small farmer-oriented livestock technical assistance program.

Tunisia has a strong centralized government administration. This arrangement was suitable as long as development was concentrated in urban centers and supported the modernized sector of agriculture. However, when the Tunisian government turned its attention to the less advantaged rural population, it saw the need for decentralization. The government is now making grants to local authorities for small development works. A.I.D. is assisting one of them in a pilot effort in rural development planning and project implementation. It will provide data and suggest approaches which will be useful to the Tunisians in expanding their rural development work in other areas.

The status of women in Tunisia is relatively advanced compared with many other Arab societies. Consequently, the UNFT's (Union Nationale des Femmes Tunisiennes) training centers which traditionally taught handicrafts,

child care, and basic literacy, is now interested in expanding its training program to provide women with skills which can be employed in the growing labor market. A.I.D. is working with the UNFT to develop a pilot program toward this end which, if successful, could be introduced in other training centers at small cost.

Regional Projects

We are also requesting $5.8 million for regional projects which support the general objectives of our programs in the four development assistance countries and in other countries of the Near East area. The regional projects include the training program at the American University of Beirut ($3.6 million); grants to private voluntary organizations ($700,000); funding of a research program at the American University of Cairo to study population problems in the Middle East ($300,000); project development and support ($700,000); and funding the CENTO technical assistance program ($500,000).

Let me speak about two of these programs. Private and voluntary agencies have long been active in the countries of the Near East and have, as a result, unique experience and capabilities. They have administered distribution of U.S.-donated foods under Title II of PL 480, humanitarian and relief activities, and limited programs to foster economic development. Voluntary agency activities under consideration include Community Family Health and Nutrition Health Education projects in Tunisia, and a Nutrition Grant in Morocco.

A.I.D. has funded a training program at the American University of Beirut since the early 1950s. In the last seven years we have concentrated on one-year graduate training for mid-level government officers from about ten countries in the Near East and South Asia involved in designing or operating social and economic development programs. But we have also taken account of the special needs of such countries as Yemen where we are financing four-year college programs. The civil war in Lebanon forced a suspension of this program from September 1975 until January 1976. The University was able to reopen in January and most of the A.I.D. financed students have returned. We are planning to continue the training program at the American University of Beirut and we are requesting funds to cover up to 485 students for the academic years 1977/78 in the fields of agriculture, public health, public and business administration, and education.

With this in the way of an introduction to our development assistance program request, I would be glad to answer any of your questions.

STATEMENT OF ARTHUR Z. GARDINER, JR., ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA

Mr. Chairman and members of the Committee, I am pleased to appear before you today to testify on AID's proposed fiscal year 1977 development assistance program for eight Asian countries 1/ and regional activities.

For fiscal year 1977, we are requesting $335.8 million for development assistance programs ($268.9 million in loans and $66.9 million in grants), an amount which is slightly higher than the fiscal year 1976 request but significantly less than fiscal year 1975 programs which included Postwar Reconstruction Funds for Indochina.

In addition to the development assistance to be provided under this request, $613.2 million of Public Law 480 assistance is tentatively planned for seven development assistance countries: $489.2 million in Title I commodity sales and $124 million in Title II concessional commodities for programs administered by Voluntary Agencies ($102.8 million) and for the World Food Program ($21.2 million).

Our request for fiscal year 1977 will provide continued support for U.S. economic and political interests in Asia where, illustrative of our economic interests, U.S. exports to the eight development assistance

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1/ Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka and Thailand.

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countries have more than doubled since 1960. Development assistance is intended to promote both regional political stability and progressive political and social change by encouraging policies of recipient countries which foster greater sharing by the majority of their peoples in the benefits of development.

This request follows the directions prescribed by the Congress by (a) concentrating in the three priority assistance sectors; (b) assisting countries which are amongst the poorest in the world; and (c) giving particular attention to the needs of the poor people in those countries.

PROGRAM SETTING

The Asian countries which we propose to assist have over 730 million persons who receive less than $150 annual income. They include between 65% and 95% of the total populations of Bangladesh, India, Indonesia, Nepal, Pakistan, Sri Lanka and Thailand. These people, whose numbers increase by more than one million every two weeks, present one of the most difficult challenges facing the world today.

The great majority of Asians live in misery. More than 25 percent of the children die before they reach school age. Countless millions suffer permanently in mind and body from severe malnutrition as infants. Those lucky enough to survive generally have no opportunity to go to school. Despite great efforts to improve the situation over the last fifteen years, there are more school age children out of school today than there were in 1960. Young men and women face the prospect of short and brutish lives.

Life expectancy in South Asia is about 50 years or less. Debilitating disease goes largely untreated since the great majority of people have no access at all to basic medical care.

The problem is not one which the United States can solve. A worldwide effort is needed, and, of course, primary responsibility rests with the Asian countries themselves. But our bilateral program is presented to you in the belief that it is incumbent upon the United States to help.

We propose as our primary program emphasis to provide assistance which will help increase food production. Per capita food production in some of the Asian countries benefited handsomely from the technological advances of the Green Revolution in the 1960s but bad weather and crop failures in 1971 and 1972 produced starvation conditions in 1973 and 1974 for large segments of the poor populations particularly in India and Bangladesh. While 1975 food production in several of the most adversely affected countries was the most encouraging in recent years and present projections for 1976 crops are also favorable, the food supply situation is still inadequate. Production increases must race simply to keep pace with population growth. The Asian countries will still need to import large quantities of foodgrains in 1976 to meet the shortfall in domestic production and to rebuild the buffer stocks that were seriously depleted in 1973/1974.

During the past decade, growth of food production in Asia has just barely kept abreast of population with a 2.5% average annual production

growth rate. Production of cereals must increase at least 3.3% annually over the next decade (about a 33% increase over recent experience) in order to meet per capita nutritional requirements and overcome caloric deficiencies which average 8.4% among the countries we propose to assist. Sixty-eight percent ($227.3 million) of our total request is allocated to activities in the food and nutrition sector for the purpose of helping to close the food gap.

Another major emphasis in our program is to hit the problem of population growth head on. Population growth rates annually average 2.3% in the South Asian countries and 2.7% in the countries of East Asia. Economic growth and political stability in Asia demand that these rates decline. At current growth rates, the eight development assistance countries in Asia whose population now totals a little over one billion will, by the turn of the century which is less than twenty-five years away, have almost two billion people.

That is the dimension of the challenge. We must do our share to help the people of Asia confront it. We request $41.8 million in fiscal year 1977 for Title X population programs. Our request reflects a significant shift from grant to loan funding for family planning supplies in Indonesia and the Philippines.

While our priority focus centers on increasing food production and reducing population growth rates, we recognize that the development attack must be broader in scope. Even if their people are well fed, the governments

of Asia face staggering tasks in bringing basic social services such as minimal health care and functional education to their people, women equally with men. We believe that we should encourage efforts in those directions. They are the substance of social progress on which future political stability depends. They also provide an environment more conducive to the achievement of food production and population growth goals.

While there have been notable achievements in improving health standards in the Asia countries as a result of large innoculation campaigns, improved sanitation, safer water supplies and some increase in medical services, much remains to be done to extend basic preventive health care to the poor. The problems to be attacked are those of (a) infant deaths (for example, 152 per 1,000 live births in Nepal and 146 per 1,000 live births in Indonesia; (b) generally low life expectancy; and (c) the wholly unsatisfactory number of medical personnel. There is one doctor for every 8,000 people in Thailand, one for each 26,000 in the case of Indonesia and one for each 97,000 in Nepal. Better health care will help reduce births by providing greater assurance to parents that their children will survive birth and infancy.

Our primary emphasis in the health field is to support low-cost rural health delivery systems, where possible using a single infrastructure to deliver health care, family planning and nutrition services to the poor. For example, we propose to assist Pakistan in building a corps of adequately staffed and supported rural health workers with a goal of reaching one and a half million people, now without health service, within a three year period.

In Pakistan today, only 5% of the rural poor receive any medical service at all. We also plan to assist in providing new safe rural water systems to reduce high infant mortality rates and debilitating diseases, and aid in the control of malaria where in Sri Lanka, for example, the number of reported cases has almost tripled in the last three years and threatens agricultural productivity. We are requesting $32.4 million for these health activities.

In the final area of program concentration, education and human resources, where we are requesting $28.4 million -- an amount which is double our request for fiscal year 1976 -- our proposed activities are an expression of two emphases.

The first of these is to expand the opportunities for the poor to acquire a functional education, that is, the basic skills they need to improve their standard of living. In order to accomplish this objective, we propose to support the development and testing of new low-cost non-formal educational systems. We also propose to help to improve the systems which already exist. We propose to concentrate our efforts on supporting revisions of primary school curricula to be more responsive to the functional needs of the poor.

This emphasis on providing the poor with a functional education must, we believe, be balanced by an emphasis on training those who must design and manage development projects.

In order to do this we must assist LDC secondary and higher education institutions to provide academic and skills training to meet the manpower needs for development policy makers, project designers, implementers and evaluators. When local institutions are unable to meet these needs we propose to finance participant training abroad.

AID FROM OTHER DONORS

The maintenance of development momentum in Asia is dependent upon continuing large amounts of concessional aid from the developing countries of DAC, multilateral aid agencies, and OPEC countries. Gross disbursements of aid from these sources by the governments of the eight Asia program countries totaled more than $4.4 billion in 1974. The U.S. contributed $945 million or 21% of this assistance, a large proportion of it on concessional terms, as a bilateral donor and in contributions through the IDA, UN and ADB. Continuation of our bilateral program is essential to participation in this cooperative undertaking.

DEVELOPMENT FINANCING EFFORTS OF ASIAN COUNTRIES

We should place in its proper perspective the development financing efforts of the Asia countries in relation to the amounts of foreign financing they receive. For example, the eight Asia program countries financed 82% or $19.9 billion from their domestic capital resources of the total $24.2 billion development investment which went into their countires during calendar year 1974. This left a remaining 18% or $4.3 billion of foreign-financed official development investment.

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The following country presentations identify the principal development problems faced by each Asian country and describe the efforts which are being made by the country and by AID to correct these problems.

BANGLADESH

Bangladesh is recognized internationally as one of the world's principal development challenges. Its people have the least annual income ($70) of the Asia countries in which we have Missions, 78% of them are illiterate; life expectancy is 47 years, and there is a calamitous 2.7% population growth rate which could double the present 80 million population by the year 2000.

Tremendous strides must be made in food production and population control before the country can begin to offer an improved standard of living to the majority of Bengalees who live under the constant threat of starvation and in a chronic state of malnutrition. Even though 1975-1976 production is at near record levels due to excellent weather, an estimated 1.6 million tons of imported food will still be needed for calendar year 1976. Fertilizer availabilities have been limited by worldwide shortages and by the unavailability this past year of production from the country's largest urea plant which was damaged and out of commission. In the past year, the Bangladesh Government has taken actions on the policy front which are preconditions to economic development and sustained increase in agricultural production. These include:

-- a sharp devaluation;

-- reducing government expenditures by eliminating excessive credits to nationalized industries;

-- placing limitations on credit and expansion of the monetary supply;

-- action in early 1975 to reduce the money supply and also wipe out many illicit financial holdings resulting from black market operations.

These measures, together with good weather, stopped a galloping inflation and brought the budget deficit under control. The Bangladesh Government's actions to increase agricultural production now have a better chance for success.

Our program focusses on the joint food and population problems. In food and nutrition, our principal activities are a $27.5 million loan for agricultural production imports, largely fertilizer, to increase domestic production, a second $14 million small-scale irrigation loan designed to benefit small farmers and landless laborers, and a $16 million loan to electrify irrigation pumps and small agricultural processing and marketing towns, thereby increasing agricultural production and rural incomes. Grant aid will provide the technical assistance and training needed by Bengalee managers implementing these projects.

We are proposing $8.29 million in grant funding to speed up the implementation of the family planning program which is being revitalized by new government leadership. This leadership has recently proclaimed population growth the nation's number one problem. Other indications of progress with family planning will be 6,000 new family planning workers who will

begin their training in April. This group, a large percentage of whom are female, are the first of 18,000 new workers being recruited. In addition, an intensive Family Planning Information Campaign utilizing 12,000 Family Welfare workers was conducted in late January and the National Population Council and Central Coordination Committee have been reconstituted.

INDIA

India, by virtue of its enormous 600 million plus population, is the centrifugal force in South Asia. This force can operate positively in the region by helping to assure political stability, promoting the normalization of relations between South Asian countries, and preventing outside power interference. The extent to which India will be willing and able to exert this positive force will depend to a significant degree on its success in carrying out a very ambitious agricultural production program. The targeted beneficiaries of this program are the country's small farmers and landless rural families who for the most part live in abject poverty.

The United States supports Indian development through its contributions to the World Bank and the Asian Development Bank as well as under Titles I and II of P.L. 480. We stand ready to offer further assistance to India in fiscal year 1977 in the event that negotiations for the resumption of bilateral development assistance are re-opened and lead to a successful conclusion. Our aid would then consist of two $30 million loans, one for improving the handling and storage of foodgrain at major ports and the other, in cooperation with other

donor aid, would be programmed for the Command Area Development project. This project will coordinate the development of water resources with the provision of other agricultural inputs such as fertilizers, pesticides, improved seeds, and credit and marketing facilities, in order to achieve a significant increase in the production of foodgrains in a coverage area totalling 13 million hectares and 5 million small farmers. There would also be a $1.7 million grant to meet technical assistance and training needs in food production, nutrition and educational technology.

INDONESIA

Indonesia, the fifth most populous country in the world with half the population of Southeast Asia, has a political affinity for the West. This affinity has been manifested through the moderate voice it employs in international affairs, a voice which has frequently been raised in support of U.S. international political interests; for example, its participation in the Vietnam I.C.C. and the Sinai expeditionary force and its refusal to participate in the 1973 Arab oil embargo. The country is strategically important since its location gives it control of the passages between the Indian and Pacific Oceans and between Australia and mainland Asia. Indonesia is rich in natural resources, some developed and others in the process of development. American private interests are aiding in the resource development with an estimated $2 billion total investment. U.S. exports to Indonesia have been growing satisfactorily in recent years, from $441 million in 1973 to $810 million in 1975. Our share in Indonesia's import markets went from 17% in 1973 to 20% in 1975. There are very good prospects for increasing our commercial sales to Indonesia with larger quantities of agricultural

commodities and a variety of manufactures to support the country's fast-moving modern sector (petrochemicals, ore processing, forest products).

In spite of its natural advantages, Indonesia is a poor country. The average annual income of its 140 million people is estimated at $100 which is one-third the Congressional standard for most seriously affected countries. Oil has not made any significant difference. The net per capita benefits from oil exports in the years 1973 to 1975 are estimated at $18 to $20 but this translates to only a $6 per capita increase in real income because of large price increases in the imported goods which Indonesia requires for development. In addition to sharing a poverty standard in income, the majority of Indonesians suffer equally from a severe shortfall in minimum daily nutritional requirements, the unavailability of potable water supplies, a 50% mortality rate among pre-school children, and the services of one doctor for every 26,000 people.

Oil profits notwithstanding, Indonesia is expected to end 1976 with almost a $1.6 billion trade deficit because of the worldwide recession and an 18% to 20% inflationary rate at home.

Our bilateral share of the multi-donor assistance effort has gone from 30% in fiscal year 1972 to 10% in fiscal year 1975. Nevertheless, our aid fulfills planned needs in Indonesia's development budget. Our program is helping the Indonesians spend their resources more effectively and our rural development efforts coincide with top Indonesian government priorities. In family planning, Indonesia is demonstrating that successes are possible with a full government commitment.

In the family planning program, where we have been a principal donor, contraceptive coverage for the over crowded islands of Java and Bali has reached the point where there is one contraceptive distribution outlet for every 489 married women of reproductive age. About 2.8 million women on these islands are currently practicing contraception. This represents 20% of the married women of reproductive age. The program has achieved a 12-14% reduction in fertility for a crude birth rate of 38/1,000 on Java and Bali.

On the rural development front, we are involving seven different voluntary agencies in over twenty-five local level rural development efforts. While these projects are individually small, they point the way toward needed development efforts. For example, under one recent voluntary agency project, six small villages in central-Java were furnished with small scale irrigation/ water diversion systems. The results from this one project are 500 hectares of paddy usable for second cropping to the direct benefit of 11,800 persons.

In order to maintain the momentum already achieved in these and other activities, our proposed program for fiscal year 1977 totals $49.9 million, $43 million in loans and $6.9 million in grants. This funding will be used for the following major projects: (1) small-scale irrigation facilities and effective water-user associations to boost food production and small farmer incomes; (2) a pilot brackish-water fish farm project in South Sumatra which will improve nutrition and farmer incomes; (3) initial loan funding of the bulk of oral contraceptives under the family planning program as a transition resource to eventual commercial production; and (4) an expansion of participant training in fields most in need of trained manpower.

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NEPAL

Nepal, like Bangladesh, is one of the world's 25 relatively less developed countries. Its trade deficit has increased as a result of rapidly rising import prices and stagnating exports. In 1975 GDP increased in real terms by only 2%, less than the 2.3% population growth rate. Nepal's economy is primarily agricultural; 94% of the labor force is employed in this sector. This labor force is made up of small farmers who have a per capita income of $90 which is only slightly larger than that of the average Bengalee. In addition, however, the average Nepalese is worse off than his Bengalee counterpart when he is measured against other poverty indicators such as infant mortality and literacy rates; the former the highest and the latter the lowest in Asia. Development is hindered by the country's isolation from world trade routes and severe limitations on its ability to make effective use of foreign assistance because of an inadequate supply of trained manpower.

Our FY 1977 program request for Nepal is $4.7 million in grant funds. One major project will help the Ministry of Food and Agriculture create a capacity to improve production practices for major food crops, and, in addition, relieve manpower shortages and skill deficiencies in Nepal's agricultural sector. The latter effort is focussed on the Institute of Agriculture and Animal Science which last year graduated 100 extension workers and whose current enrollment of 315 will derive needed practical education benefitting from recent improvements in the Institute's vocational agricultural curriculum.

The family planning effort will be another principal focus of our efforts. Progress indicators in the program this past year were the establishment of a central policy and planning agency, commencement of a major training effort to upgrade program field workers, and the initiation of baseline demographic surveys to aid in the selection of districts for experimental family planning field programs.

We also propose to attack the widespread problem of inadequate trained manpower by improving pre-service and in-service teacher and supervisor training, and testing the use of radio as a relatively inexpensive means for training primary school teachers.

PAKISTAN

Pakistan's 72 million population is growing annually at 2.9%. If that rate remains constant there will be 97 million Pakistanis by 1985 -- twenty-five million more mouths to feed than there are today. Seventy-five percent of the population of Pakistan are rural poor; only 5% of these receive medical services or have access to treated water. One-half of the population experiences chronic protein deficiency. Sixty-nine percent of the boys enroll in the first grade; only one-third of them complete five full years of school. Only 36% of the girls enter the first grade and only 11% of them finish the first five years.

One of Pakistan's most pressing problems has been its need to sharply increase domestic food production, particularly the production of wheat. The 1974-1975 winter wheat crop was approximately 7.5 million tons, a new

record but still only slightly above peak output several years earlier. Slightly over 1 million tons had to be imported to meet total requirements including seed. It now appears likely that the 1975-1976 crop will exceed 1974-1975 production by a substantial amount, perhaps as much as one million tons. A crop of this size would represent the first significant breakthrough in output since high yielding seed was introduced in the mid-1960's.

Most of the expected increase is attributable to an increase in fertilizer use, a primary objective of our recent Agricultural Inputs Loan. For the period July-December 1975, nitrogen sales increased by 44% and phosphate sales increased from 30,000 to 50,000 nutrient tons. Allowing for use on other crops, this increase should have contributed at least a 700,000 metric ton additional wheat output. The vast Indus Basin Development project, began in 1960, is virtually complete and will provide another 6-8 million acre feet of water when the next wheat crop is planted this fall.

The credit for much of this growth in wheat production belongs to policy reforms by Pakistan Government undertaken in connection with our AID loans. During 1975, the Government increased its domestic wheat procurement price nearly 50 percent and increased retail ration shop prices as well, reducing the subsidy cost to government. The Government also undertook a series of major policy reforms to expand the use of fertilizer and therefore wheat production. These reforms include:

-- Removal of licensing restrictions on fertilizer retailers, making fertilizer more accessible to smaller and more remotely located farmers.

-- An increase in marketing cost margins for fertilizer, providing distributors with a greater incentive both to extend markets and maintain more adequate stocks.

-- The sharing of fertilizer stocks in the public sector wholesale distribution system with private sector retailers.

-- Allowing private sector distributors to market imported phosphates, formerly handled exclusively in the public sector; this considerably increases farmer access to essential phosphates.

Our program request for FY 1977 totals $73.9 million in loans and grants. In composition it represents a significant AID effort to encourage the Pakistan Government to direct more of its resources to rural development. This redirection is reflected in many proposed projects in the three priority sectors.

One of these would build rural roads. Half of the farmers in Pakistan live three or four miles from a serviceable all weather road. Feeder roads will permit them to reach the market with their income crops and to gain greater access to food production inputs like credit, seed and fertilizer, as well as basic public services.

A $25 million fertilizer loan will be administered in accordance with the recent fertilizer distribution reforms to strengthen the effect of these reforms and give small farmers greater access to fertilizer. Projects to

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expand health services and provide potable water systems will have a rural focus. In education, where there were more primary school age children out of school in 1975 than in 1950, we plan to support a very important rurally focussed project to improve the quality of the primary school system by reducing the very high dropout rate and obtaining higher enrollment rates for girls. This project, in particular, will require a major resource commitment, notably in increased budget allocations, from the government. We will press for this commitment.

In family planning where we propose most of our grant support, the government has given evidence during 1975 of the high priority of the national program by (1) almost doubling its family planning budget; (2) providing contraceptives at prices the poor can afford and increasing the number of outlets where they can be purchased; and (3) strengthening the network of 700 family planning clinics and almost 9,000 field workers. There is more emphasis now on voluntary sterilizations and facilities for this purpose have been increased. The number of tubal ligations and vasectomies performed during 1975 almost doubled the number performed in 1974. While there is little hard evidence that population growth is being checked, the statistical base for the program is being strengthened and we hope to have better indicators of progress in the near future.

PHILIPPINES

Primarily because of inflation, real wages in the Philippines have decreased steadily since 1970; today the purchasing power of the wage earner

is about 65% of what it was in 1970. Seventy percent of all Filipinos live in the countryside. Although they account for 50% of total employment, they produce only one-third of the net domestic product. While the World Bank figures show an average per capita income of around $270, real per capita income of much of the rural population is substantially below this figure. In recent years, the government has become increasingly aware of the disparity between urban and rural well-being and has channelled more and more effort into narrowing it. Our aid has attempted to support this policy.

Agricultural production has not kept pace with the high 2.9% population growth rate and the Philippines has had to import rice, its major food crop, in all but three of the last seventy-five years. Largely as a reflection of imbalances in domestic food crops, deficiencies in distribution, and the poverty accompanying low per capita agricultural productivity, daily consumption averages only 1,673 calories against the recommended minimum of 2,260 calories.

Our program has been a catalyst in the increasing shift of government resources to rural development. Since 1969, the government and AID have been embarked on a national rural electrification program with the ultimate objective of improving the standard of living in rural areas. The total cost of the project to date has been split evenly approximately between the Philippine Government and AID. Forty-four of the 75 electrical co-ops which had been organized by the end of 1975 were either totally or partially energized, serving approximately two million rural people. The rural electrification program has opened the door to a Philippine investment in the rural area which should exceed one billion dollars over the next decade.

In the Provincial Development Administration project, AID and the GOP have combined technical assistance, contributions of U.S. Government excess property and Filipino central government resources to increase the capacity of provincial governments to provide basic social services.

Another catalyst has been provided through two recently completed AID financed feasibility study loans totalling $3.6 million. These loans have provided studies and consulting services, which, in turn, have led so far to approximately $132.5 million in rural power and water resource projects funded by other donors, principally the ADB and IBRD.

One hundred thousand Filipino children die each year from malnutrition-related causes. Infant mortality is 68 for every 1,000 live births as compared to 19 deaths for every 1,000 births in the United States. The child malnutrition problem has for several years been the target of the government's National Food and Nutrition program which has been supplied with PL 480 Title II food and administratively assisted by several U.S. voluntary agencies. Over the past four years it is estimated that this program has improved the nutritional status of approximately 500,000 infants and pre-school children. In those provinces where the program has been operative the past four years the prevalence of severe or third degree malnutrition has been reduced by about 50 percent.

We are requesting $44 million in loans and grants for FY 1977 to continue the AID program as our support for Philippine rural development. We seek $27.3 million of this amount for the food and nutrition sector,

principally, a fourth and final loan of $20 million to move into the next phase of the national rural electrification program and $3 million to carry out irrigation and drainage works which will directly benefit 13,000 small farmers in the Bula area of the Bicol River Basin.

The $16.6 million request for population and health activities is centered chiefly in a $3.4 million loan, the first Title X loan in the Philippines, to fund contraceptives for the family planning program, and a $10 million loan to provide potable water systems for 15 to 20 local communities.

SRI LANKA

The people of Sri Lanka, in particular the poor, have benefited greatly from an extensive social welfare system which addresses food, transportation, education, and wide ranging social service needs. Largely as consequence of this system, the Sri Lankans enjoy the highest enrollment percentage of primary and secondary students, the highest life expectancy, and the lowest number of infant deaths among the AID-assisted countries in Asia. Sri Lanka also, probably due to an effective family planning program and the generally high literacy rate, has the lowest estimated annual population growth rate-2%.

On the debit side, the per capita income is only $110 and about one-fifth of the labor force, primarily youth, is unemployed. The 1973-1974 rise in the prices of imports, principally oil, food and fertilizer, increased the country's trade deficit four times in 1974 and clearly identified Sri Lanka as a country most seriously affected by the world economic crisis.

The policies which sustain the social welfare system have aggravated the country's serious economic situation which is characterized by a decline in export earnings, inability of the public sector to generate adequate returns on capital, and scarcity of new employment-creating and revenue producing investments.

In November 1975, the government announced a series of policy changes which are expected to have a positive effect on Sri Lankan economic growth, in particular the expansion of agricultural productivity. These include (1) equalization of subsidies for all crops; (2) elimination of import duties on two wheel tractors; (3) adjustment of the guaranteed price for paddy and rice to support farmer production in line with market trends and the freeing of the domestic rice market; and (4) elimination of income ceiling/compulsory savings schemes, increased exemption limits, reduced taxation percentages, tax relief and further incentives to corporate and individual investors.

Poor weather conditions in 1975 adversely affected agricultural production. The country is reliant on significant imports of rice and wheat flour to fill its own food production gap.

Eight million in loan funding is requested in FY 1977 to (1) support the building of rice research capability with the objective of expanding agricultural productivity and, (2) reduce the incidence of malaria where the number of confirmed cases in the agricultural regions has tripled between 1972 and 1975 and threatens to reach epidemic proportions.

THAILAND

The thrust of our assistance effort in Thailand in FY 1977 will be to continue the transition to a bilateral development program that recognizes the country's ability to finance her needed external aid flows without recourse to AID concessional assistance. We are requesting $10.8 million in FY 1977 for this transition program. Following FY 1977, it is our plan to concentrate on aiding population and narcotics programs.

The largest amount of the FY 1977 request is proposed for the following food and nutrition activities: (1) a project which will improve the flow of agricultural research information to the farmer and provide farmer feedback on his views to the government, and, (2) an area development project design to increase small farmer incomes in the economically depressed Northeast region.

In the population and health sector, we will support the continuing expansion of the family planning program into rural areas. The Thai population program makes maximal use of paramedical personnel to provide services to an estimated 1.5 million contracepting couples. The program has recently launched training programs for 4,000 township level medics and 7,000 indigenous midwives as part of the new Five-Year Plan. Plans are to train additionally each year about 200 border patrol police who will help deliver family planning services to people in remote areas along the borders. The government has also decided to integrate population education into school curricula and good progress has been made in developing population materials for introduction into the school system and for use in non-formal education programs.

While Thailand's annual population growth rate ten years ago was 3.2 percent, a recently conducted national population growth study indicated that the growth rate, now estimated at 2.6%, will be down to 2.5% by late 1976. The National Family Planning Project has played a significant role in this hopeful progress. Given the Thai's demonstrated ability to carry out sustained family planning activities we believe their target of 2.1 percent growth rate by 1981 is attainable.

Elsewhere, we are experimenting with a project for the transfer of technology and management skills to encourage broader and deeper cooperative relationships between the United States and Thai institutions.

It is noteworthy to report here a significant accomplishment with an education project which AID assisted from 1964 to 1973. This project, termed Mobile Trade Training Units of Thailand, was considered a new system for training rural youth in useful skills. The project has now been assimilated into a functional education program for the whole Thai family and reaches all of Thailand's 12 educational regions. Classes provide the means for 130,000 Thais to each year complete primary school and 48,000 students to take 1,392 mobile trade training classes.

REGIONAL

We are requesting $14.4 million in FY 1977 grant funding to support, in the first instance, a wide variety of agencies and organizations where two or more Asian countries can cooperate in solving problems of common interest. Principal amongst such bodies requiring our support are the (1) Cholera Research

Laboratory in Bangladesh which does its research in cooperation with our NIH and makes its findings, technical services, and equipment available throughout the region; (2) Agriculture Development Council for its highly regarded graduate study program for qualified fellows; (3) Southeast Asian Ministers of Education Organization (SEAMEO) which aids in the development of regional institutions; and (4) Asian-American Free Labor Institute (AAFLI) which strengthens labor unions and provides skills training programs for union members.

In addition to these uses the proposed $14.4 million includes $3.8 million under Section 106 Development Activities for an anticipated significant increase in Private Voluntary Organization (PVO) projects. These funds are available to American and host country PVOs and international PVOs that have American affiliates. Funds will be available to fund PVO development activities in all the Asian program countries and are in addition to projects which have been developed for PVO activities as part of the Indonesia and Bangladesh programs.

A second Section 106 activity area included in the total regional request relates to project design and evaluation studies, research and sector studies and other technical assistance services in support of AID bilateral programs in Asia.

JUSTIFICATION MATERIAL

Mr. PASSMAN. We will insert certain justification materials into the record at this point.

[The material follows:]

Despite encouraging progress in many developing countries, the challenge of poverty and underdevelopment for one-third of mankind remains a threat to world peace. Underdevelopment problems are of staggering proportions:

-- Hundreds of millions face the daily reality of hunger and malnutrition without access to minimal health services, with limited educational opportunities and very low levels of productive employment (a billion people with less than $200 per capita annual income).

-- Billions more people are in prospect.

-- Crisis situations of widespread starvation are likely to multiply by o- before the end of the century unless economic growth can be accelerated, distribution improved, population growth rates reduced.

The challenge of rural development is especially great:

-- to provide food and work for rural poor;

-- to keep urban growth from becoming unmanageable;

-- to supply rapidly growing urban populations with food and fiber.

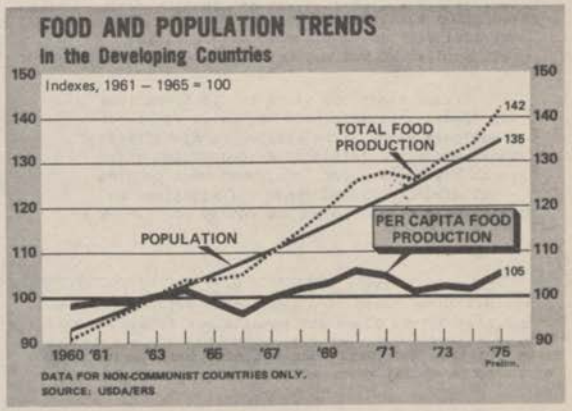
A more promising future will require:

-- major changes, especially in rural life;

-- changes in production methods, marketing systems, production and income incentives, and in the policies that affect them;

-- improved education and health services;

-- a wide variety of other social and economic developments, including networks of public and private institutions through which people can work together to solve their problems.



The problems are vast compared with the availability of external development assistance:

-- Assistance can ease or solve only a small part of poverty or production problems;

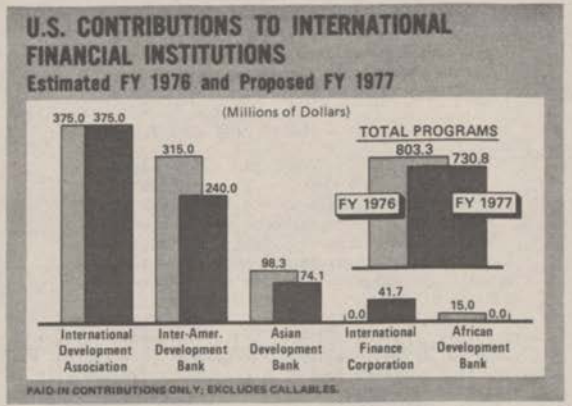
-- At best, aid can only supplement the resources and effort that countries themselves must mobilize and apply;

-- External assistance works most effectively as a catalyst to stimulate, encourage, and support host country government in planning and implementing more effective development policies and programs.

Nonetheless, external assistance is crucial to achievement of reasonable growth for the poorest countries:

-- The World Bank estimates virtually no growth in per capita income for the one billion people in the low-income countries at present assistance levels;

-- Yet the income growth rate in developing countries could be raised to 3% or more if developed countries dedicated 2% of their projected income increases between now and 1980 for development assistance.



-- Multilateral agencies are an important channel for U.S. development assistance and for mobilizing other donors' development funds for developing countries--a large part of these funds go to help countries meet major infrastructure needs.

-- Bilateral development assistance concentrates on basic human problems in the poorer countries; it acts as a catalyst to help mobilize human and financial resources to make their poor people more productive and improve their social and economic well-being.

Although the bulk of the resources for development in most cases comes from the countries' own internal savings, export earnings, and private and other public development financing agencies, bilateral U.S. development assistance through A.I.D. fulfills a special role:

-- Regardless of the amount of resources a country has available for development, or where the bulk of them come from, each developing country has a major problem of applying its resources effectively to address basic human problems and to increase the productivity, income, and employment of the rural and urban poor.

-- This problem is especially acute in combating gross human deprivation and in helping the poor to become productive, to take part in and contribute to their country's development, and to achieve reasonable levels of well-being. This is the range of development problems where it is most difficult to diagnose causative factors and to devise practicable and effective remedies.

-- Development planning in this area therefore is a pioneering effort.

A.I.D.'s Strategy

A.I.D. is concentrating on programs that will be more effective in bringing benefits to the poor by helping them take a productive role in their own economies. This reflects a recognition that aggregate growth per se does not assure a reasonable share of benefits to those most in need.

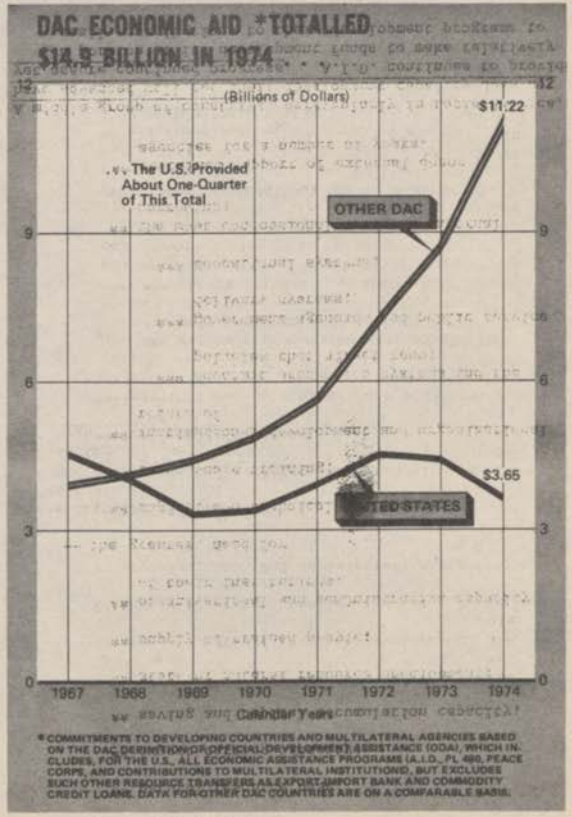
The nature of A.I.D.'s mandate means that the development problems we are now addressing are much more complex, or at least solutions less well worked out, than those encountered in designing roads or power grids, or in recommending improved balance of payments and fiscal policies. They involve an intricate mixture of economic, political, social, cultural, psychological factors, with facts and significance often little known or understood.

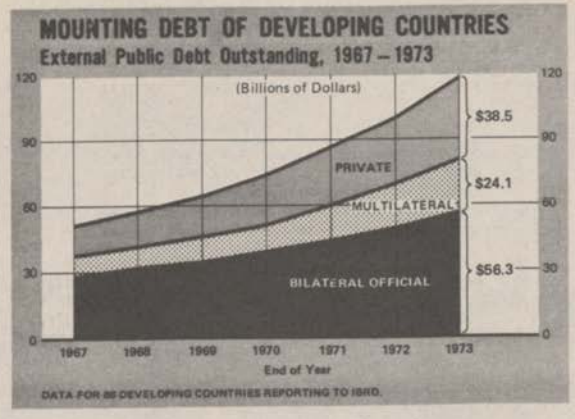
The consensus from experience is that effective attacks on poverty:

-- require an integrated approach in which economic opportunities are associated with the means and incentives to take advantage of them;

-- need to apply results of technical and social science research in pilot programs large enough to test approaches dependably and provide lessons from the experience that will make future development efforts successively more effective.

A.I.D.'s proposed development assistance program is based on the belief that the American people stand ready to share their knowledge and skills in support of the well-conceived and carefully managed program addressed to the enduring problem of poverty in the world.





A.I.D. concentrates the bulk of its assistance in the poorest and least-developed countries. Most developed and more advanced developing countries manage to make the necessary adjustments to fit themselves into the newly evolving world economic system. The poorer countries are set apart by the greater magnitude of their problems relative to their ability to handle them.

They tend to have:

-- the largest proportions of very poor people in their populations;

-- the largest portions of their population in low productivity agriculture;

-- the greatest pressure of population on land;

-- the most limited

** natural resource base;

** export earning capacity;

** saving and capital accumulation capacity;

** state of natural resource development;

** supply of trained people;

** organizational and administrative capacity of their institutions.

-- the greatest need for

** capital and technical assistance;

** large scale training;

** institutional development and organizational reform of:

*** economic production systems and the policies that affect them;

*** government agencies and public service delivery systems;

*** educational systems;

** the most concessional terms in external borrowing;

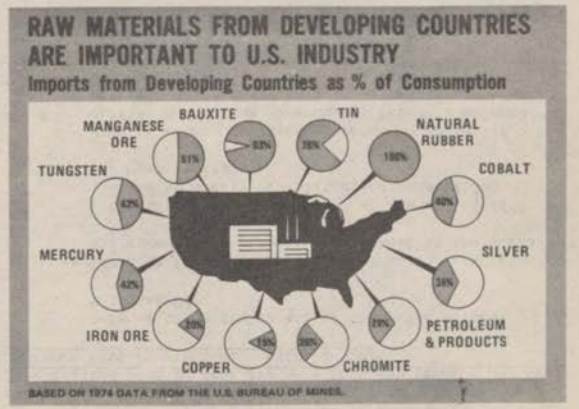
** sustained support of external donor agencies for a number of years.

A middle group of countries, particularly in Latin America, have advanced well but their development capacity does not yet assure continued progress. A.I.D. continues to provide a portion of its development funds to make relatively small contributions to their development programs to

help them overcome the obstacles that keep the poorest of their people from sharing the benefits of progress. Countries in this group often combine relatively strong commitments to help their poor with relatively advanced states of institutional development, numbers of trained people, public revenue raising ability that are much more adequate to the tasks of development than the comparable strength of the least developed. These A.I.D. programs serve the function of:

** helping to assure that A.I.D.'s past programs will achieve their purposes, enabling the countries to reach a state of self-sustaining development comparable to the most advanced group;

** helping to devise and test solutions to a variety of development problems where a relatively strong local capacity is a great help to efficient planning, implementation, and evaluation of programs designed to help the poor.



More advanced and more successful developing countries are learning to solve problems of sustaining high growth rates, export expansion, large-scale development of their resource potential. Their external problems are mainly to secure expanding access to markets for their exports and continuing access to world capital markets at less concessional or market rates.

-- Expanding world trade and trade concessions by developed countries should provide them with adequate opportunities to develop and integrate themselves with the world economy.

-- Private development capital, official borrowing in foreign capital markets, and loans from multilateral development banks can meet their needs without recourse to bilateral capital loans from A.I.D. on highly concessional terms.

-- This relatively advanced group, however, still has a large need to import technology, to develop the capacity to adapt available technology to their needs, and, using available scientific knowledge, to devise applications to fit their problems.

** A.I.D. may help with such problems by phase-out institutional development projects or by post-aid reimbursable technical assistance.

** A.I.D. may also continue to work with countries that no longer need concessional assistance in ways that are mutually agreeable, including joint research projects on unsolved development problems of general interest.

The economic prospects of the countries for which Security Supporting Assistance is proposed affect U.S. security interests and the achievement of United States foreign policy objectives. The Security Assistance programs outlined herein are designed to help these countries deal with their economic problems and thereby further U.S. efforts to secure stability and peace.

-- Major programs are proposed for Israel, Egypt, Jordan, and Syria, along with continuation of the Middle East Special Requirements Fund, in support of our continuing efforts to achieve a just and durable peace in the Middle East.

-- Continued assistance to the government of Portugal is proposed to help in meeting its current serious economic problems.

-- Smaller programs are proposed for Cyprus, Bahrain, and Malta.

Middle East

The prospects for a permanent peace in the Middle East, although far from certain, remain promising. The realization of that promise will depend in part on strengthening the economies of the region and improving the prospects offered to the people of the region for sustained economic and social development.

The overall purposes of Security Supporting Assistance in the Middle East cited by the President in his message to the Congress of October 1975 continue to be valid. These are:

-- First, to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process.

-- Second, to give tangible expression to our new and fruitful relations with the Arab nations most directly involved and to encourage those which are seriously prepared to work for peace.

-- Third, to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The countries of the region - Israel, Egypt, Jordan, and Syria - continue to face serious economic difficulties for which they seek our help. It continues to be in the U.S. national interest to be responsive to their needs.

Israel

The interim peace agreement of September 1975 between Israel and Egypt has not reduced Israel's economic problems.

Although Israel is, by most standards, a developed economy, the burden imposed by its extraordinary defense costs and the related foreign debt are more than the economy can bear without very substantial outside support.

-- Defense expenditures are of the order of one-third of GNP.

-- Israel's foreign debt, relative to the size of its economy, is perhaps the highest in the world.

** This debt was estimated at the end of 1975 to be nearly $8 billion, or some $2,300 per capita.

-- Despite severe measures of economic austerity carried out by the government, Israel's balance-of-trade deficit for 1975 is estimated to be $4.7 billion.

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It is evident that until security conditions in the region improve, Israel's economy will need large-scale help from outside.

-- For this help, Israel depends largely on the United States.

-- The only other donors providing substantial economic assistance to Israel are Germany and the international organizations, and their help is on a much smaller scale.

-- A Supporting Assistance program of $785 million is proposed - $260 million in loans and $525 million in grants.

Egypt

The leaders of Egypt have shown great courage in their pursuit of peace while at the same time confronting massive economic problems. A reasonable measure of success in dealing with these problems is essential if this two-pronged strategy of peace and development is to succeed.

The Egyptian economy, despite many elements of sophistication, is clearly a less-developed one.

-- Per capita GNP is less than $300.

-- Literacy is only 40 percent.

-- The small amount of arable land provides little scope in agriculture for dealing with population pressures.

Such basic problems are compounded by the effects of a very heavy defense burden and the results of war.

-- The Suez Canal area reconstruction must be completed.

-- Egypt's industrial plant has deteriorated due to the emphasis on military expenditures in past years.

-- The level of external debt is so great that it has become extremely difficult for the Egyptians to find lenders willing to negotiate new medium-term loans on conventional terms.

-- The balance-of-payments, which is chronically in deficit, constitutes a particularly acute situation.

** The trade deficit for 1975 is estimated to be around $3.2 billion.

The proposed Supporting Assistance program is $750 million. These funds will finance essential imports and important capital development projects. Large-scale aid from Egypt's oil-producing Arab neighbors in helping Egypt with its economy if Egypt is to meet its immediate needs and bring economic progress to its people.

Jordan

Jordan continues to be a force for moderation in the Middle East and is a strong friend of the United States in the area.

-- Jordan's economy has a limited resource base. It continues to be dependent on outside help. For example:

** despite substantial recent increases in exports, the 1975 balance of trade deficit is estimated to be $451 million.

Jordan seeks to take advantage of improving security in the Middle East to devote increased attention to its development needs.

-- The relatively modest Three Year Plan (1973-75) has substantially achieved its goals. For example:

** investment reached 96 percent of the target.

-- A more ambitious Five Year Plan (1976-80) has recently been drawn up and will be initiated this year.

The proposed Supporting Assistance Program for FY 1977 of $77.5 million is for budget support and development projects, including technical assistance. Assistance from its oil-producing neighbors is enabling Jordan to meet its high defense costs and is helping in development. But aid from the United States is needed to assist in filling the resources gap and to support Jordan's increasing emphasis on development.

Syria

In Syria, U.S. economic aid is part of our effort to strengthen the new United States-Syria relationship through which the goal of a peaceful solution to the Middle East problem is being sought.

Syria is a less-developed country with a need to sustain its recent economic progress:

-- Per capital income is about $400.

-- Literacy is only 40 percent.

-- More than half of the labor force is in agriculture.

First priority in Syria's development plans is given to increasing agricultural production through expanded irrigation and land reclamation and small-scale industry.

-- Syria has conducted a relatively successful development program, and good use has been made of external assistance.

The proposed Supporting Assistance program is for $90.0 million, primarily for projects in agriculture and rural development. The other Arab countries and international organizations are contributing to the Syrian development effort. Our overall relationships with Syria are strengthened by participating in this multidonor effort and helping Syria meet some of its pressing development needs.

Portugal

The efforts of the current government of Portugal to strengthen democracy in that country merit strong U.S. support. The Government of Portugal must be able to meet forcefully the country's serious economic problems if it is to be successful in this effort.

The economic problems stem from a number of causes:

-- Disruptions in the economy were an inevitable result of the major change in government of April 1974.

-- The recession in Western Europe, Portugal's principal customer for exports and tourist trade, has seriously cut into foreign exchange earnings.

-- Rising prices for petroleum and food have greatly increased import costs.

-- The influx of some 350,000 refugees from Portugal's former African colonies has added to unemployment, which is estimated to be around 13 percent, and has required major budgetary outlays.

External assistance is essential both to meet these immediate needs and to help in the longer-term restructuring of the Portuguese economy. Portugal's European neighbors are taking the lead in helping Portugal but United States aid is also sought and needed.

The proposed Supporting Assistance program is for $55 million for the financing of essential imports and capital projects and a small amount of technical assistance.

Cyprus, UNFICYP, Bahrain, and Malta

Cyprus continues to have a serious refugee problem as a result of the coup d'etat and subsequent Turkish military intervention in 1974. The need for help for the refugees in diminishing as our past assistance efforts take effect. We expect a smaller number of refugees will be found in unsatisfactory living conditions by 1977. As in the past, it is expected that most of the relief assistance will be provided through the UN High Commissioner for Refugees.

UNFICYP (The United Nations Force in Cyprus) was created as a peacekeeping force in 1974. Annual costs at present troop strength are estimated at about $27 million of which the U.S. contributes $9.6 million. We propose to continue this contribution. The remainder is expected to be made available by a number of West European countries.

Bahrain has been cooperative in providing port facilities for U.S. naval vessels in the Persian gulf for more than 25 years. In response to a request by the Bahrain Government, we are providing advisors to the Government of Bahrain in technical and administrative fields. In FY 1977, we are requesting $400,000 to continue this program.

Malta occupies a position in the Mediterranean of considerable importance to the defense of NATO. Military forces of the United Kingdom have been stationed there under a 1972 agreement supported by NATO. The agreement provides for a payment of about $37 million a year for seven years. The U.S. share of this payment is $9.5 million per year.

Middle East Special Requirements Fund (MESRF)

Continuing uncertainties in the Middle East make it essential that the United States be able to respond quickly to special needs arising in this area. Needs that are now foreseeable are financial help for the U.S. private voluntary organizations working with refugees on the West Bank of the Jordan and the Gaza strip and continued support for the U.S.-manned surveillance stations in the Sinai. The proposed level for the MESRF is $35.0 million.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS ACTUAL FOR FY 1975
(in thousands of dollars)

	Total Economic & Military Assistance & Credit Sales	Economic Assistance Programs					Military Assistance Programs					
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance & Credit Sales	Military Assistance Grants	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles	Military Assistance Service Funded
SUMMARY	6,694,140 1/	4,627,403 1/	2,486,836	82,397	1,241,559	32,721	2,066,738	554,214	28,705	850,300	12,301	621,018
AFRICA - TOTAL	323,037	274,557	139,708	25,740	89,109	-	48,480	11,738	1,344	35,300	98	-
Botswana	3,086	3,086	26	1,043	2,017	-	-	-	-	-	-	-
Burundi	612	612	55	-	557	-	-	-	-	-	-	-
Cameroon	1,822	1,822	255	1,057	510	-	-	-	-	-	-	-
Central African Republic	645	645	85	326	234	-	-	-	-	-	-	-
Chad	747	747	21	560	166	-	-	-	-	-	-	-
Congo	667	667	-	-	667	-	-	-	-	-	-	-
Dahomey (Benin)	1,127	1,127	113	604	410	-	-	-	-	-	-	-
Ethiopia	58,593	20,981	17,212	1,434	2,335	-	37,612	11,738	776	25,000	98	-
Gabon	479	479	25	333	121	-	-	-	-	-	-	-
Gambia	966	966	42	205	719	-	-	-	-	-	-	-
Ghana	7,630	7,560	2,914	1,777	2,869	-	70	-	70	-	-	-
Guinea	11,220	11,220	10	-	11,210	-	-	-	-	-	-	-
Ivory Coast	2,210	2,210	40	1,427	743	-	-	-	-	-	-	-
Kenya	23,876	18,844	16,177	1,699	968	-	5,032	-	32	5,000	-	-
Lesotho	3,559	3,559	93	420	3,046	-	-	-	-	-	-	-
Liberia	17,485	15,596	12,004	2,644	948	-	1,889	-	89	1,800	-	-
Malagasy Republic	165	165	3	-	162	-	-	-	-	-	-	-
Malawi	649	649	53	212	384	-	-	-	-	-	-	-
Mali	7,167	7,167	40	459	6,668	-	-	-	-	-	-	-
Mauritania	1,952	1,952	40	169	1,743	-	-	-	-	-	-	-
Mauritius	1,411	1,411	33	120	1,258	-	-	-	-	-	-	-
Niger	6,382	6,382	41	1,167	5,174	-	-	-	-	-	-	-
Nigeria	8,438	8,438	6,845	190	1,403	-	-	-	-	-	-	-
Former Portuguese Territories	5,511	5,511	5,399	-	112	-	-	-	-	-	-	-
Rwanda	2,430	2,430	797	-	1,633	-	-	-	-	-	-	-
Senegal	2,786	2,751	80	979	1,712	-	35	-	35	-	-	-
Seychelles	183	183	8	19	156	-	-	-	-	-	-	-
Sierra Leone	4,853	4,853	705	1,981	2,167	-	-	-	-	-	-	-
Somalia	4,394	4,394	625	-	3,769	-	-	-	-	-	-	-
Sudan	8,361	8,361	-	-	8,361	-	-	-	-	-	-	-
Swaziland	1,531	1,531	35	764	712	-	-	-	-	-	-	-
Tanzania	34,002	34,002	16,322	-	17,680	-	-	-	-	-	-	-
Togo	2,403	2,403	80	867	1,456	-	-	-	-	-	-	-
Uganda	264	264	-	-	264	-	-	-	-	-	-	-
Upper Volta	4,064	4,064	120	737	3,207	-	-	-	-	-	-	-
Zaire	8,680	4,881	1,529	3,177	175	-	3,799	-	299	3,500	-	-
Zambia	116	116	19	-	97	-	-	-	-	-	-	-
Economic Regional Programs												
Central & West Africa (Incl. Sahel)	64,396 2/	64,396 2/	61,100 2/	-	3,296	-	-	-	-	-	-	-
East Africa Regional	568	568	568	-	-	-	-	-	-	-	-	-
Southern Africa Regional	5,071 3/	5,071 3/	5,071 3/	-	-	-	-	-	-	-	-	-
Africa Regional	12,493 3/	12,493 3/	11,123 3/	1,370	-	-	-	-	-	-	-	-
Regional Military Costs	43	-	-	-	-	-	43	-	43	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS ACTUAL FOR FY 1975
(in thousands of dollars)

	Economic Assistance Program						Military Assistance Program					
	Total Economic Military Assistance & Credit Sales	Total Economic Assistance	A.I.D.	Peace Corps	PL 480	Int'l Narcotics Control	Total Military Assist.& Credit Sales	Military Assistance Grants	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles	Military Assistance Service Funded
ASIA AND PACIFIC-TOTAL	2,562,437	1,333,718	580,010	14,832	736,047	2,829	1,227,758	415,150	12,426	170,700	8,464	621,018
ASIA	2,561,476	1,329,048	580,010	10,325	735,884	2,829	1,227,758	415,150	12,426	170,700	8,464	621,018
Bangladesh	268,591	268,591	61,973	-	206,618	-	-	-	-	-	-	-
Burma	639	639	-	-	-	639	-	-	-	-	-	-
Cambodia	400,508	145,410	54,561	-	90,849	-	255,098	251,305	3,220	-	573	-
China (Taiwan)	82,712	-	-	-	-	-	82,712	2,300	412	80,000	-	-
India	200,128	200,074	-	277	199,797	-	54	- -	54	-	-	-
Indonesia	79,211	58,318	43,255	-	15,007	56	20,893	13,066	2,784	5,000	43	-
Korea	244,662	101,328	20,356	1,957	79,015	-	143,334	81,193	1,407	59,000	1,734	-
Laos	46,091	26,252	24,336	-	992	924	19,839	18,422	1,321	-	96	-
Malaysia	7,921	2,938	-	2,900	38	-	4,983	- -	283	4,700	-	-
Nepal	4,144	4,112	2,538	1,030	544	-	32	- -	32	-	-	-
Pakistan	177,827	177,550	95,995	-	81,547	8	277	- -	277	-	-	-
Philippines	105,446	70,019	55,310	2,107	12,278	324	35,427	20,539	471	14,000	417	-
Singapore	50	50	-	-	50	-	-	-	-	-	-	-
Sri Lanka	31,310	31,310	8,000	-	23,310	-	-	-	-	-	-	-
Thailand	46,302	6,642	4,077	1,684	3	878	39,660	28,325	1,801	8,000	1,534	-
Vietnam	842,259	220,174	191,338	-	25,836	-	625,085	-	-	-	4,067	621,018
Economic Regional Programs	186,641	186,641	182,271	370	-	-	-	-	-	-	-	-
Military Regional Costs	364	-	-	-	-	-	364	-	364	-	-	-
PACIFIC	4,670	4,670	-	4,507	163	-	-	-	-	-	-	-
British Solomon Islands	278	278	-	115	163	-	-	-	-	-	-	-
Fiji	944	944	-	944	-	-	-	-	-	-	-	-
Gilbert & Ellice Islands	21	21	-	21	-	-	-	-	-	-	-	-
Micronesia	1,875	1,875	-	1,875	-	-	-	-	-	-	-	-
Tonga	455	455	-	455	-	-	-	-	-	-	-	-
Western Samoa	930	930	-	930	-	-	-	-	-	-	-	-
South Pacific Commission	9	9	-	9	-	-	-	-	-	-	-	-
Economic Regional Programs	158	158	-	158	-	-	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
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		Economic Assistance Program					Military Assistance Program					
	Total Economic & Military Assistance & Credit Sales	Total Economic Assistance	A.I.D.	Peace Corps	PL 480	Int'l Narcotics Control	Total Military Assist. & Credit Sales	Military Assistance Grants	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles	Military Assist. Service Funded
LATIN AMERICA - TOTAL	531,044	379,813	227,739	18,439	114,955	18,680	151,231	6,728	9,520	134,300	683	-
Argentina	30,181	81	-	-	-	81	30,100	-	100	30,000	-	-
Barbados	36	36	-		36	-	-	-	-	-	-	-
Belize	424	424	-	301	123	-	-	-	-	-	-	-
Bolivia	32,949	25,740	19,816	-	5,424	500	7,209	2,470	667	4,000	72	-
Brazil	74,436	13,535	3,076	2,677	7,583	199	60,901	-	901	60,000	-	-
Chile	73,972	73,316	20,649	525	52,101	41	656	-	656	-	-	-
Colombia	28,242	27,505	13,414	2,052	11,487	552	737	-	737	-	-	-
Costa Rica	2,673	2,673	639	1,081	896	57	-	-	-	-	-	-
Dominican Republic	13,405	11,838	5,616	609	5,613	-	1,567	551	516	500	-	-
Ecuador	8,084	7,684	2,053	1,710	3,489	432	400	-	400	-	-	-
El Salvador	8,163	3,559	1,341	797	1,421	-	4,604	656	505	3,000	443	-
Guatemala	16,837	13,892	9,244	1,191	3,457	-	2,945	231	414	2,300	-	-
Guyana	1,192	1,192	1,025	-	167	-	-	-	-	-	-	-
Haiti	9,254	9,226	3,598	-	5,628	-	28	-	28	-	-	-
Honduras	39,299	35,089	25,291	1,023	8,775	-	4,210	361	849	3,000	-	-
Jamaica	2,683	2,683	513	1,233	203	734	-	-	-	-	-	-
Mexico	15,938	15,829	-	-	-	15,829	109	-	109	-	-	-
Nicaragua	46,165	42,040	39,991	741	1,308	-	4,125	420	661	3,000	44	-
Panama	8,527	7,956	7,070	-	886	-	571	241	330	-	-	-
Paraguay	9,340	7,728	6,587	727	404	10	1,612	713	313	500	86	-
Peru	36,801	15,449	8,709	637	5,953	150	21,352	-	852	20,500	-	-
Trinidad and Tobago	1	1	-	-	1	-	-	-	-	-	-	-
Uruguay	21,779	12,755	12,732	-	-	23	9,024	1,085	401	7,500	38	-
Venezuela	2,181	1,450	20	1,358	-	72	731	-	731	-	-	-
Caribbean Regional	9,494	9,494	8,566	928	-	-	-	-	-	-	-	-
ROCAP Central America	6,334	6,334	6,334	-	-	-	-	-	-	-	-	-
Inter-American Programs	14,700	14,700	14,700	-	-	-	-	-	-	-	-	-
Economic Regional Programs	17,604	17,604	16,755	849	-	-	-	-	-	-	-	-
Regional Military Costs	350	-	-	-	-	-	350	-	350	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
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	Economic Assistance Program						Military Assistance Program					
	Total Economic Military Assistance & Credit Sales	Total Economic Assistance	A.I.D.	Peace Corps	PL 480	Int'l Narcotics Control	Total Military Assistance & Credit Sales	Military Assistance Grants	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles	Military Assistance Service Funded
NEAR EAST - TOTAL	1,493,949	1,020,047	860,087	4,372	153,431	167	605,901	87,482	3,164	510,000	3,256	-
Afghanistan	21,105	20,893	14,309	1,176	3,508	-	212	-	212	-	-	-
Algeria	3,453	3,453	-	-	3,453	-	-	-	-	-	-	-
Bahrain	95	95	-	95	-	-	-	-	-	-	-	-
Cyprus	23,584	23,584	23,000	-	584	-	-	-	-	-	-	-
Egypt	340,190	340,190	231,037	-	89,153	-	-	-	-	-	-	-
Greece	86,000	-	-	-	-	-	86,000	-	-	86,000	-	-
Iran	1,677	1,677	-	1,677	-	-	-	-	-	-	-	-
Israel	655,050[1]	355,050	344,500	-	10,550	-	300,000	-	-	300,000	-	-
Jordan	194,808	98,556	87,500	-	8,894	162	100,252	68,841	1,411	30,000	400	-
Lebanon	1,456	1,525	-	-	1,520	5	131	-	131	-	-	-
Malta	9,508	9,508	9,500	8	-	-	-	-	-	-	-	-
Morocco	38,727	23,875	9,277	1,694	12,904	-	14,852	-	852	14,000	-	-
Oman	289	289	-	289	-	-	-	-	-	-	-	-
Portugal	15,447	15,000	15,000	-	-	-	447	110	337	-	-	-
Saudi Arabia	38	-	-	-	-	-	38	-	38	-	-	-
Spain	5,609	3,000	3,000	-	-	-	2,609	1,010	1,599	-	-	-
Syria	90,104	90,104	83,000	-	7,104	-	-	-	-	-	-	-
Tunisia	18,502	11,302	2,194	878	8,230	-	7,200	1,809	391	5,000	-	-
Turkey	98,557	4,448	781	-	3,667	-	94,109	15,712	541	75,000	2,856	-
Yemen	5,649	5,649	2,219	329	3,101	-	-	-	-	-	-	-
UNRWA Regional	1,743	1,743	-	-	1,743	-	-	-	-	-	-	-
Economic Regional Program	10,096	10,096	9,870	226	-	-	-	-	-	-	-	-
Regional Military Costs	52	-	-	-	-	-	52	-	52	-	-	-
EUROPE - TOTAL	47	-	-	-	-	-	47	-	47	-	-	-
Austria	9	-	-	-	-	-	9	-	9	-	-	-
Finland	15	-	-	-	-	-	15	-	15	-	-	-
Regional Military Costs	23	-	-	-	-	-	23	-	23	-	-	-
OTHER	868,936	835,378	859,292[2]	7,014[3]	148,017[4]	11,045[5]	33,330	33,330	[6] 204[10]	-	-	-
U.S. CONTRIBUTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS - TOTAL	783,889	783,889										
International Development Association	386,030	386,030										
Inter-American Development Bank	347,859	347,859										
Asian Development Bank	50,000	50,000										

NOTE: Totals may not add due to rounding.

1/ Includes $783.9 million appropriated for International Financial Institutions.
2/ Includes Disaster Relief and all programs in the countries which make up Central and West Africa Regional except Special Self-Help programs which are reflected in the respective country totals.
3/ Actual Special Self-Help program figures are reflected in the individual country totals and not in the Africa Regional Program.
4/ Includes West Bank of the Jordan River and Gaza programs.
5/ Includes the following: American Schools and Hospitals Abroad, $17.3 million; International Organizations and Programs $156.0 million; Allocation to State Department of $98.0 million for Indochina Refugee Evacuation and Resettlement requirements; Administrative Expenses, Dept. of State, $4.9 million; Administrative Expenses, A.I.D., $43.1 million; Contingency Fund, $1.8 million; U.N. Forces in Cyprus, $9.6 million; Interregional Technical Assistance and Population Planning and Other Interregional programs, $130.5 million; Indus Basin Grants and Loans, $9.2 million; Foreign Service Retirement Fund $18.1 million and Operating Expenses, $172.8 million.
6/ Includes $4.3 million Worldwide Support and $12.7 million Peace Corps share of ACTION support.
7/ Includes: Title II Foreign Currency Grants, $2.3 million; Title II Miscellaneous Recoveries, $3.2 million; and Ocean Freight, $148.7 million.
8/ Includes $5.3 million for International Organizations and Programs, $5.7 million for Interregional programs Training and Support costs. Country and other levels shown are program levels and may vary slightly from total obligations because some commitments may not be recorded as obligations in the same year as programmed.
9/ General costs and administration.
10/ General costs.

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	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
WORLDWIDE TOTAL	8,796,319[a]	5,940,569[a]	3,371,321	84,957	1,638,537[c]	42,500	2,855,750	422,800	30,000	2,374,700	28,250
AFRICA - TOTAL	354,969	308,969	215,333	26,199	67,437[c]	-	46,000	11,700	2,500	31,500	300
Benin - see Dahomey (below)											
Botswana	2,625	2,625	-	848	1,777	-	-	-	-	-	-
Burundi	1,002	1,002	-		1,002		-	-	-	-	-
Cameroon	2,295	2,295	819	999	477	-	-	-	-	-	-
Central African Republic	1,061	1,061	263	562	236	-	-	-	-	-	-
Chad	1,029	1,029	-	648	381	-	-	-	-	-	-
Congo	442	442	-	-	442	-	-	-	-	-	-
Dahomey (Benin)	1,217	1,217	-	699	518	-	-	-	-	-	-
Ethiopia	43,045	20,145	12,534	696	6,915	-	22,900	11,700	900	10,000	300
Gabon	542	542	-	382	160	-	-	-	-	-	-
Gambia	943	943	-	265	678	-	-	-	-	-	-
Ghana	19,179	19,079	14,041	1,811	3,227	-	100	-	100	-	-
Guinea	7,382	7,382	605	-	6,777	-	-	-	-	-	-
Ivory Coast	2,336	2,336	-	1,311	1,025	-	-	-	-	-	-
Kenya	26,808	23,843	20,112	2,337	1,394	-	2,965	-	965	2,000	-
Lesotho	3,313	3,313	-	502	2,811	-	-	-	-	-	-
Liberia	6,793	6,193	2,872	2,592	729	-	600	-	100	500	-
Malagasy Republic	181	181	-	-	181	-	-	-	-	-	-
Malawi	348	348	-	200	148	-	-	-	-	-	-
Mali	3,938	3,938	1,100	500	2,338	-	-	-	-	-	-
Mauritania	267	267	-	200	67	-	-	-	-	-	-
Mauritius	1,182	1,182	-	86	1,096	-	-	-	-	-	-
Niger	4,432	4,432	300	1,301	2,831	-	-	-	-	-	-
Nigeria	1,368	1,368	-	219	1,149	-	-	-	-	-	-
Former Portuguese Territ.[b]	10,210	10,210	9,116	-	1,094	-	-	-	-	-	-
Rwanda	1,224	1,224	343	15	866	-	-	-	-	-	-
Senegal	2,455	2,420	-	1,133	1,287	-	35	-	35	-	-
Seychelles	125	125	-	28	97	-	-	-	-	-	-
Sierra Leone	4,371	4,371	-	1,489	2,882	-	-	-	-	-	-
Somalia	4,000	4,000	4,000	-	-	-	-	-	-	-	-
Sudan	2,524	2,524	-	-	2,524	-	-	-	-	-	-
Swaziland	1,106	1,106	-	894	212	-	-	-	-	-	-
Tanzania	28,645	28,645	19,254	-	9,391	-	-	-	-	-	-
Togo	3,408	3,408	-	869	2,539	-	-	-	-	-	-
Upper Volta	3,562	3,562	613	887	2,062	-	-	-	-	-	-
Zaire	54,099	34,699	23,343	3,356	8,000	-	19,400	-	400	19,000	-
Zambia	124	124	-	-	124	-	-	-	-	-	-
Central & West Africa & Sahel Regional	69,628	69,628	69,628	-	-	-	-	-	-	-	-
East Africa Regional	1,055	1,055	1,055	-	-	-	-	-	-	-	-
Southern Africa Regional	5,633	5,633	5,633	-	-	-	-	-	-	-	-
Regional Programs/Support	31,072	31,072	29,702	1,370	-	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
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	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
ASIA AND PACIFIC - TOTAL	1,529,281	1,057,781	321,551	15,236	704,907 c/	16,087	471,500	142,200	8,600	298,200	22,500
ASIA - TOTAL	1,524,108	1,052,608	321,551	10,233	704,737	16,087	471,500	142,200	8,600	298,200	22,500
Bangladesh	245,913	245,913	66,969	-	178,944	-	-	-	-	-	-
Bhutan	68	68	-	-	68	-	-	-	-	-	-
Burma	13,950	13,950	-	-	-	13,950	-	-	-	-	-
China, Republic of	81,400	-	-	-	-	-	81,400	900	500	80,000	-
India	278,021	277,821	67,000	209	210,612	-	200	-	200	-	-
Indonesia	132,854	87,854	50,801	-	36,986	67	45,000	19,400	2,000	23,100	500
Korea	347,138	143,438	5,592	1,865	135,981	-	203,700	74,000	2,700	126,000	1,000
Malaysia	18,019	2,719	-	2,719	-	-	15,300	-	300	15,000	-
Maldives	20	20	-	-	20	-	-	-	-	-	-
Nepal	4,679	4,644	3,450	988	206	-	35	-	35	-	-
Pakistan	162,884	162,534	61,108	-	101,369	57	350	-	350	-	-
Philippines	94,280	50,530	35,559	2,384	12,477	110	43,750	19,600	750	17,400	6,000
Singapore	59	59	-	-	59	-	-	-	-	-	-
Sri Lanka	36,030	36,015	8,000	-	28,015	-	15	-	15	-	-
Thailand	96,156	14,406	10,987	1,616	-	1,803	81,750	28,300	1,750	36,700	15,000
Regional Programs/Support	12,637	12,637	12,085	452	-	100	-	-	-	-	-
PACIFIC - TOTAL	5,173	5,173	-	5,003	170	-	-	-	-	-	-
British Solomon Islands	421	421	-	251	170	-	-	-	-	-	-
Fiji	1,017	1,017	-	1,017	-	-	-	-	-	-	-
Gilbert & Ellice Islands	19	19	-	19	-	-	-	-	-	-	-
Micronesia	2,023	2,023	-	2,023	-	-	-	-	-	-	-
Tonga	574	574	-	574	-	-	-	-	-	-	-
Western Samoa	898	898	-	898	-	-	-	-	-	-	-
Regional Programs/Support	221	221	-	221	-	-	-	-	-	-	-

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	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
LATIN AMERICA - TOTAL	576,537	379,587	233,100	16,624	116,014[e/]	13,849	196,950	4,600	11,400	180,000	950
Argentina	34,939	19	-	-	-	19	34,920	-	920	34,000	-
Barbados	34	34	-	-	34	-	-	-	-	-	-
Belize	321	321	-	321	-	-	-	-	-	-	-
Bolivia	43,407	34,187	29,940	-	3,820	427	9,220	2,200	720	6,000	300
Brazil	65,008	3,888	900	1,742	1,017	229	61,120	-	1,120	60,000	-
Chile	68,450	68,450	15,545	687	52,173	45	-	-	-	-	-
Colombia	43,803	27,053	13,282	1,484	11,015	1,272	16,750	-	750	16,000	-
Costa Rica	8,473	8,473	6,465	1,236	710	62	-	-	-	-	-
Dominican Republic	27,169	25,199	12,750	785	11,664	-	1,970	200	670	1,000	100
Ecuador	14,894	3,924	-	1,487	1,951	486	10,970	-	970	10,000	-
El Salvador	8,448	4,708	1,949	915	1,844	-	3,740	300	840	2,500	100
Guatemala	24,090	21,910	15,316	1,339	5,255	-	2,180	200	430	1,500	50
Guyana	5,672	5,672	5,475	-	197	-	-	-	-	-	-
Haiti	18,962	18,762	9,181	27	9,554	-	200	-	200	-	-
Honduras	24,858	21,168	13,097	1,149	6,922	-	3,690	300	840	2,500	50
Jamaica	2,248	2,248	1,016	1,111	96	25	-	-	-	-	-
Mexico	12,462	7,362	-	-	-	7,362	5,100	-	100	5,000	-
Nicaragua	23,121	19,481	17,066	1,123	1,292	-	3,640	200	840	2,500	100
Panama	23,626	22,996	21,994	-	1,002	-	630	200	380	-	50
Paraguay	6,729	5,319	4,403	864	37	15	1,410	400	410	500	100
Peru	49,950	29,010	21,174	-	7,431	405	20,940	-	940	20,000	-
Uruguay	4,236	516	516	-	-	-	3,720	600	520	2,500	100
Venezuela	17,330	580	-	580	-	-	16,750	-	750	16,000	-
Caribbean Regional	17,741	17,741	16,764	977	-	-	-	-	-	-	-
ROCAP Central America	2,099	2,099	2,099	-	-	-	-	-	-	-	-
Regional Programs/Support	28,467	28,467	24,368	797	-	3,502	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
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	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
NEAR EAST - TOTAL	4,312,813	2,208,863	1,908,492	5,899	294,472[a]	-	2,103,950	227,200	7,250	1,865,000	4,500
Afghanistan	10,391	10,191	5,899	952	3,340	-	200	-	200	-	-
Algeria	5,791	5,791	-	-	5,791	-	-	-	-	-	-
Bahrain	741	741	600	141	-	-	-	-	-	-	-
Cyprus	25,000	25,000	25,000	-	-	-	-	-	-	-	-
Egypt	925,863	925,863	750,000	-	175,863	-	-	-	-	-	-
Greece	227,800	65,000	65,000	-	-	-	162,800	50,000	800	110,000	2,000
Iran	1,042	1,042	-	1,042	-	-	-	-	-	-	-
Israel	2,272,172	772,172	755,000	-	17,172[a]	-	1,500,000	-	-	1,500,000	-
Jordan	264,896	88,796	77,500	-	11,296	-	176,100	100,000	800	75,000	300
Lebanon	7,271	2,071	-	-	2,071	-	5,200	-	200	5,000	-
Malta	9,512	9,512	9,500	12	-	-	-	-	-	-	-
Morocco	71,018	40,218	10,643	1,762	27,813	-	30,800	-	800	30,000	-
Oman	338	338	-	338	-	-	-	-	-	-	-
Portugal	71,525	70,000	55,000	-	15,000	-	1,525	300	1,025	-	200
Spain	925	-	[g]	-	-	-	925	200[g]	725	-	-
Syria	109,552	109,552	90,000	-	19,552	-	-	-	-	-	-
Tunisia	32,272	16,672	3,237	1,068	12,367	-	15,600	200	400	15,000	-
Turkey	208,800	-	-	-	-	-	208,800	75,000	1,800	130,000	2,000
Yemen	13,113	11,113	6,583	323	4,207	-	2,000	1,500	500	-	-
Regional Programs/Support Middle East Special Requirements Fund	4,791	4,791	4,530	261	-	-	-	-	-	-	-
	50,000	50,000	50,000	-	-	-	-	-	-	-	-
EUROPE - TOTAL	50	-	-	-	-	-	50	-	50	-	-
Austria	25	-	-	-	-	-	25	-	25	-	-
Finland	25	-	-	-	-	-	25	-	25	-	-
OTHER - TOTAL	1,219,466	1,182,166	692,845[a]	20,999[f]	455,707[h]	12,564[i]	37,300	37,100[j]	200[j]	-	-
U.S. CONTRIBUTIONS TO IFIs - TOTAL	803,254	803,254									
Int'l. Development Assn.	375,000	375,000									
Inter-American Dev. Bank	315,000	315,000									
Asian Development Bank	98,254	98,254									
African Dev. Bank: Dev. Fund	15,000	15,000									

a/ Includes $803.3 million for International Financial Institutions---see last page of table for details.
b/ Angola, Cape Verde Islands, Guinea-Bissau, Mozambique, Sao Tome & Principe.
c/ Includes Title I programs for the Transition Quarter.
d/ Includes West Bank and Gaza.
e/ Includes $9.9 million for American Schools and Hospitals Abroad; $239.4 million for International Organizations and Programs (includes $9.6 million for UNFICYP); $22.5 million for International Disaster Assistance; $10.0 million for the President's Foreign Assistance Contingency Fund; $0.3 million for Other Assistance Programs; $156.5 million for Interregional Programs; $3.3 million for costs of terminating the Indochina Postwar Reconstruction Program; $203.7 million for Operating Expenses; and $16.7 million for the Foreign Service Retirement and Disability Fund.
f/ Includes $7.2 million in Worldwide Program Support and $13.8 million as Peace Corps share of ACTION Agencywide costs.
g/ New requirements to be submitted later; figure shown is for continuation of prior year's programs.
h/ Includes: Title I carry-in $138.2 million; Title I reserve $70.5 million; Title II reserve $57.7 million; Title II foreign currency grants $2.0 million; ocean freight $187.2 million.
i/ Includes: International Organizations $5.0 million; Training and support costs $7.1 million; Treatment and rehabilitation $0.5 million. (Note: country and other levels shown are program levels and may vary slightly from total obligations because some commitments may not be recorded as obligations in the same year as programmed.)
j/ General costs, plus MAPSAD.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE AND CREDIT SALES
PROGRAMS ESTIMATED FOR TRANSITION QUARTER
(in thousands of dollars)

	Total Economic & Military Assistance & Credit Sales	Economic Assistance Programs					Military Assistance & Credit Sales Programs			
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480 Shipments a/	Int'l. Narcotics Control	Total Military Assistance & Credit Sales	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales
WORLDWIDE - TOTAL	600,911	506,211	367,727	26,589	98,895	13,000	94,700	32,200	7,000	55,500
AFRICA - TOTAL	56,535	55,500	37,728	7,735	10,037	-	1,035	335	700	-
Benin	414	414	-	286	128	-	-	-	-	-
Botswana	714	714	-	282	432	-	-	-	-	-
Burundi	196	196	-	-	196	-	-	-	-	-
Cameroon	1,409	1,409	1,035	292	82	-	-	-	-	-
Central African Republic	250	250	-	201	49	-	-	-	-	-
Chad	235	235	-	165	70	-	-	-	-	-
Congo	96	96	-	-	96	-	-	-	-	-
Ethiopia	11,729	11,094	10,081	214	799	-	635	335	300	-
Gabon	147	147	-	114	33	-	-	-	-	-
Gambia	194	194	-	72	122	-	-	-	-	-
Ghana	1,499	1,479	494	404	581	-	20	-	20	-
Guinea	64	64	-	-	64	-	-	-	-	-
Ivory Coast	594	594	-	398	196	-	-	-	-	-
Kenya	1,677	1,542	658	672	212	-	135	-	135	-
Lesotho	1,018	1,018	-	219	799	-	-	-	-	-
Liberia	1,610	1,565	591	840	134	-	45	-	45	-
Malagasy Republic	62	62	-	-	62	-	-	-	-	-
Malawi	98	98	-	77	21	-	-	-	-	-
Mali	2,375	2,375	1,650	143	582	-	-	-	-	-
Mauritania	790	790	700	83	7	-	-	-	-	-
Mauritius	258	258	-	20	238	-	-	-	-	-
Niger	1,265	1,265	-	471	794	-	-	-	-	-
Nigeria	325	325	-	38	287	-	-	-	-	-
Former Portuguese Territories b/	3,773	3,773	3,500	-	273	-	-	-	-	-
Rwanda	440	440	242	8	190	-	-	-	-	-
Senegal	1,184	1,174	500	381	293	-	10	-	10	-
Seychelles	37	37	-	11	26	-	-	-	-	-
Sierra Leone	993	993	-	385	608	-	-	-	-	-
Somali Republic	-	-	-	-	-	-	-	-	-	-
Sudan	417	417	-	-	417	-	-	-	-	-
Swaziland	334	334	-	292	42	-	-	-	-	-
Tanzania	3,454	3,454	2,275	-	1,179	-	-	-	-	-
Togo	701	701	-	192	509	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-
Upper Volta	712	712	-	227	485	-	-	-	-	-
Zaire	9,827	9,637	8,750	887	-	-	190	-	190	-
Zambia	31	31	-	-	31	-	-	-	-	-
Economic Regional Programs										
Central & West Africa Regional	1,242	1,242	1,242	-	-	-	-	-	-	-
East Africa Regional	165	165	165	-	-	-	-	-	-	-
Southern Africa Regional	829	829	829	-	-	-	-	-	-	-
Africa Regional	5,377	5,377	5,016	361	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS ESTIMATED FOR TRANSITION QUARTER
(in thousands of dollars)

	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs			
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480 Shipments[a/]	Int'l. Narcotics Control	Total Military Assistance	Foreign Military Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales
ASIA AND PACIFIC - TOTAL	125,799	110,574	70,985	5,515	31,047	3,027	15,225	3,500	2,225	9,500
ASIA - TOTAL	123,998	108,773	70,985	3,745	31,016	3,027	15,225	3,500	2,225	9,500
Bangladesh	25,796	25,796	23,731	-	2,065	-	-	-	-	-
Bhutan	17	17	-	-	17	-	-	-	-	-
Burma	785	785	-	-	-	785	-	-	-	-
China, Republic of	8,200	-	-	-	-	-	8,200	100	100	8,000
India	20,974	20,944	200	42	20,702	-	30	-	30	-
Indonesia	5,883	4,783	2,450	-	2,333	-	1,100	400	700	-
Korea	5,100	1,700	-	722	978	-	3,400	1,400	500	1,500
Malaysia	1,102	1,002	-	990	12	-	100	-	100	-
Maldives	5	5	-	-	5	-	-	-	-	-
Nepal	1,379	1,369	920	397	52	-	10	-	10	-
Pakistan	38,656	38,576	35,884	-	692	2,000	80	-	80	-
Philippines	6,374	5,574	1,763	877	2,914	20	800	600	200	-
Singapore	15	15	-	-	15	-	-	-	-	-
Sri Lanka	1,458	1,453	-	-	1,231	222	5	-	5	-
Thailand	4,451	2,951	2,362	589	-	-	1,500	1,000	500	-
Regional Programs/Support	3,803	3,803	3,675	128	-	-	-	-	-	-
PACIFIC - TOTAL	1,801	1,801	-	1,770	31	-	-	-	-	-
British Solomon Islands	169	169	-	138	31	-	-	-	-	-
Fiji	416	416	-	416	-	-	-	-	-	-
Gilbert & Ellice Islands	15	15	-	15	-	-	-	-	-	-
Micronesia	555	555	-	555	-	-	-	-	-	-
Tonga	228	228	-	228	-	-	-	-	-	-
Western Samoa	358	358	-	358	-	-	-	-	-	
Regional Programs/Support	60	60	-	60	-	-	-	-	-	

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE AND CREDIT SALES
PROGRAMS ESTIMATED FOR TRANSITION QUARTER
(in thousands of dollars)

	Total Economic & Military Assistance & Credit Sales	Economic Assistance Programs					Military Assistance & Credit Sales Programs			
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480 Shipments a/	Int'l. Narcotics Control	Military Assistance & Credit Sales	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales
LATIN AMERICA - TOTAL	79,489	76,389	51,234	5,759	11,523	7,873	3,100	200	2,900	-
Argentina	170	-	-	-	-	-	170	-	170	-
Barbados	9	9	-	-	9	-	-	-	-	-
Belize	114	114	-	114	-	-	-	-	-	-
Bolivia	3,268	3,058	1,856	-	1,075	127	210	80	130	-
Brazil	1,260	1,020	29	731	254	6	240	-	240	-
Chile	1,852	1,852	325	272	1,246	9	-	-	-	-
Colombia	13,594	13,394	6,346	458	2,071	4,519	200	-	200	-
Costa Rica	633	633	99	448	86	-	-	-	-	-
Dominican Republic	2,513	2,368	140	277	1,951	-	145	15	130	-
Ecuador	898	798	-	517	156	125	100	-	100	-
El Salvador	1,378	1,215	517	312	386	-	163	13	150	-
Guatemala	2,072	1,963	490	443	1,030	-	109	9	100	-
Guyana	190	190	156	-	34	-	-	-	-	-
Haiti	11,029	11,004	10,287	22	695	-	25	-	25	-
Honduras	3,538	3,378	2,414	447	517	-	160	10	150	-
Jamaica	614	614	196	401	17	-	-	-	-	-
Mexico	3,030	3,000	-	-	-	3,000	30	-	30	-
Nicaragua	2,266	2,081	1,672	383	26	-	185	15	170	-
Panama	1,036	838	544	-	294	-	198	8	190	-
Paraguay	1,452	1,242	984	248	7	3	210	20	190	-
Peru	3,309	2,934	1,181	-	1,669	84	375	-	375	-
Uruguay	251	61	61	-	-	-	190	30	160	-
Venezuela	413	23	-	23	-	-	390	-	390	-
Caribbean Regional	675	675	223	452	-	-	-	-	-	-
ROCAP/Central America	16,246	16,246	16,246	-	-	-	-	-	-	-
Economic Regional Programs	7,679	7,679	7,468	211	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE AND CREDIT SALES
PROGRAMS PROPOSED FOR TRANSITION QUARTER
(in thousands of dollars)

	Total Economic & Military Assistance & Credit Sales	Economic Assistance Programs					Military Assistance Programs			
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480 Shipments[a/]	Int'l. Narcotics Control	Total Military Assistance & Credit Sales	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales
NEAR EAST - TOTAL	117,347	65,527	53,880	1,697	9,950	-	51,820	4,765	1,055	46,000
Afghanistan	9,566	9,516	8,993	332	191	-	50	-	50	-
Algeria	598	598	-	-	598	-	-	-	-	-
Bahrain	135	135	100	35	-	-	-	-	-	-
Cyprus	5,000	5,000	5,000	-	-	-	-	-	-	-
Egypt	1,543	1,543	-	-	1,543	-	-	-	-	-
Greece	48,500	-	-	-	-	-	48,500	2,500	-	46,000
Jordan	558	558	-	-	558	-	-/	-	-	-
Lebanon	550	550	-	-	550	-	-	-	-	-
Malta	4,803	4,803	4,800	3	-	-	-	-	-	-
Morocco	8,836	8,636	4,840	641	3,155	-	200	-	200	-
Oman	127	127	-	127	-	-	-	-	-	-
Portugal	10,195	10,000	10,000	-	-	-	195	15	180	-
Spain	35[b/]	-	-	-	-	-	35[b/]	35[b/]	-	-
Syria	38	38	-	-	38	-	-	-	-	-
Tunisia	8,352	8,212	5,940	380	1,892	-	140	15	125	-
Turkey	2,700	-	-	-	-	-	2,700	2,200	500	-
Yemen	3,283	3,283	2,357	121	805	-	-	-	-	-
Regional Programs/Support	1,908	1,908	1,850	58	-	-	-	-	-	-
Middle East Special Requirements Fund	10,000	10,000	10,000	-	-	-	-	-	-	-
Other	620[c/]	620[c/]	-	-	620[c/]	-	-	-	-	-
EUROPE - TOTAL	20	-	-	-	-	-	20	-	20	-
Austria	10	-	-	-	-	-	10	-	10	-
Finland	10	-	-	-	-	-	10	-	10	-
OTHER - TOTAL	221,721	198,221	153,900[d/]	5,883[e/]	36,338[f/]	2,100[g/]	23,500	23,400[h/]	100	-

a/ Excludes Title I programs; they are included in the FY 1976 levels.
b/ Continuation of prior years' programs.
c/ $333 thousand for Gaza and $287 thousand for Jordan, West Bank.
d/ Includes $2.4 million for American Schools and Hospitals Abroad; $28.5 million for International Organizations and Programs (including $4.8 million for UNFICYP); $10 million for International Disaster Assistance; $5 million for the President's Foreign Assistance Contingency Fund; $52.5 million for Interregional Programs, $55.5 million for Operating Expenses.
e/ Includes $2.5 million in Worldwide Program Support and $3.4 million as Peace Corps' share of ACTION agencywide costs.
f/ Includes Title II reserve $6.5 million; Title II foreign currency grants $0.5 million; Title II ocean freight $29.4 million.
g/ Includes Training and support costs $2.0; Treatment and rehabilitation $0.1 million.
h/ General costs and MAPSAD.
i/ Angola, Cape Verde Islands, Guinea-Bissau, Mozambique, Sao Tome and Principe.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS PROPOSED FOR FY 1977
(in thousands of dollars)

	Total Economic & Military Assistance	Economic Assistance Programs[c/]					Military Assistance Programs[c/]				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
WORLDWIDE - TOTAL	7,805,414[a/]	5,394,414[a/]	3,244,530	71,180	1,313,910	34,000	2,411,000	305,700	30,200	2,059,600	15,500
AFRICA - TOTAL	362,071	302,726	200,103	22,375	80,248	-	59,345	11,700	3,845	43,500	300
Benin - See Dahomey (below)											
Botswana	2,133	2,133	--	735	1,398	-	-	-	-	-	-
Burundi	694	694	-	-	694	-	-	-	-	-	-
Cameroon	7,861	7,861	6,750	767	344	-	-	-	-	-	-
Central African Republic	1,785	1,785	800	807	178	-	-	-	-	-	-
Chad	3,330	3,330	2,483	599	248	-	-	-	-	-	-
Congo	346	346	-	-	346	-	-	-	-	-	-
Dahomey (Benin)	1,172	1,172	-	712	460	-	-	-	-	-	-
Ethiopia	44,399	21,499	16,945	623	3,931	-	22,900	11,700	900	10,000	300
Gabon	508	508	-	391	117	-	-	-	-	-	-
Gambia	656	656	-	189	467	-	-	-	-	-	-
Ghana	8,257	8,157	4,572	1,059	2,526	-	100	-	100	-	-
Guinea	6,373	6,373	800	-	5,573	-	-	-	-	-	-
Ivory Coast	1,847	1,847	-	1,173	674	-	-	-	-	-	-
Kenya	24,630	19,430	16,468	1,849	1,113	-	5,200	-	200	5,000	-
Lesotho	3,166	3,166	-	638	2,528	-	-	-	-	-	-
Liberia	22,716	22,116	15,753	2,371	3,992	-	600	-	100	500	-
Malagasy Republic	299	299	-	-	299	-	-	-	-	-	-
Malawi	242	242	-	242	-	-	-	-	-	-	-
Mali	16,550	16,550	6,850	581	9,119	-	-	-	-	-	-
Mauritania	1,460	1,460	750	270	440	-	-	-	-	-	-
Mauritius	866	866	-	-	866	-	-	-	-	-	-
Niger	6,244	6,244	2,405	1,311	2,528	-	-	-	-	-	-
Nigeria	1,087	1,087	-	24	1,063	-	-	-	-	-	-
Former Portuguese Territ.[b/]	12,054	12,054	10,778	-	1,276	-	-	-	-	-	-
Rwanda	1,145	1,145	215	50	880	-	-	-	-	-	-
Senegal	17,620	17,575	4,900	1,053	11,622	-	45	-	45	-	-
Seychelles	134	134	-	37	97	-	-	-	-	-	-
Sierra Leone	4,211	4,211	970	1,023	2,218	-	-	-	-	-	-
Somalia	2,000	2,000	2,000	-	-	-	-	-	-	-	-
Sudan	1,241	1,241	-	-	1,241	-	-	-	-	-	-
Swaziland	868	868	-	718	150	-	-	-	-	-	-
Tanzania	27,991	27,991	15,899	-	12,092	-	-	-	-	-	-
Togo	2,554	2,554	-	696	1,858	-	-	-	-	-	-
Upper Volta	5,204	5,204	2,700	753	1,751	-	-	-	-	-	-
Zaire	45,084	14,584	4,035	2,502	8,047	-	30,500	-	2,500	28,000	-
Zambia	112	112	-	-	112	-	-	-	-	-	-
Central & West Africa & Sahel Regional	35,533	35,533	35,533	-	-	-	-	-	-	-	-
East Africa Regional	1,091	1,091	1,091	-	-	-	-	-	-	-	-
Southern Africa Regional	17,509	17,509	17,509	-	-	-	-	-	-	-	-
Regional Program/Support	31,099	31,099	29,897	1,202	-	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS PROPOSED FOR FY 1977
(in thousands of dollars)

	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
ASIA AND PACIFIC - TOTAL	1,470,159	969,784	335,800	14,581	613,593	5,810	500,375	67,700	9,175	419,100	4,400
ASIA - TOTAL	1,465,030	964,655	335,800	9,564	613,481	5,810	500,375	67,700	9,175	419,100	4,400
Bangladesh	226,682	226,682	68,200	-	158,482	-	-	-	-	-	-
Bhutan	68	68	-	-	68	-	-	-	-	-	-
Burma	2,500	2,500	-	-	-	2,500	-	-	-	-	-
China (Taiwan)	35,900	-	-	-	-	-	35,900	400	500	35,000	-
India	197,389	197,189	61,700	-	135,489	-	200	-	200	-	-
Indonesia	137,636	91,536	49,900	-	41,561	75	46,100	19,400	3,000	23,100	600
Korea	432,885	146,885	-	1,851	145,034	-	286,000	8,300	2,700	275,000	-
Malaysia	38,478	2,178	-	2,178	-	-	36,300	-	300	36,000	-
Maldives	20	20	-	-	20	-	-	-	-	-	-
Nepal	5,977	5,942	4,800	952	190	-	35	-	35	-	-
Pakistan	159,135	158,810	73,900	-	83,110	1,800	325	-	325	-	-
Philippines	115,793	74,393	44,100	2,329	27,964	-	41,400	19,600	600	20,000	1,200
Singapore	55	55	-	-	55	-	-	-	-	-	-
Sri Lanka	29,523	29,508	8,000	-	21,508	-	15	-	15	-	-
Thailand	67,858	13,758	10,800	1,623	-	1,335	54,100	20,000	1,500	30,000	2,600
Regional Program/Support	15,131	15,131	14,400	631	-	100	-	-	-	-	-
Military Training Costs	-	-	-	-	-	-	-	-	-	-	-
PACIFIC - TOTAL	5,129	5,129	-	5,017	112	-	-	-	-	-	-
British Solomon Islands	731	731	-	619	112	-	-	-	-	-	-
Fiji	1,238	1,238	-	1,238	-	-	-	-	-	-	-
Gilbert & Ellice Islands	28	28	-	28	-	-	-	-	-	-	-
Micronesia	1,526	1,526	-	1,526	-	-	-	-	-	-	-
Tonga	687	687	-	687	-	-	-	-	-	-	-
Western Samoa	919	919	-	919	-	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE AND CREDIT SALES
PROGRAMS PROPOSED FOR FY 1977
(in thousands of dollars)

	Total Economic & Military Assistance	Economic Assistance Programs					Military Assistance Programs				
		Total Economic Assistance	A.I.D.	Peace Corps	P.L. 480	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
LATIN AMERICA - TOTAL	522,068	313,168	201,111	14,749	81,268	16,040	208,900	3,000	10,300	195,000	600
Argentina	49,300	-	-	-	-	-	49,300	-	900	48,400	-
Barbados	31	31	-	-	31	-	-	-	-	-	-
Belize	297	297	-	297	-	-	-	-	-	-	
Bolivia	43,072	27,967	23,420	-	4,112	435	15,105	2,305	600	12,000	200
Brazil	65,099	3,999	461	2,000	935	603	61,100	-	1,100	60,000	-
Chile	46,289	46,289	11,395	700	34,069	125		-	-	-	-
Colombia	35,347	8,647	840	1,184	5,823	800	26,700	-	700	26,000	-
Costa Rica	1,980	1,980	552	1,092	298	38	-	-	-	-	-
Dominican Republic	10,909	9,384	2,661	724	5,999	-	1,525	25	500	1,000	-
Ecuador	12,994	2,094	-	1,223	541	330	10,900	-	900	10,000	-
El Salvador	20,669	17,549	15,353	680	1,516	-	3,120	20	600	2,500	-
Guatemala	20,539	19,424	14,532	1,041	3,851	-	1,115	15	500	600	-
Guyana	422	422	300	-	122	-	-	-	-	-	-
Haiti	29,128	28,428	19,438	105	8,885	-	700	-	200	500	-
Honduras	32,471	29,356	18,534	1,028	9,794	-	3,115	15	600	2,500	-
Jamaica	2,333	2,333	1,135	1,111	62	25	-	-	-	-	-
Mexico	16,142	10,942	-	-	-	10,942	5,200	-	200	5,000	-
Nicaragua	20,486	17,381	16,467	820	94	-	3,105	5	600	2,500	-
Panama	19,811	17,986	17,176	-	810	-	1,825	225	400	1,000	200
Paraguay	7,577	6,112	5,564	511	25	12	1,465	365	400	500	200
Peru	37,016	16,116	11,555	-	4,301	260	20,900	-	900	20,000	-
Uruguay	3,238	213	213	-	-	-	3,025	25	500	2,500	-
Venezuela	767	67	-	67	-	-	700	-	700	-	-
ROCAP	11,961	11,961	11,961	-	-	-	-	-	-	-	-
Caribbean Regional	7,642	7,642	6,175	1,467	-	-	-	-	-	-	-
Regional Programs/Support	26,548	26,548	23,379	699	-	2,470	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS PROPOSED FOR FY 1977
(in thousands of dollars)

	Total Economic & Military Assistance	Economic Assistance Programs c/					Military Assistance Programs c/				
		Total Economic Assistance	A.I.D.	Peace Corps	PL 480	Int'l Narcotics Control	Total Military Assistance	Military Assistance Grants, (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
NEAR EAST - TOTAL	3,688,699	2,116,599	1,855,383	4,627	256,589	-	1,572,100	153,300	6,600	1,402,000	10,200
Afghanistan	14,890	14,690	11,762	594	2,334	-	200	-	200	-	-
Algeria	2,170	2,170	-	-	2,170	-	-	-	-	-	-
Bahrain	505	505	400	105	-	-	-	-	-	-	-
Cyprus	10,000	10,000	10,000	-	-	-	-	-	-	-	-
Egypt	910,113	910,113	750,000	-	160,113	-	-	-	-	-	-
Greece	165,800	-	-	-	-	-	165,800	33,000	1,000	127,000	4,800
Israel	1,796,247	796,247	785,000	-	11,247 d/	-	1,000,000	-	-	1,000,000	-
Jordan	231,899	85,499	77,500	-	7,999	-	146,400	70,000	800	75,000	600
Lebanon	7,164	1,864	-	-	1,864	-	5,300	-	300	5,000	-
Malta	9,505	9,505	9,500	5	-	-	-	-	-	-	-
Morocco	55,962	25,062	7,710	1,667	15,685	-	30,900	-	900	30,000	-
Oman	541	541	-	541	-	-	-	-	-	-	-
Portugal	86,400	85,000	55,000	-	30,000	-	1,400	300	1,000	-	100
Spain c/	n.a.	n.a.	n.a.	-	-	-	n.a.	-	-	-	-
Syria	100,128	100,128	90,000	-	10,128	-	-	-	-	-	-
Tunisia	29,520	14,120	3,484	1,075	9,561	-	15,400	-	400	15,000	-
Turkey	206,700	-	-	-	-	-	206,700	50,000	2,000	150,000	4,700
Yemen	20,166	20,166	14,227	451	5,488	-	-	-	-	-	-
Regional Programs/ Support	5,989	5,989	5,800	189	-	-	-	-	-	-	-
Middle East Special Requirements	35,000	35,000	35,000	-	-	-	-	-	-	-	-
EUROPE - TOTAL	80	-	-	-	-	-	80	-	80	-	-
Austria	40	-	-	-	-	-	40	-	40	-	-
Finland	40	-	-	-	-	-	40	-	40	-	-
OTHER - TOTAL	1,031,543	961,343	652,133 e/	14,848 f/	282,212 g/	12,150 h/	70,200	70,000 i/	200 i/		
U.S. CONTRIBUTIONS TO IFIs - TOTAL	730,794	730,794									
Int'l. Development Assn.	375,000	375,000									
Inter-American Dev. Bank	240,000	240,000									
Asian Development Bank	74,127	74,127									
Int'l. Finance Corporation	41,667	41,667									

a/ Includes $730.8 million for International Financial Institutions -- see above for details.
b/ Angola, Cape Verde, Guinea-Bissau, Mozambique, Sao Tome & Principe.
c/ A proposed FY 1977 level for Spain is not available at this time.
d/ Includes West Bank and Gaza.
e/ Includes $7.3 million for American Schools and Hospitals Abroad; $187.3 million for International Organizations and Programs (includes $9.6 million for UNFICYP); $25 million for International Disaster Assistance; $10 million for the President's Foreign Assistance Contingency Fund; $210 million for Interregional Programs; $195.9 million for Operating Expenses; and $16.7 million for Foreign Service Retirement Fund.
f/ Includes $4.0 million in worldwide program support and $10.9 million as Peace Corps share of ACTION agencywide costs.
g/ Includes: Title I reserve $74.2 million; Title II reserve $32.5, Title II foreign currency grants $2 million; ocean freight $173.5 million.
h/ Includes: International Organizations $4 million; training and support costs $7.6 million; treatment and rehabilitation $0.5 million.
i/ General costs.

FY 1977 BUDGET REQUEST
ECONOMIC ASSISTANCE

For FY 1977, A.I.D. requests an appropriation of $3,167.6 million to provide a total economic program of $3,244.6 million:

-- The $77 million difference between appropriation and program level consists primarily of estimated amounts to be recovered from the pipeline of obligated but unexpended funds from prior year appropriations.

The FY 1977 A.I.D. economic development assistance program is $38 million higher than the FY 1976 request. It reflects the desire of A.I.D. to:

-- consolidate and strengthen the programs it has undertaken under the Congressional guidelines in the Foreign Assistance Acts of 1973 and 1974;

-- begin implementing the supplementary guidance in the International Development and Food Assistance Act of 1975.

The economic development program consists of:

-- $636.1 million for Food Production and Nutrition;

-- $288.6 million for Population Planning and Health;

-- $148.8 million for Education and Human Resources Development;

-- $92.6 million for Section 106 development activities;

-- $172.7 million for support of the development programs of the UN and the OAS;

-- $5 million for the UN Environment Fund;

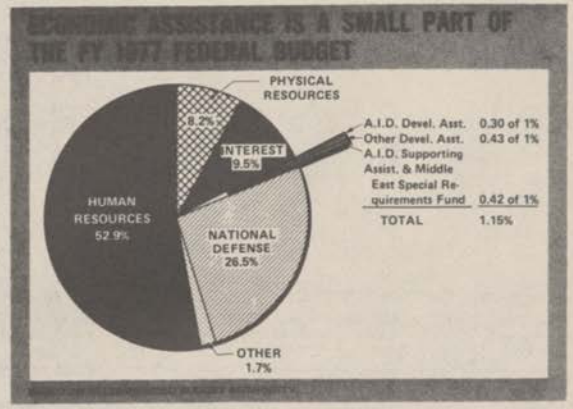
-- Other programs are:

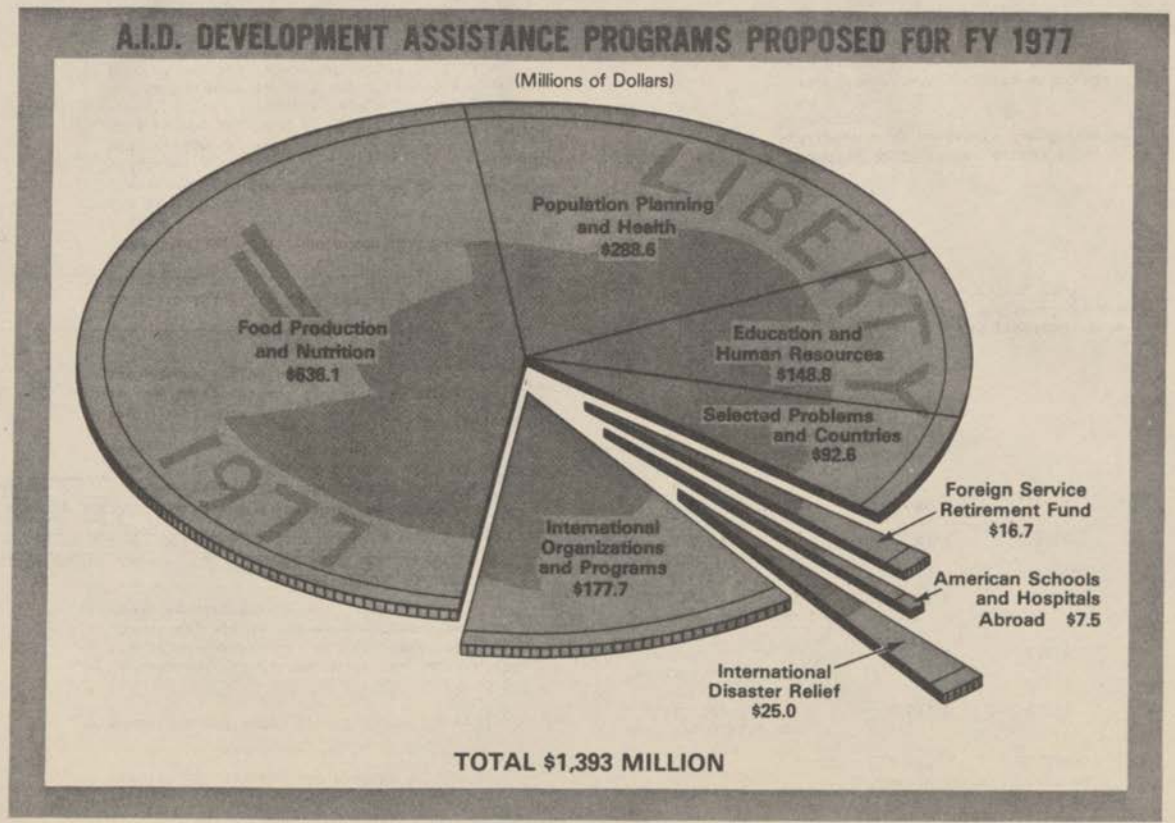
** American Schools and Hospitals Abroad, $7.5 million;

** International Disaster Assistance, $25 million;

** Foreign Service Retirement Fund, $16.7 million;

Of the $1,393 million proposed program, $1,166 million is intended for U.S. bilateral development assistance programs which focus on the critical needs of the poor majority:




A.I.D. DEVELOPMENT ASSISTANCE PROGRAMS PROPOSED FOR FY 1977
(Millions of Dollars)
LIBERTY
1977
Population Planning and Health $288.6
Education and Human Resources $148.8
Selected Problems and Countries $92.6
Foreign Service Retirement Fund $16.7
American Schools and Hospitals Abroad $7.5
International Disaster Relief $25.0
International Organizations and Programs $177.7
Food Production and Nutrition $638.1
TOTAL $1,393 MILLION

-- food production, rural development and nutrition;

-- population planning and health;

-- education and human resource development;

-- development activities under new Section 106: technical assistance, energy, research, reconstruction, special development problems and urban development.

The funding request for activities in these accounts is based on the assumption that A.I.D.'s full appropriation request for FY 1976 and the Transition Quarter (i.e., the amounts carried in the President's Amended Budget Request or in P.L. 94-161, whichever is less will be appropriated.

-- In the event that appropriations for functional accounts are less than the requested levels it will be necessary to adjust planned programs for the balance of FY 1976, the Transition Quarter, and FY 1977, to take this lower availability into account. In that event, not all activities proposed for FY 1977 would necessarily be carried out with funds requested for that year.

-- Loans shown as expected to be authorized during the balance of FY 1976 and the Transition Quarter (Tables VIIa of the regional volumes) reflect programming changes in the eight months since preparation of the FY 1976 presentation materials. This is not intended to substitute for normal notification procedures, and a Section 113 notification will be sent prior to the authorization of any loan where increased funding or other substantive changes from the FY 1976 Congressional Presentation so requires.

	FY 1977 Proposed ($ million)		
	Appropriation Request	Proposed Program	% of Total
Food Production and Nutrition	633.6	636.1	54
Population Planning and Health	275.6	288.6	25
Education and Human Resources Development	101.8	148.8	13
Sec. 106 Development Activities	83.2	92.6	8
Total	1,094.2	1,166.1	100

Food Production and Nutrition

-- $636.1 million is requested for programs to improve the quality of life for the rural poor and to expand the agricultural output of small farmers.

Emphasis will be on:

** expanding small farmer access to inputs and technology necessary for increased production;

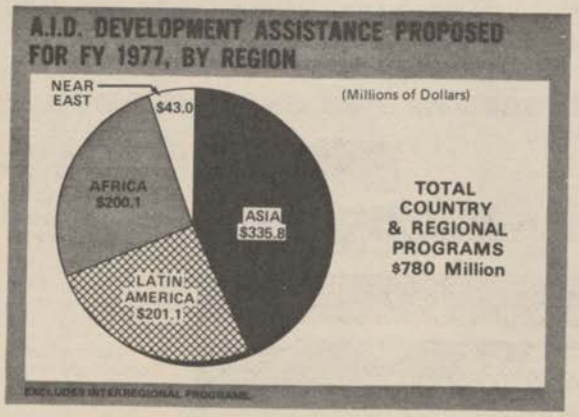
** rural development projects which will help permit the rural poor to participate in the economic life of their communities;

** cooperative and other systems for agricultural storage and marketing and distribution of production credit and inputs;

** research, institutional development, and extension under the Title XII authority to improve agricultural methods and techniques;

Population Planning and Health

-- $288.6 million is planned for programs to provide basic health and family planning services and education. A.I.D. will emphasize:



** projects that build effective integrated delivery systems and support increased training of paramedical and nonmedical personnel;

** provision of contraceptive supplies;

** applied research efforts which examine social and economic factors influencing fertility;

** health programs which focus on rural environmental health, low-cost rural water supply systems, and schistosomiasis control;

** research on tropical and endemic diseases in collaboration with other international donors.

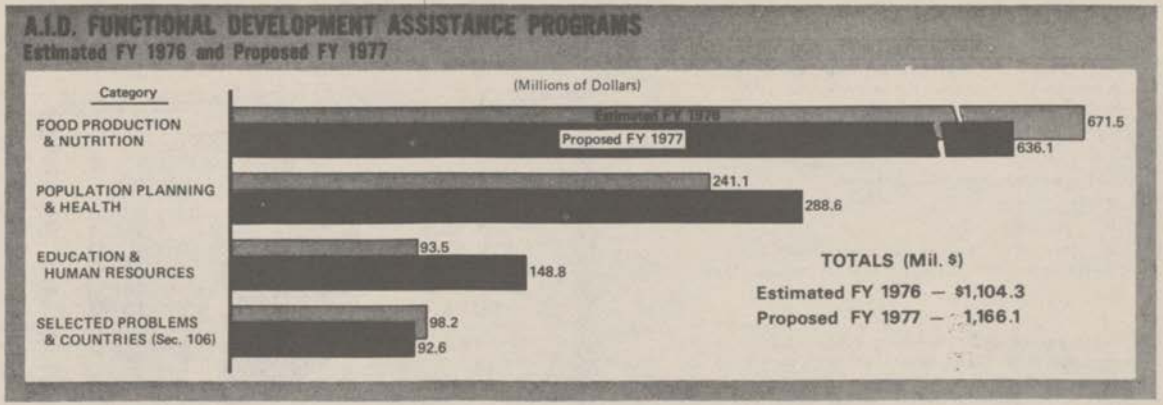
Education and Human Resources Development

-- $148.8 million to assist developing countries provide priority learning needs to the poor through:

** experimentation with and development of nonformal educational opportunities;

** improvement in the relevance, efficiency, and equity of existing educational systems;

** improvement in the analytical and administrative capacity of governments and development institutions at all levels.



Selected Development Activities under Section 106

-- $92.6 million to finance development activities, not otherwise authorized by Sections 103, 104 or 105, that:

** expand the relationship of A.I.D. and U.S. Private and Voluntary Organizations (PVOs) by providing $36.7 million to strengthen their institutional capability in project planning and evaluation, continue basic program support, and finance technical cooperation and development programs. PVOs will receive funding from other functional accounts for development projects in regional and country settings;

** assist the development efforts of regional and international development organizations;

** intensify studies designed to alleviate energy problems through increased production and conservation of energy;

** conduct research of the development process to increase the benefits of assistance to developing countries;

** assist in reconstruction following natural or man-made disasters;

** help solve special development problems in the poorest countries;

** assist in the utilization of infrastructure and related projects funded with earlier U.S. assistance;

** assist in urban development by helping the urban poor participate in economic and social development;

** provide $10.5 million for reimbursement to U.S. private and voluntary agencies for ocean freight costs incurred in shipping privately donated commodities, which brings the total proposed for reimbursement for the period July 1, 1975 - September 30, 1977 to $30 million;

** assist developing countries to select, adapt and use intermediate technologies that are suited to their circumstances.

International Organizations and Programs

-- The $172.7 million request for voluntary contributions by the United States to selected development programs of the United Nations and the Organization of American States (OAS) will support ongoing programs of interest to the United States. The principal elements include:

** a contribution of $100 million for the United Nations Development Program (UNDP);

** $26.7 million for the United Nations Relief and Works Agency (UNRWA) for food, health and education services for Palestine refugees;

** $17 million for the United Nations Children's Fund (UNICEF);

** $18.95 million for the UN Atomic Energy Agency (IAEA); the World Meteorological Organization (WMO); the World Food Program (WFP); the UN Institute for Training and Research (UNITAR); the Fund for Southern Africans and the UN Revolving Fund for Natural Resources Exploration; $15.05 million for contributions to the several assistance programs administered by the OAS throughout Latin America.

United Nations Environment Fund

-- A $5 million contribution to assist this organization to coordinate international cooperation to protect the human environment.

Other Programs

Other programs for FY 1977 include:

-- $7.5 million for American Schools and Hospitals Abroad;

-- $25 million for International Disaster Assistance.

Foreign Service Retirement Fund

$16.7 million is requested to cover the FY 1977 annual installment required to cover the unfunded liability for A.I.D. Foreign Service employees under the Foreign Service Retirement and Disability System:

-- Such unfunded liabilities are normally covered under appropriations to the Department of State for the Foreign Service Retirement system and under appropriations to the Civil Service Commission for the Civil Service Retirement system.

-- This is necessary to comply with the intent of Section 5 of the State Department-USIA Authorization Act, Fiscal Year 1975 (PL 93-485), which prohibited the use of funds appropriated under that Act to meet liabilities attributable to A.I.D. Foreign Service employees. Funds to cover these liabilities are requested.

Security Supporting Assistance

The FY 1977 economic security assistance program consists of:

-- $1,806.6 million for Security Supporting Assistance;

-- $35 million for the Middle East Special Requirements Fund;

-- $10 million for the President's Foreign Assistance Contingency Fund.

Security Supporting Assistance programs are proposed for countries whose economic prospects affect U.S. security interests and the achievement of United States foreign policy objectives.

-- Major programs are proposed for Israel, Egypt, Jordan and Syria in support of our continuing efforts to achieve a just and durable peace in the Middle East.

-- Continued assistance to the government of Portugal is proposed to help in meeting its current serious economic problems.

-- Smaller programs are proposed for Cyprus, Bahrain, and Malta.

Middle East Special Requirements Fund

-- Continuing uncertainties in the Middle East make it essential the United States be able to respond quickly to special needs arising in this area and continue support for the U.S.-manned surveillance station in the Sinai.

The President's Foreign Assistance Contingency Fund provides the President with a modest capability to respond to unanticipated foreign emergency requirements beyond those arising from disasters.

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
500.1	671.5	167.2	636.1

Food scarcity in the poorest nations is one of the most urgent problems facing the world.

-- Population is increasing about as fast as world food supplies.

-- Demand for food is increasing.

-- Hunger and malnutrition are prevalent.

-- To alleviate long-term trends which show the need for increasing food shipments from developed to developing countries under indigenous production is sharply increased.

The largest potential reserve for expanding world food production at relatively low-cost lies in increasing productivity on small farms in developing countries:

-- Existing yields in developing countries are a fraction of those in advanced nations.

-- Higher yields can result from using manpower, now underemployed, combined with more intensive farming systems and more agricultural inputs.

A.I.D. strategy is to:

-- help the poor and undernourished to grow more of their own food;

-- improve rural conditions by promoting the agricultural systems necessary for profitable production--both on and off farm--with equitable distribution of benefits.

A.I.D. programs seek to involve the poor in development by:

-- improving food production technology for small family farms in poorer countries;

-- providing fertilizer and other agricultural inputs;

FY 1977 PROGRAM PROPOSAL
(In millions of dollars)

Total	$636.1
Africa	134.9
Asia	227.3
Latin America	107.1
Near East	15.9
Interregional	55.2
Operating Expenses	95.7

-- developing appropriate market incentives for small farmers to produce more;

-- strengthening institutions and agribusiness which provide supporting services to family farms;

-- assisting the development of supporting agricultural infrastructure;

-- promoting national strategies for improving nutrition among the poor;

-- supporting agricultural research under Title XII of the FAA.

Food and nutrition programs require continuing support if world food supply goals are to be met:

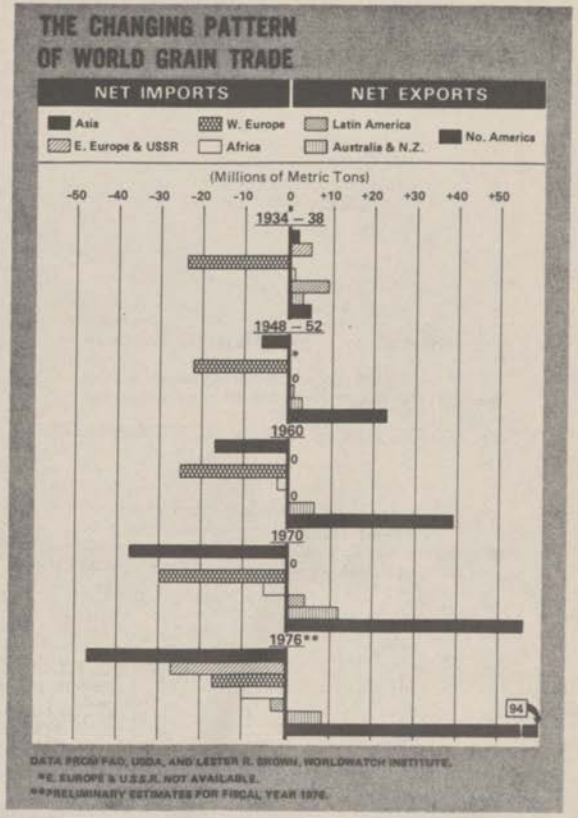
-- $636.1 million or 54% of the FY 1977 development assistance request will help developing countries to:

** increase food production;
** improve nutrition;
** enhance the quality of life for the rural poor.

Title XII

Title XII enables land grant and other eligible colleges and universities to participate more fully in U.S. agricultural assistance programs in the developing countries through such activities as:

-- national and regional agricultural research and extension programs, and the related institutional and human resources in developing countries;



-- contract research projects to solve specified agricultural developing problems;

-- longer-term collaborative, problem-solving research programs jointly financed by A.I.D. and collaborating universities, designed to involve and jointly benefit developing countries and U.S. agriculture;

-- research on the world food problems at international agricultural research centers.

Title XII provides mechanisms for the universities to participate and advise in planning, developing, implementing and administering each component of the program in the developing countries. The law:

-- provides for a Board for International Food and Agricultural Development with specified areas of responsibility and specific duties;

-- anticipates formation of units subordinate to the Board which include:

** a Joint Research Committee;
** a Joint Committee on Country Programs.

These mechanisms are being developed in discussions with university representatives from the National Association of State Universities and Land Grant Colleges (NASULGC) on:

-- functions, staffing, and support of the sub-ordinate units;

-- procedures for involving universities in country programs and research program grants.

An early establishment of the Board and other proposed mechanisms is essential to future plans under Title XII, including future assistance under the program:

-- The Board's general areas of responsibility and its specific duties require participation in planning;

-- Title XII projections beyond FY 1977 will be contained in the President's first Annual Report, April 1, 1976.

Mechanisms called for in Title XII are scheduled to be established and operative by late 1976.

Under Section 103, A.I.D. proposes for FY 1977 inter-regional activities which fall within the scope of Title XII and the cognizance of the Board and its subordinate committees:

-- $26.3 million for grants to international research centers for work in developing countries;

-- $10.7 million in central research programs;

-- $3 million for research program grants.

The Board and its subordinate committees will also concern themselves with grants and loans under Section 103:

-- to developing country governments or to regional institutions, whereby eligible U.S. universities assist in the building of national and regional agricultural research and extension capacities in developing countries;

-- bilateral and regional research programs.

Technology and Agricultural Inputs

The proposed Food and Nutrition Program will help solve related problems of developing countries by:

-- increasing contract research and support to international agricultural research centers;

-- promoting adaptation and use of existing knowledge within the context of rural development programs.

Use of techniques which are already known increases food supplies and helps the poor by:

-- improving cropping systems for small family farms:

** Small-scale farmers in Pakistan gain from adaptation of new technology in semi-arid areas.

-- providing cereal grains, high protein foods, legumes and food fortification for people who cannot afford meat, poultry and dairy products:

** The integrated cereals project in Nepal builds on the work done by international agricultural research centers to develop varieties and cultural practices for more intensive use of Nepal's agricultural land, particularly its poor, heavily populated, less fertile hill areas.

** A Small Farmer Technology loan in Honduras will assist with purchase of draft animals and appropriate tools and implements for food production.

** Assistance in Lesotho is concerned with intensifying crop production through better soil and water conservation systems.

** Nutrition projects in Nicaragua and in Pakistan will help improve the diet of the poor.

-- providing adequate supplies of production inputs, especially fertilizer:

** Loans to Pakistan and Bangladesh will finance fertilizer imports.

** A.I.D. loans to Pakistan and Bangladesh are helping to finance construction of new fertilizer factories, which will increase domestic production capacities through use of natural gas resources in both countries.

Applied technology reduces food losses with:

-- programs to protect growing crops from disease and insects;

-- food-grain drying, storage, and marketing assistance.

** The Bicol River Basin development project in the Philippines includes private sector improvements in grain handling, storage, and marketing.

But the poor farmer needs more knowledge to cope with limited land, water, and energy resources. Research and development programs in developing countries, with A.I.D. help and with linkages to international centers and U.S. institutions, continue to seek and to introduce:

-- higher-yielding crop varieties with improved nutrient levels;

-- more efficient systems for using soil and water;

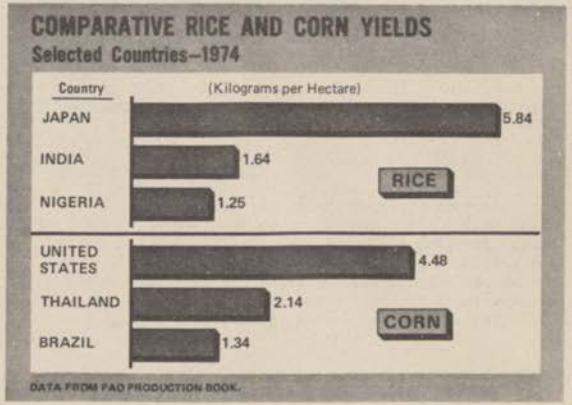
-- more intensive farming systems;

-- new and better fertilizers and more effective means for plants to assimilate nitrogen;

-- improved livestock systems, especially in areas of Africa and Latin America where animals forage on land unsuitable for cultivated crops;

-- improved small-scale fisheries and aquaculture systems;

-- fortified food commonly eaten by poor people and new, nutritious low-cost foods.



Incentives

Agricultural technologies require incentives to stimulate adoption by small farmers and to assure improvement in income distribution. Incentives are hindered by:

-- pricing policies and tax systems which often favor consumers and provide insufficient motivation for farmers to produce more;

-- weaknesses in policy analysis and planning in incentive programming.

A.I.D. encourages governments to improve economic and social policies and incentives by:

-- stressing these objectives in project design and loan negotiations;

-- supporting major analytical efforts, such as Thailand's agriculture sector analysis;

-- training policy analysts who can provide a base for sound decisions, such as Zaire's agricultural economics project.

Other activities provide incentives to small-scale producers; for example, assistance to:

-- Guatemala for improved agricultural marketing and market towns;

-- Liberia and Swaziland to help strengthen farm organizations;

-- El Salvador and Paraguay for small farmer production.

Agribusiness and Private Sector Involvement

Bottlenecks in all phases of the agricultural systems (preplanting, growing, and post harvest) greatly impede continuous and self-sustaining food production growth.

-- Extension services to small producers, when available, are often inappropriate to local conditions and lack relevancy to actual market demand.

-- Inadequate storage facilities force producers to sell their product prematurely.

-- Nonexistent or noncompetitive marketing arrangements render increased production uneconomic.

-- Poor transportation and distribution systems bring wastage and crop spoilage.

-- The rural poor are those persons most directly adversely affected by the absence of these essential elements in the agricultural system.

The principal repository of technological skill and managerial capacity in the agricultural systems area is in the private sector.

-- Private agricultural enterprises possess unique analytical and planning skills.

-- Private agricultural enterprises have unique ability to produce and deliver products with maximum economy.

-- Private agricultural enterprises have a unique ability to move products through the entire commercial food chain from producers in villages to consumers in cities.

-- While the principal locus of these managerial and technical skills is in U.S. private agribusiness, the developing countries private sectors also possess the innate capacity to handle their countries' agricultural systems requirements.

A.I.D. programs to involve U.S. agribusiness in development programs and to strengthen local private sectors' ability to deal with agribusiness systems bottlenecks:

-- Past A.I.D. programs, such as the development loans to the Latin American Agribusiness Development Corporation (LAAD) and research activities conducted by the Harvard Business School, have focussed on the agribusiness systems problem.

** For example, in the analysis of the Philippine corn commodity system, critical previously unrecognized relationships between the governments credit program, corn pricing policy and infrastructure requirements were identified and have served as the basis for action to improve the system and increase small producer production.

-- Loans to development banks have emphasized credit for local agribusinesses and rural enterprises.

-- A proposed FY 1977 loan to the Caribbean Development Bank emphasizes credit to local agribusinesses.

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-- A.I.D. plans other initiatives during FY 1977 to improve the participation of U.S. agribusiness in developing countries.

-- These programs include national agricultural assessment and impact surveys, which will:

** establish an ongoing inventory of physical, financial, human and institutional assets;

** providing conceptual framework and information based on which public and private resource investment priorities can be established and courses of action chosen by governments and by private entrepreneurs.

-- A.I.D. will also seek to expand available agribusiness promotion and credit mechanisms in developing countries:

** either by developing institutions like LAAD;

** or by expanding the capacity of local intermediate credit institutions, so as to attack critical bottlenecks in the agricultural system.

-- A.I.D. will promote increased contacts between developing countries' agribusiness officials (public and private) and the U.S. agribusiness sector, mainly through A.I.D./W sponsorship of technologically oriented seminars in the agribusiness field.

** These meetings are focused on specific problems characteristic of the developing countries involved and will facilitate the transfer of practical experiences and technological information from the U.S. to the developing countries agribusiness sector.

-- Finally, A.I.D. will institute specific measures to increase the participation of the U.S. and developing countries private sectors in the design and implementation of its programs in the agriculture sector, particularly those activities involving the post-harvest phases of the agricultural system.

Infrastructure

Small-scale construction or irrigation and storage facilities farm-to-market roads, and land improvement projects are a part of rural and agricultural development programs:

-- Farm-to-market roads and land improvement projects in Liberia, Pakistan, and Haiti are providing new facilities for small-scale farmers.

-- Small-scale irrigation systems are being rehabilitated or constructed in Indonesia.

-- Sri Lanka, is improving and expanding storage facilities to curb food losses and to help stabilize prices, and Zaire is studying ways to initiate such a program.

Nutrition

Malnutrition afflicts between 460 million and 1.5 billion persons in developing countries. (This range of estimates depends on the technique used to define the problem.)

-- It is concentrated among the poorest, who are victims of widespread calorie and protein deficits, often accompanied by vitamin and other nutrient shortages.

-- It most severely affects pregnant and nursing women and preschool children.

** One of five children in the poorest countries dies before reaching school age. Malnutrition is the chief contributing factor, impairing the physical and often the mental development of those who survive.

Low-income countries can fight malnutrition by programs which:

-- increase high-quality food intake by low-income consumers;

-- provide effective health services to reduce nutrient loss from infection and parasites;

-- improve food distribution to vulnerable groups within families.

A.I.D. programs strengthen developing country capacity to fight malnutrition by supporting efforts to:

-- motivate responsible groups to seek explicit nutrition goals as part of the development process;

-- formulate national, sectoral, regional, and local plans, policies, and strategies to achieve specific nutrition objectives;

-- develop programs and delivery systems to produce personnel to staff institutions responsible for these tasks.

FY 1977 Program

The FY 1977 Program proposes $636.1 million for Food Production and Nutrition. The FY 1977 proposal by country is shown in the table on the following "Summary of Food and Nutrition Program Proposal--FY 1977." Details are in the geographic regional and interregional volumes of A.I.D.'s FY 1977 submission to the Congress.

SUMMARY
FOOD AND NUTRITION PROGRAM PROPOSAL -- FY 1977
(in millions of dollars)

	TOTAL	GRANTS	LOANS
GRAND TOTAL	636.1		
OPERATING EXPENSES	95.7		
TOTAL PROGRAM	540.4	157.3	383.1
AFRICA	134.9	64.3	70.6
Cameroon	5.8	1.3	4.5
Central African Republic	.2	.2	-
Chad	1.8	1.8	-
Ethiopia	16.9	1.9	15.0
Ghana	2.1	2.1	-
Guinea	.8	.8	-
Kenya	15.3	2.3	13.0
Liberia	9.2	1.2	8.0
Mali	5.9	5.9	-
Mauritania	.8	.8	
Niger	2.4	2.4	-
Rwanda	.1	.1	-
Senegal	4.4	.8	3.6
Sierra Leone	1.0	1.0	-
Somalia	2.0	2.0	-
Tanzania	14.4	4.4	10.0
Upper Volta	2.4	2.4	-
Zaire	1.4	1.4	-
East Africa Regional	.7	.7	-
Former Portuguese Territories	3.8	2.3	1.5
Southern Africa Regional	12.9	2.9	10.0
Sahel/Central West Africa Regional	19.1	14.1	5.0
Africa Regional	11.5	11.5	-
ASIA	227.3	14.5	212.8
Bangladesh	59.0	1.5	57.5
India	61.2	1.2	60.0
Indonesia	31.4	1.6	29.8
Nepal	1.7	1.7	-

	TOTAL	GRANTS	LOANS
ASIA (continued)			
Pakistan	35.1	2.1	33.0
Philippines	27.3	4.3	23.0
Sri Lanka	3.0	-	3.0
Thailand	8.0	1.5	6.5
Asia Regional	.6	.6	-
LATIN AMERICA	107.1	16.4	90.7
Bolivia	9.5	1.5	8.0
Chile	11.3	.3	11.0
Colombia	.2	.2	-
Costa Rica	.2	.2	-
Dominican Republic	.3	.3	-
El Salvador	11.0	1.0	10.0
Guatemala	8.7	.9	7.8
Guyana	.2	.2	-
Haiti	7.0	3.0	4.0
Honduras	9.9	.4	9.5
Jamaica	.2	.2	-
Nicaragua	8.2	.2	8.0
Panama	12.7	.2	12.5
Paraguay	4.9	.5	4.4
Peru	.4	.4	-
Uruguay	*	*	-
Caribbean Regional	5.8	.3	5.5
ROCAP	11.5	1.5	10.0
Latin America Regional	5.2	5.2	-
NEAR EAST	15.9	6.9	9.0
Afghanistan	5.8	1.8	4.0
Morocco	6.8	1.8	5.0
Tunisia	1.3	1.3	-
Yemen	1.6	1.6	-
Near East Regional	.4	.4	-

* Less than $50,000.

	TOTAL	GRANTS	LOANS
WORLDWIDE TECHNICAL ASSISTANCE AND RESEARCH PROGRAMS	54.9	54.9	-
INSPECTOR GENERAL OF FOREIGN ASSISTANCE	.3	.3	-

Note: Totals may not add due to rounding.

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
181.3	241.1	66.5	288.6

Development efforts over the past 20 years have helped improve the health and reduce the fertility of the millions of poor people in the developing countries.

-- Death and disease rates have declined rapidly but they are still considerably above those found in the United States and other industrialized nations.

-- While birth rates have begun to fall in some areas, death rates have dropped more rapidly.

As a result, the population of many countries has increased rapidly and is likely to double before the end of this century.

Given current modest, economic growth rates, the quality of life in most developing countries shows little improvement and may even deteriorate if their populations continue to grow. Most of the 2.5 billion people who live in the developing countries continue to face hunger, malnutrition and disease with little or no access to productive services needed to ease their plight.

-- In Africa, one in seven or 15 percent of all children die before their first birthday as compared with only one in 50 or about two percent in the United States.

-- Children under the age of five years still pay the highest price in terms of sickness and death, primarily from malnutrition and a combination of respiratory and gastro-intestinal disease that would be routinely controlled in the United States.

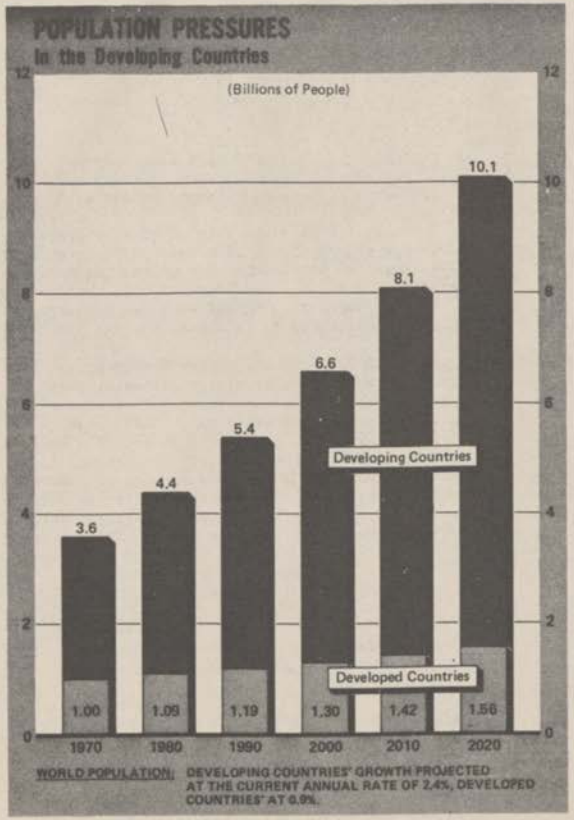
-- Half of the people in the developing countries are children under the age of 15 who must rely largely on others to meet their needs.

-- Life expectancy in developing countries is still only 50 years or less compared to 71 years in the United States.

Today, some 85 percent of the people in developing countries still lack adequate access to basic health, family planning and nutrition services. While their governments may desire both low birth rates and low death rates, achieving those objectives has proved to be extremely difficult.

The fundamental problem is how to provide needed services for the majority of their people when financial resources, skilled personnel, and required facilities are all extremely limited.

-- On the average, less than $3 per capita is spent for all population, health and nutrition services in the public sector.



-- Even that expenditure hides the startling fact that $10 or more per capita is often spent on a small minority, largely in urban areas and on curative services, while little or nothing goes to the majority, especially in the rural areas.

A major rethinking of ways to provide these services is needed to improve the prospects of most people to share more equitably in the benefits of development. Four main problems must be attacked if life for the majority of poor people in the developing countries is to improve:

-- too rapid population growth;

-- malnutrition, especially among children;

-- major environmental health hazards such as impure water, poor sanitation and tropical diseases;

-- absence of effective basic family planning, health and nutrition services.

In the past few years the developing countries and donor organizations have begun to develop better ways of attacking these problems.

Today, we stand at a threshold: on the basis of recent experience and projects now underway, more effective techniques to provide simple inexpensive services for the majority, even in hard-to-reach rural areas, are on the horizon. This approach requires greater integration and coordination in the planning of all development programs which affect health and fertility. Such planning must consider a broad range of measures, including:

-- provision of health, nutrition and family planning information and services through paramedics;

-- distribution of medicines, contraceptives, and nutrition supplements through commercial channels;

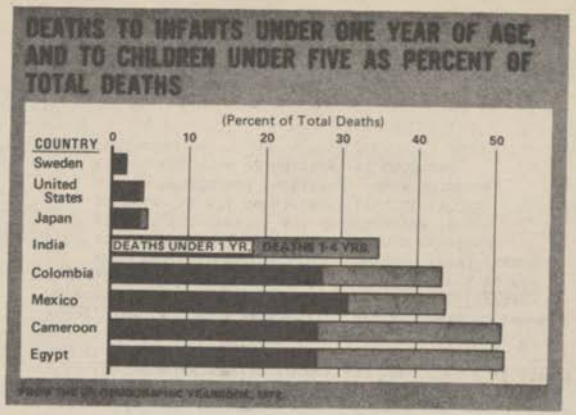
-- the role of schools and other information channels or programs for improved public awareness;

-- public programs which provide improved sanitation and clean water.

While a single system approach which integrates the various services at all levels may be more efficient and economical in the long run, it is frequently necessary to support single-purpose programs, such as family planning or malaria eradication, to achieve maximum coverage at the lowest cost, particularly in the shorter term. Such programs can operate efficiently alongside general health and private sector activities, particularly when associated with well designed health education programs.

There are various levels at which integration and coordination may take place. For example, a village worker with little training may be able to provide the simplest advice and commodities or refer people to a small clinic or major health center elsewhere for a wider range of more advanced services.

-- In health, this may mean only teaching hygiene or home remedies for common respiratory infections.



-- In nutrition, it may mean encouraging mothers to improve the diets of their children or provide a few key food supplements.

-- In population planning, it may mean providing the simplest contraceptive service and advice.

But the integration of delivery of such services must be determined by local conditions among countries or even within countries--regarding local budgets, political situations and existing programs.

A.I.D.'s efforts to design programs to support integrated delivery of services are still at an early experimental stage. The job requires a long-term concerted effort, given the limited resources available. But increasing benefits can be expected over the next decade if pursued with commitment, including attention to achieving even more efficient use of available A.I.D. and developing country resources.

Population Planning

The experience of the past decade has demonstrated that family planning is one of the most cost-effective ways of improving the health and nutrition status of mothers and children who constitute some 70 percent of developing country populations. If improved health is promoted without adequate concern for fertility control activities, rapid population growth may undermine any hard fought gains made in health conditions. Many countries have made a good start in building the basic infrastructure needed for effective family planning programs:

-- Many doctors, administrators, nurses, and paramedical personnel have been trained to provide family planning services.

** Over 280 nurses/midwives from 26 countries have been trained by the Downstate Medical Center in New York City and Meharry University in Nashville, Tennessee.

** The International Confederation of Midwives has held nine regional working parties attended by 250 midwives and doctors representing 38 countries.

-- The general public is increasingly aware of the benefits of child spacing.

-- Improved data collection and analysis are helping speed major program and policy decisions.

** In Thailand, an analysis of the impact of population growth on development led to the adoption of a positive population policy.

** In Pakistan, an analysis of the results of the 1972 census led to increased attention to family planning programs.

-- Contraceptives are increasingly available through clinical, commercial and community-based supply systems.

** Commercial and community based supply programs are now underway in Jamaica, Bangladesh, Pakistan, Indonesia, Egypt, Korea, and Ghana.

-- Surgical fertility control services are increasingly available in many countries.

Some 30 developing countries have been assisted by A.I.D. on a bilateral basis and another 50 countries through programs sponsored by private organizations and intermediary agencies such as International Planned Parenthood Federation and the UN Fund for Population activities. But these programs must be strengthened and extended throughout the developing world if they are to have needed impact in reducing fertility rates.

Although more governments recognize the consequences of continued high rates of population growth, the problem is still not fully understood by the majority of their people, especially among the poor and in the rural areas. Moreover, there are still age-old, complex cultural and economic pressures to have large families. Educational efforts:

-- must be intensified through the use of traditional schooling and new techniques in nonformal education methods and low-cost communications media;

-- must be designed to improve general understanding of the use of various family planning methods.

A.I.D. will continue to cooperate with other donor programs in supporting applied research on the cultural and other socio-economic factors influencing fertility with particular emphasis on the age of marriage and first pregnancy, effects of women's education and employment opportunities and other areas which improve the status of women.

Recent efforts to provide and encourage the use of contraceptives have resulted in rapidly rising use of oral contraceptives:

-- In 1977 deliveries are expected to exceed 100,000,000 cycles but even this provides supplies for only a small minority of the 500,000,000 women of child-bearing age in the developing countries.

It is evident that the growing worldwide demand for contraceptives cannot be fully met by foreign aid programs. While clinic-based delivery systems still prevail in many countries, there is increasing movement toward nonclinic or community-based distribution to achieve countrywide coverage.

Other donors and UNFPA will be encouraged to help share the increasing burdens of providing contraceptives and insure the widest possible availability of these vital supplies.

In addition to traditional contraceptive methods:

-- Low-cost surgical training centers to provide advanced techniques of family planning and other surgical services will also be stepped up.

-- Recent work with major U.S. institutions for the development of improved sterilization techniques will be expanded to train additional specialists in laparoscopic sterilization and the use of this equipment for other health-related diagnoses.

Health Assistance

Good health for the majority requires a change for the better in the principal factors affecting the quality of their lives:

-- the rate of reproduction;
-- the level of nutrition;
-- the ability to prevent and resist disease.

Governments must design programs which take these factors into account and which can be carried out with the limited available financial resources and manpower.

In assisting developing countries in health planning, A.I.D.

-- is giving increased attention to finding the appropriate balance among efforts to reduce fertility, decrease mortality and improve nutrition;

-- is encouraging governments to look at the private resources available for health care since, on the average, individuals spend more on their own health care than governments spend for them.

Health plans must also consider the various means by which health advice, education, treatment, and commodities are made available to the majority and when these can best be made available through one system.

-- A.I.D. is now helping 27 countries in preparation of health plans or analyses, often in cooperation with WHO.

-- In FY 1977, health planning projects will be started in eight more countries.

A.I.D. is also assisting an increasing number of pilot projects for the development of integrated, low-cost health delivery systems. The effectiveness of various combinations of paramedical personnel, volunteers, community leaders and traditional practitioners is being tested. The goal is to provide health services to a much greater proportion of the population with the least possible increase in cost.

-- Preliminary experience suggests that retraining of village midwives and traditional practitioners is one effective means of extending health care;

-- Greater use of paramedical personnel and local volunteers is another;

-- WHO and Pan-American Health Organization are also assisting governments in developing this type of pilot program.

But it is too soon to generalize. Pilot projects have yet to be extended to provide countrywide coverage. Governments must see the feasibility, acceptability and benefits of such programs before they will invest in their extension to wider areas of their countries.

Other ongoing and proposed activities will help reduce major rural environmental health hazards:

-- by supporting innovative, low-cost programs which provide potable water supplies and improved sanitation in rural areas; for example:

** Training of personnel for the administration and operation of the National Water and Sewerage Authority of the Yemen Arab Republic.

** training, evaluation and technical advisory services to the local Water Utility Administration of the Philippines;

** practical training in the Cameroon.

-- by improved coordination among bilateral and multilateral donors:

** During FY 1977, A.I.D. will meet with other donors to consider proposals for coordinated efforts in research and training for tropical diseases and rural water and sanitation programs.

-- by continuing support to the cholera research laboratory in Bangladesh:

** The laboratory is now field-testing new vaccines and defining the close relationship between disease, sanitation, water supply, malnutrition and fertility.

-- by continuing cooperative efforts to study ways to control snail fever (schistosomiasis), a hazard which will increase with irrigation for agricultural purposes;

-- by supporting research on a promising new drug to cure schistosomiasis;

-- by contributing to a multidonor 20-year program to control river blindness (onchocerciasis) in the Volta River Valley in West Africa;

-- by supporting programs to control malaria in Pakistan, Nepal, Indonesia, and Haiti and continuing assistance to the ongoing national malaria program in Ethiopia and new programs in Zaire and Sri Lanka.

FY 1977 Program

The FY 1977 Program includes $288.6 million for Population Planning and Health. The FY 1977 proposal by country is shown in the table on the following page, "Summary of Population Planning and Health Program Proposal--FY 1977." Details are in the geographic regional and interregional volumes of A.I.D.'s FY 1977 Submission to the Congress.

SUMMARY
POPULATION PLANNING AND HEALTH PROGRAM PROPOSAL-- FY 1977
(In millions of dollars)

	TOTAL	GRANTS	LOANS
GRAND TOTAL	288.6		
OPERATING EXPENSES	45.7		
TOTAL PROGRAM	242.7	176.7	66.2
AFRICA	25.5	23.0	2.5
Cameroon	.8	.8	-
Central Africa Republic	.6	.6	-
Chad	.3	.3	-
Ghana	2.1	2.1	-
Kenya	.8	.8	-
Liberia	5.5	3.0	2.5
Mali	1.0	1.0	-
Senegal	.5	.5	-
Tanzania	1.5	1.5	-
Zaire	2.2	2.2	-
Former Portuguese Territories	.4	.4	-
Southern Africa Regional	2.3	2.3	-
Sahel/Central West Africa Regional	3.5	3.5	-
Africa Regional	4.1	4.1	-
ASIA	73.2	35.0	38.2
Bangladesh	8.3	8.3	-
Indonesia	10.7	3.4	7.3
Nepal	2.3	2.3	-
Pakistan	26.4	13.9	12.5
Philippines	16.7	3.3	13.4
Sri Lanka	5.0	-	5.0
Thailand	2.0	2.0	-
Asia Regional	1.8	1.8	-
LATIN AMERICA	26.6	11.1	15.5
Bolivia	5.8	.8	5.0
Colombia	.2	.2	-
Costa Rica	.3	.3	-
Dominican Republic	.3	.3	-

	TOTAL	GRANTS	LOANS
LATIN AMERICA (continued)	26.6	11.1	15.5
El Salvador	.6	.6	-
Guatemala	.5	.5	-
Haiti	9.0	2.0	7.0
Honduras	.5	.5	-
Jamaica	.8	.8	-
Nicaragua	.8	.8	-
Panama	4.1	.6	3.5
Paraguay	.4	.4	-
Peru	.3	.3	-
Latin America Regional	3.0	3.0	-
NEAR EAST	16.3	6.3	10.0
Afghanistan	1.4	1.4	-
Morocco	.9	.9	-
Tunisia	1.8	1.8	-
Yemen	11.6	1.6	10.0
Near East Regional	.6	.6	-
INTERREGIONAL POPULATION PROGRAM	68.1	68.1	-
Demographic Analysis and Evaluation	6.3	6.3	-
Population Policy Development	5.3	5.3	-
Fertility Control Techniques	10.3	10.3	-
Family Planning Services	35.0	35.0	-
Information, Evaluation and Communication	2.8	2.8	-
Manpower and Institutional Development	8.4	8.4	-
WORLDWIDE TECHNICAL ASSISTANCE AND RESEARCH PROGRAMS	7.1	7.1	-
PROGRAM AND MANAGEMENT SERVICES	.8	.8	-
UNITED NATIONS FUND FOR POPULATION ACTIVITIES	25.0	25.0	-

	TOTAL	GRANTS	LOANS
INSPECTOR GENERAL OF FOREIGN ASSISTANCE	.3	.3	-

Note: Totals may not add due to rounding.

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
93.4	93.5	23.6	148.8

A.I.D.'s education and human resources development task is to help poor men, women, and children of the developing countries gain skills and knowledge to improve the quality of their lives.

-- Skills and knowledge are crucial to efforts to increase food production and to moderate rates of population growth.

A.I.D. supports efforts to examine existing formal and non-formal education structures and programs and to devise ways in which they can be modified, strengthened, and supplemented to reach and help the poor.

-- Although formal schools and traditional educational programs are often poorly managed, irrelevant to developmental needs, costly and have difficulty reaching large segments of the poor, they nevertheless are operating, and trying--often at great odds--to improve the quality of life. The poor people of developing countries want their children to have access to schools. In this area A.I.D. emphasis is on improving the relevance and effectiveness of outreach school systems in the most economical manner.

-- Developing countries do not, and cannot, rely alone on the formal schools to carry the entire human resources development burden. A wide range of extra school channels exist and can be established to supplement and complement formal programs. In an effort to reach disadvantaged groups at affordable cost, A.I.D. is encouraging developing nations to explore and apply alternative educational forms and structures.

A.I.D. programs seek to improve basic literacy, arithmetical skills, and to provide functional knowledge of practical use to the poor majority--building, when possible, past A.I.D. investments. Examples are:

-- expansion and reformation of rural primary school systems through curriculum revision in Swaziland;

-- radio-assisted teacher training in Nepal;

-- widening pupil access to primary education through radio in Paraguay;

-- community education programs for adults and out-of-school youth in Indonesia, Ethiopia, Pakistan,

FY 1977 PROGRAM PROPOSAL
(In millions of dollars)

Total	148.8
Africa	18.9
Asia	28.4
Latin America	60.3
Near East	9.3
Interregional	9.2
Operating Expenses	22.7

Upper Volta, Bolivia, and Jamaica.

-- Research and development initiatives include:

** a study of the use of radio to teach primary school mathematics in Nicaragua;

** development of a wider choice of methods and materials for teaching nonschooled rural people;

** trial of new methods to improve student and teacher performance and to extend the outreach of rural primary schools.

A.I.D. supports initiatives to improve the ability of poor people to exercise greater positive control over their own destinies by providing them with information, knowledge, and skills for improving food production and health, nutrition and family planning practices. Examples are:

-- use of mass media to teach better nutrition in Costa Rica, the Philippines, Nicaragua, and Tunisia;

-- establishment of a development communication center in Pakistan to coordinate the dissemination of development-related information;

-- providing the rural poor with information on rural development services in Ecuador by means of participatory materials and radio messages;

-- enabling campesinos to learn about modern agricultural practices by radio and interpersonal contact in Guatemala;

-- Research and development initiatives include:

** using modern communications techniques to support the adoption of better health practices;

** identifying new ways to encourage local participation in development planning.

To achieve a greater integration of the poor into the process of development, A.I.D. supports programs aimed at:

-- establishing a variety of village institutions for education and training;

-- encouraging local participation in decisionmaking concerning human resources development activities;

-- providing local officials with skills for improved management of development activities. Examples are:

** strengthening the Community Education Division of the Ministry of Education in Indonesia;

** enhancing farmer training in Tanzania with simultaneous instruction in new techniques and employment in community projects;

** consideration of plans for the establishment of a learning resource center in Peru;

** helping local officials in seven countries of Latin America develop capabilities for identification, development, direction, and supervision of such municipal projects as slaughter houses, marketing centers, and water and sewerage facilities, and various local public enterprises.

-- Research and development initiatives encompass projects to test the possibilities of a range of indigenous community organizations for carrying out nonformal education and training activities:

** developing processes for eliciting useful feedback from illiterate rural people about the value of various kinds of training

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activities and the benefits derived;

** creating indigenous information exchange networks for the sharing of experiences among communities, including test applications of two-way radio systems;

** promoting local capabilities to undertake design, planning, execution and evaluation of development-related education and training activities.

Essential to this emphasis on people as both the end and the means of development is that A.I.D.'s programs in education and human resources must be built on a full and objective comprehension of the condition of the poor. This means the development and use of methods for better understanding the magnitude, nature, and causes of the human resources problems of the poor of all ages. We need better answers to the following kinds of questions about the poor:

-- Who are they?

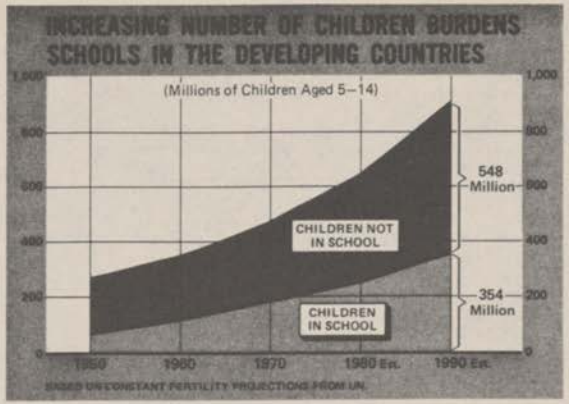
-- What are the dimensions of their education needs?

-- How can they better help themselves?

-- How can their governments, local organizations and business enterprises better serve them?

Comprehensive analyses are being developed; for example:

-- Analytical studies are underway or are planned for Peru, Bolivia, Ecuador, Panama, Nicaragua, El Salvador, Guatemala, and Pakistan. These studies are directed toward identifying groups to be benefitted, their problems (e.g., malnutrition, employment, income, sickness) and the learning needs associated with overcoming their problems.



-- In Central America, a program is underway to develop regional rural poverty indices to guide policy and program formulation in the area.

-- In Latin America, A.I.D. is undertaking a special initiative designed to identify the specific needs of women as well as means to promote their more effective participation in the development process.

-- In Indonesia, a multifaceted program will appraise the specific educational needs of rural communities as well as the more effective use by rural communities of their own and central human and fiscal resources.

In support of these field-based programs, A.I.D. is introducing research and development programs and management improvement efforts; these include a project to develop

-- specific methodologies for analysis;

-- effective field support facilities to assist developing countries better to diagnose the problems of their poor.

An economic and social data bank will be established in furtherance of Agency efforts to draw country and population profiles.

A.I.D. is providing its development program staff with methods for identifying the problems of the poor and fashioning programs to reach these people. An A.I.D. work group on management improvement and development administration has recommended ways to improve the management capabilities of the developing countries and give greater attention to management factors in U.S. assistance programs.

FY 1977 Program

The FY 1977 Program includes $148.8 million for Education and Human Resources Development, a substantial increase from $93.4 million in FY 1975 and $93.5 million proposed for FY 1976.

The FY 1977 proposal by country is shown in the table on the following page, "Summary of Human and Resources Development Program--FY 1977." Details are in the geographic regional and interregional volumes of A.I.D.'s FY 1977 Submission to the Congress.

SUMMARY
EDUCATION AND HUMAN RESOURCES DEVELOPMENT PROGRAM PROPOSAL—FY 1977
(In millions of dollars)

	TOTAL	GRANTS	LOANS
GRAND TOTAL	148.8		
OPERATING EXPENSES	22.7		
TOTAL PROGRAM	126.1	62.4	63.7
AFRICA	18.9	18.9	-
Chad	.4	.4	-
Ghana	.4	.4	-
Kenya	.4	.4	-
Liberia	1.0	1.0	-
Rwanda	.1	.1	-
Upper Volta	.3	.3	-
Zaire	.5	.5	-
East Africa Regional	.4	.4	-
Former Portuguese Territories	1.6	1.6	-
Southern Africa Regional	2.4	2.4	-
Sahel/Central West Africa Regional	.6	.6	-
Africa Regional	10.8	10.8	-
ASIA	28.4	10.5	17.9
India	.5	.5	-
Indonesia	7.8	1.9	5.9
Nepal	.8	.8	-
Pakistan	12.4	.4	12.0
Philippines	.1	.1	-
Thailand	.8	.8	-
Asia Regional	6.0	6.0	-
LATIN AMERICA	60.3	18.3	42.0
Bolivia	8.1	.6	7.5
Brazil	.5	.5	-
Columbia	.4	.4	-
Dominican Republic	2.1	.1	2.0
El Salvador	3.2	.2	3.0
Guatemala	5.3	.3	5.0

	TOTAL	GRANTS	LOANS
LATIN AMERICA (continued)			
Haiti	.1	.1	-
Honduras	8.0	.5	7.5
Jamaica	.1	.1	-
Nicaragua	7.3	.3	7.0
Panama	.3	.3	-
Paraguay	.3	.3	-
Peru	10.8	.8	10.0
Uruguay	.2	.2	-
Caribbean Regional	.4	.4	-
ROCAP	.4	.4	-
Latin America Regional	13.0	13.0	-
NEAR EAST	9.3	5.5	3.8
Afghanistan	4.6	.8	3.8
Tunisia	.1	.1	-
Yemen	.6	.6	-
Regional	4.0	4.0	-
WORLDWIDE TECHNICAL ASSISTANCE AND RESEARCH PROGRAMS	5.9 1/	5.9 1/	-
PRIVATE AND VOLUNTARY ORGANIZATIONS	1.0	1.0	-
PROGRAM AND MANAGEMENT SERVICES	1.5	1.5	-
OFFICE OF LABOR AFFAIRS	.6	.6	-
INSPECTOR GENERAL OF FOREIGN ASSISTANCE	.2	.2	-

1/ Includes $300 thousand for Women in Development

Note: Totals may not add due to rounding.

OTHER DEVELOPMENT ACTIVITIES
(Sec. 106 and Sec. 107) a/

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
112.1	98.2	29.0	92.6

Section 106 - Selected Development Activities

Funds appropriated pursuant to Section 106 finance selected development activities not elsewhere authorized in the Foreign Assistance Act:

-- Technical Assistance

** grants to strengthen and expand technical cooperation and development programs of U.S. private and voluntary organizations. These programs are described in the special analyses section of this Summary volume.

-- Technical Cooperation Activities and Energy

** environmental training and help in studying environmental safeguards;

** identification of new energy sources and better energy technology;

** grants to private U.S. institutions to test improved technologies such as satellite sensing of natural resources.

-- Reconstruction

** continuing of planning and coordination of Sahel development activities and assistance to the Niger River Planning Commission;

** assisting Nicaragua in further planning for urban reconstruction. Assistance will include the training of personnel.

-- Activities of particular importance to individual developing countries or regional organizations:

** a water and minerals survey in the Yemen Arabic Republic which will be a model for other surveys;

** advice to small farmers in Honduras to help solve their agro-industrial export problems;

** financing of specific project undertakings sponsored by regional and international development organizations such as the Economic Commission for Africa, the Central Treaty Organization, the Colombo Plan, the Economic and Social Commission for Asia and the Pacific;

** programs under Title IX to encourage civic participation and strengthen democratic trends.

-- Urban Development

** identifying and strengthening those urban-based activities which support the development of rural areas;

** developing approaches to meeting the basic needs of the urban poor for productive employment and for access to essential services;

a/ Consists of FY 1975 authorization categories Selected Development Problems (Section 106) and Selected Countries and Organizations (Section 107).

** devising ways in which information, experience, training, and expertise in urban and regional development can be put to more practical use;

** studying how to make greater provisions of low-income housing through sites and services schemes in conjunction with the Housing Investment Guaranty program.

Section 107 - Intermediate Technology

A.I.D. is preparing a proposal as required by Section 107 of the Foreign Assistance Act for a more concerted approach to the need for intermediate technologies better adapted to the typical circumstances of developing countries:

-- Capital is scarce and costly, so investment requirements must be minimized.

-- Labor is abundant and inexpensive, and there is need to generate more jobs.

Critical issues bearing on intermediate technology and its applications are being examined:

-- Both A.I.D.'s own considerable experience and the resources of the private sector are being brought to bear.

-- Studies will be undertaken to prepare recommendations for an institutional mechanism to marshall and transfer to developing countries U.S. knowledge in this field.

FY 1977 Program

The FY 1977 Program includes $92.6 million for Development Activities under Sec. 106 Program Proposal--FY 1977. The FY 1977 proposal by country is shown in the table on the following page "Summary of Development Activities under Section 106 Program Proposal--FY 1977." Details are in the geographic regional and interregional volumes of A.I.D.'s FY 1977 submission to Congress.

SUMMARY
DEVELOPMENT ACTIVITIES UNDER SECTION 106 PROGRAM PROPOSAL--FY 1977
(In millions of dollars)

	TOTAL	GRANTS	LOANS
GRAND TOTAL	92.6		
OPERATING EXPENSES	12.0		
TOTAL PROGRAM	80.6	75.6	5.0
AFRICA	20.8	18.8	2.0
Former Portuguese Territories	5.0	3.0	2.0
Sahel/Central West Africa Regional	12.4	12.4	-
Africa/Regional	3.4	3.4	-
ASIA			
Bangladesh	.9	.9	-
Asia Regional	6.0	6.0	-
LATIN AMERICA	7.1	4.1	3.0
Chile	*	*	-
El Salvador	.5	.5	-
Haiti	3.3	.3	3.0
Honduras			
Nicaragua	.1	.1	-
Central America Regional Program	*	*	-
Latin America Regional	2.3	2.3	-
Special Development Activities	.9	.9	-
NEAR EAST	1.5	1.5	-
Tunisia	.3	.3	-
Yemen	.4	.4	-
Near East Regional	.8	.8	-
WORLDWIDE TECHNICAL ASSISTANCE AND RESEARCH PROGRAMS	9.7	9.7	-

* Less than $50,000

	TOTAL	GRANTS	LOANS
PRIVATE AND VOLUNTARY ORGANIZATIONS	30.8	30.8	-
PROGRAM AND MANAGEMENT SERVICES	2.9	2.9	-
STIMULATING REIMBURSABLE DEVELOPMENT PROGRAMS	.5	.5	-
INSPECTOR GENERAL OF FOREIGN ASSISTANCE	.4	.4	-

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FY 1976, TRANSITION QUARTER (TQ), FY 1977
(In thousands of dollars)

REGION: AFRICA

COUNTRY	Total			Food and Nutrition			Population Planning and Health			Education and Human Resources Development			Development Activities under Sec. 106			Other Programs		
	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977
ETHIOPIA	12,534	10,081	16,945	11,705	10,081	16,945	-	-	-	527	-	-	-	-	-	302	-	-
GHANA	14,041	494	4,572	11,292	100	2,074	1,599	394	2,148	625	-	350	-	-	-	525	-	-
KENYA	20,112	658	16,468	18,103	463	15,308	1,009	195	760	-	-	400	-	-	-	1,000	-	-
LIBERIA	2,872	591	15,753	430	115	9,237	1,692	327	5,494	750	149	1,022	-	-	-	-	-	-
RWANDA	343	242	215	293	242	115	-	-	-	50	-	100	-	-	-	-	-	-
SIERRA LEONE	-	-	970	-	-	970	-	-	-	-	-	-	-	-	-	-	-	-
SOMALIA	4,000	-	2,000	4,000	-	2,000	-	-	-	-	-	-	-	-	-	-	-	-
TANZANIA	19,254	2,275	15,899	15,344	2,035	14,444	958	240	1,455	-	-	-	-	-	-	2,952	-	-
ZAIRE	23,343	8,750	4,035	-	8,750	1,375	593	-	2,160	-	-	500	-	-	-	22,750	-	-
SAHEL and CENTRAL and WEST AFRICA PROGRAMS	73,328	5,127	63,971	38,731	3,942	43,538	3,090	1,000	6,693	1,045	185	1,340	4,754	-	12,400	25,708	-	-
EAST AFRICA REGIONAL	1,055	165	1,091	680	100	720	-	-	-	375	65	371	-	-	-	-	-	-
SOUTHERN AFRICA PROGRAMS	5,633	829	17,509	3,763	400	12,901	400	300	2,258	1,470	129	2,350	-	-	-	-	-	-
AFRICA REGIONAL PROGRAMS	29,702	5,816	29,897	10,551	1,172	11,523	4,366	3,023	4,135	10,593	321	10,839	4,192	500	3,400	-	-	-
ANGOLA, CAPE VERDE, GUINEA-BISSAU, MOZAMBIQUE, and SAOTOME and PRINCIPE	9,116	3,500	10,778	4,515	3,500	3,750	-	-	400	-	-	1,628	-	-	5,000	4,601	-	-
Total	215,333	37,728	200,103	119,407	30,900	134,900	13,707	5,479	25,503	15,435	849	18,900	8,946	500	20,800	57,838	-	-

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FY 1976, TRANSITION QUARTER (TQ), FY 1977
(In thousands of dollars)

REGION: ASIA

COUNTRY	Total			Food and Nutrition			Population Planning and Health			Education and Human Resources Development			Development Activities under Sec. 106			Other Programs		
	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977
Bangladesh	66,969	23,731	68,200	59,869	20,466	59,000	4,600	765	8,290	-	-	-	2,500	2,500	910	-	-	-
India	67,000	200	61,700	66,500	100	61,200	-	-	-	500	100	500	-	-	-	-	-	-
Indonesia	50,801	2,450	49,905	27,800	300	31,400	16,401	1,950	10,705	6,600	200	7,800	-	-	-	-	-	-
Korea	5,592	-	-	292	-	-	-	-	-	300	-	-	5,000	-	-	-	-	-
Nepal	3,450	920	4,775	1,100	400	1,700	1,350	320	2,275	1,000	200	800	-	-	-	-	-	-
Pakistan	61,108	35,884	73,944	49,300	26,344	35,123	8,858	9,540	26,421	450	-	12,400	2,500	-	-	-	-	-
Philippines	35,559	1,763	44,041	20,700	500	27,300	14,759	1,263	16,641	100	-	100	-	-	-	-	-	-
Sri Lanka	8,000	-	8,000	8,000	-	3,000	-	-	5,000	-	-	-	-	-	-	-	-	-
Thailand	10,987	2,362	10,830	7,100	1,600	8,000	3,487	662	2,030	400	100	800	-	-	-	-	-	-
Regional Development	12,085	3,675	14,400	245	300	600	1,785	500	1,800	5,775	2,325	6,050	4,280	550	5,950	-	-	-
Total	321,551	70,985	335,795	240,906	50,010	227,323	51,240	15,000	73,162	15,125	2,925	28,450	14,280	3,050	6,860	-	-	-

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FY 1976, TRANSITION QUARTER (TQ), FY 1977
(In thousands of dollars)

REGION: NEAR EAST

COUNTRY	Total			Food and Nutrition			Population Planning and Health			Education and Human Resources Development			Development Activities under Sec. 106			Other Programs		
	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977
Afghanistan	5,899	8,993	11,762	1,690	8,248	5,825	1,436	590	1,383	2.773	155	4,554	-	-	-	-	-	-
Morocco	10,643	4,840	7,710	10,110	4,750	6,840	533	90	870	-	-	-	-	-	-	-	-	-
Tunisia	3,237	5,940	3,484	1,150	5,635	1,279	1,868	205	1,750	219	-	130	-	100	325	-	-	-
Yemen	6,583	2,357	14,227	2,029	1,307	1,605	3,375	1,000	11,621	529	-	615	650	50	386	-	-	-
Regional	4,530	1,850	5,800	255	300	350	310	50	650	3,285	950	4,000	680	550	800	-	-	-
Total	30,892	23,980	42,983	15,234	20,240	15,899	7,522	1,935	16,274	6,806	1,105	9,299	1,330	700	1,511	-	-	-

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FY 1976, TRANSITION QUARTER (TQ), FY 1977
(In thousands of dollars)

REGION: LATIN AMERICA

COUNTRY	Total			Food and Nutrition			Population Planning and Health			Education and Human Resources Development			Development Activities under Sec. 106			Other Programs		
	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977
BOLIVIA	29,940	1,856	23,420	15,090	1,391	9,470	9,500	-	5,750	5,300	450	8,150	50	15	50	-	-	-
BRAZIL	900	29	461	-	-	-	-	-	-	900	29	461	-	-	-	-	-	-
CHILE	15,545	325	11,395	15,443	315	11,320	-	-	-	50	-	-	50	10	75	-	-	-
COLOMBIA	13,282	6,346	840	12,540	6,060	158	240	60	240	452	213	442	50	13	-	-	-	-
COSTA RICA	6,465	99	552	6,190	30	170	275	69	332	-	-	-	-	-	50	-	-	-
DOMINICAN REPUBLIC	12,750	140	2,661	12,285	68	270	290	52	273	125	7	2,068	50	13	50	-	-	-
EL SALVADOR	1,949	517	15,353	683	339	10,986	820	111	614	186	30	3,188	260	37	565	-	-	-
GUATEMALA	15,316	490	14,532	14,054	245	8,670	670	25	532	542	205	5,280	50	15	50	-	-	-
GUYANA	5,475	156	300	3,650	150	200	-	-	-	-	-	-	1,825	6	100	-	-	-
HAITI	9,181	10,287	19,438	7,455	9,547	7,024	1,651	361	9,000	-	300	89	75	79	3,325	-	-	-
HONDURAS	13,097	2,414	18,534	5,532	860	9,948	335	65	480	2,155	864	7,954	5,075	625	152	-	-	-
JAMAICA	1,016	196	1,135	75	19	173	791	139	812	100	25	100	50	13	50	-	-	-
NICARAGUA	17,066	1,672	16,467	246	352	8,224	12,120	483	850	200	500	7,280	4,500	337	113	-	-	-
PANAMA	21,994	544	17,176	4,109	300	12,720	6,510	128	4,065	11,325	109	341	50	7	50	-	-	-
PARAGUAY	4,403	984	5,564	3,622	794	4,855	363	92	371	368	85	288	50	13	50	-	-	-
PERU	21,174	1,181	11,555	20,073	965	400	350	88	330	711	118	10,775	40	10	50	-	-	-
URUGUAY	516	61	213	225	13	18	-	-	-	266	43	170	25	5	25	-	-	-
CARIBBEAN REGIONAL	16,764	223	6,175	16,264	80	5,750	-	-	-	275	80	375	225	63	50	-	-	-
CENT.AMER. REGL.	2,099	16,246	11,961	1,405	15,871	11,531	-	-	-	536	375	385	158	-	45	-	-	-
LATIN AMERICA REGIONAL	24,168	7,468	23,379	8,257	1,301	5,213	3,285	1,561	2,962	10,709	4,267	12,954	1,917	339	2,250	-	-	-
Total	233,100	51,234	201,111	147,200	38,700	107,100	37,200	3,234	26,611	34,200	7,700	60,300	14,500	1,600	7,100	-	-	-

Voluntary contributions to United Nations and Organization of American States (OAS) programs, enable the U.S. to support activities complementary to U.S. bilateral assistance. Technical assistance and humanitarian services provided by these multilateral agencies address a full range of development and relief problems. Many developing countries, most of which achieved independence within the past two decades, look particularly to the United Nations as an impartial source of assistance in modernizing their economic and social systems. The United States supports certain of these programs which merit our special concern, and are in line with our sense of priorities.

These multilateral assistance programs, financed by voluntary contributions, support development activities in the poorest countries and in areas of greatest need. The United Nations Development Program (UNDP), to which the largest U.S. contribution goes, concentrates its resources in ways emphasized in U.S. aid legislation.

-- 80% of UNDP funds go to the 60 poorest countries, all with per capita income of $500 or less;

-- 30% of UNDP funds go to the 28 least developed countries;

-- 30% of UNDP funds are used for food production and related activities.

These programs finance specialized activities in which the United States has a strong interest.

-- The International Atomic Energy Agency (IAEA) enlists support for the enforcement of the nuclear nonproliferation treaties with its assistance in developing nuclear energy.

-- The World Meteorological Organization (WMO) assists developing countries to participate in data-gathering for the world weather watch.

-- The United Nations Environmental Protection Program (UNEP) is developing environmental monitoring programs to protect the oceans and atmosphere.

UN and OAS assistance contributes to economic development throughout the world with benefit to U.S. investment and trade. In a world of incresing interdependence, the United States needs:

-- expanding world trade to assure raw materials at reasonable prices;

-- expanding export markets;

-- new opportunities for investment abroad with the prospect of a fair return.

UN and OAS economic and social development programs provide technical assistance which promotes these goals:

-- trade promotion and marketing surveys funded by the UN Development Program.

-- industrial feasibility studies by the United Nations Industrialization Organization (UNIDO);

-- mineral exploration projects of the United Nations Center for Natural Resources, Energy, and Transport.

UNDP-funded programs cover some 15 sectors and include support for the kind of infrastructure development which enhances opportunity for U.S. joint ventures and private investment abroad. The United States typically leads in numbers of contractors and experts for UNDP-funded projects.

VOLUNTARY CONTRIBUTIONS TO
INTERNATIONAL ORGANIZATIONS AND PROGRAMS a/

(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	FY 1976 Trans.Qtr.	FY 1977 Proposed
United Nations Programs				
UN Development Program	77.9	120.	--	100.
UN Relief and Works Agency for Palestine Refugees	23.2	26.7	13.4	26.7
UN Environment Program Fund b/	5.0	7.5	--	5.0
Other UN	23.8	22.3		31.0
Total UN	129.9	176.5	13.4	162.7
Organization of American States	17.3	20.8	5.8	15.1
Total UN and OAS	147.1	197.3	19.2	177.8

NOTE: Amounts are rounded.

a/ For detailed table see the volume International Organizations and Programs.

b/ UNEP Fund: Authorized by the UN Environment Program Act

The Organization of American States promotes U.S. interests in this hemisphere. U.S. support of OAS technical assistance programs constitutes an important element of overall U.S. relations with Latin America.

-- These programs represent a substantial percentage of total assistance to Latin America in science, technology, education, economic and social fields, and export development.

-- U.S. cooperation in contributing to these programs is taken as evidence of U.S. interest in Latin America development and of the reality of Inter-American cooperation.

-- Latin American countries are increasing their participation in Latin American development in contributions to the Mar del Plata Special Fund, a new OAS program:

** Argentina, Brazil, Mexico, Venezuela channel a percentage of their contributions to the Fund to development programs undertaken by other Latin American countries.

U.S. bilateral aid is reinforced by multilateral action on key development and humanitarian problems of a global nature which require a coordinated approach:

-- population control;
-- production and distribution of food;
-- assistance in natural disasters.

U.S. initiative in new programs and its contributions to the United Nations and to the OAS have encouraged other countries to expand their participation and to increase their contribution. The United States has often pioneered new multilateral programs (e.g., population and environment), making the largest contribution at the beginning. As other nations have recognized the value of the new programs, their contributions have risen more rapidly than those of the United States and the U.S. percentage of the total contribution has steadily declined.

-- The U.S. contribution to the UN Development Program now is less than 20% of the total. At the outset of the program over 10 years ago it was 40%.

-- Both the Scandinavian countries and the countries of Western Europe contribute more to the UNDP than the United States.

-- In 1975 non-U.S. contributions to the UNDP increased 18%.

If U.S. leadership and influence in this key UN program are to continue, it is in the U.S. interest to raise its contribution in future years while continuing to encourage others to increase their share.

UN development programs enhance international cooperation; they promote an atmosphere of consensus and solution rather than of political confrontation. At the 7th Special Session of the UN General Assembly, the developing countries demonstrated a willingness to cooperate in seeking mutually advantageous solutions; they showed that developed and developing countries can work together in a constructive fashion. Support for these UN programs to which the United States and other countries voluntarily contribute is an important factor in:

-- promoting favorable attitudes towards the United States;

-- maintaining a cooperative atmosphere;

-- achieving practical results.

The programs which have been described briefly in this summary are discussed in detail in a separate volume International Organizations and Programs.

"MOST SERIOUSLY AFFECTED COUNTRIES;"
As Listed by the United Nations*

1. Afghanistan	16. Guyana	30. Pakistan
2. Bangladesh	17. Haiti	31. Rwanda
3. Benin (Dahomey)	18. Honduras	32. Senegal
4. Burma	19. India	33. Sierra Leone
5. Burundi	20. Ivory Coast	34. Somalia
6. Cameroon	21. Kenya	35. Sri Lanka
7. Cape Verde Is.	22. Khmer Republic (Cambodia)	36. Sudan
8. Central Afr. Rep.	23. Laos	37. Tanzania
9. Chad	24. Lesotho	38. Uganda
10. Egypt	25. Malagasy Rep.	39. Upper Volta
11. El Salvador	26. Mali	40. Western Samoa
12. Ethiopia	27. Mauritania	41. Yemen Arab Rep.
13. Ghana	28. Mozambique	42. Yemen, People's Democratic Rep.
14. Guinea	29. Niger	
15. Guinea-Bissau		

*DEVELOPING COUNTRIES WITH LOWEST PER CAPITA INCOMES THAT HAVE ALSO BEEN HARDEST HIT BY RECENT WORLD ECONOMIC DEVELOPMENTS, AS REVISED IN APRIL 1975.

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AMERICAN SCHOOLS AND HOSPITALS ABROAD

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
17.3	10.1	2.5	7.5

The American Schools and Hospitals Abroad program provides grants to American-sponsored private institutions in foreign countries to help demonstrate American ideas, practices, and recent progress in education and medicine.

-- U.S. foreign assistance grants under Section 214 of the Foreign Assistance Act supplement the preponderantly private income which, in most cases, these institutions earn or receive from U.S. and foreign sources.

The FY 1977 request is $7.5 million plus $7 million equivalent in U.S.-owned Egyptian local currency.

-- Priority will be given to a few institutions which:

** require assistance to survive;

** otherwise would have to curtail activities drastically;

** need help to complete ongoing construction programs.

The following major institutions fall into these categories:

-- American University of Beirut, Lebanon

-- University of the Americas, Mexico

-- Feinberg Graduate School of the Weizmann Institute, Israel

-- Hadassah Medical Center, Israel

-- The People-to-People Health Foundation (Project HOPE)

-- Bologna Center of Johns Hopkins University, Italy

The Egyptian currency equivalent of $7 million is requested to supplement funds provided in FY 1975 and FY 1976 to replenish the endowment fund granted by the Congress to the American University in Cairo (AUC). The University utilized some of the principal of its endowment to meet operating expenses because of unavoidable delay in planned investments. No dollar assistance to AUC is foreseen in FY 1977.

International disaster assistance is an enduring and important humanitarian element of U.S. foreign policy which directly complements our economic assistance to less-developed countries and broader foreign policy objectives by:

-- demonstrating American compassion for people afflicted by natural and manmade disasters throughout the world by means of individual and voluntary agency contributions and U.S. Government assistance.

Two recent actions have measurably improved U.S. capacity to respond to international disasters in a timely and cost-effective manner:

-- Congressional authorization of a disaster assistance fund for FY 1976 and FY 1977.

-- Presidential designation of the A.I.D. Administrator as the U.S. Government't Special Coordinator for International Disaster Assistance.

The U.S. International Disaster Assistance program is focused on:

-- developing expertise within the United States and disaster-prone nations to recognize and respond to the early stages of a disaster before the disaster reaches unmanageable and extremely expensive proportions.

-- providing prompt movement and distribution of badly needed commodities and other U.S. assistance to help alleviate suffering in the aftermath of natural and manmade disasters.

Program emphasis, in conjunction with other nations, international organizations, voluntary organizations, and the academic and scientific community, is therefore directed to:

-- promotion of disaster preparedness plans;

-- encouragement of and engagement in disaster research and development in such areas as prediction, warning, and management techniques which will reduce suffering and the cost of disaster relief;

-- improvement in the overseas capability of U.S. Missions to assess disaster casualties and damages, making it possible to provide the appropriate kind and amount of emergency help more quickly;

-- expansion of technical assistance in disaster preparedness and national disaster planning to increase the response capability of disaster-prone developing countries.

Intensive studies soon will be initiated to ascertain the full state of the disaster assistance art to be used as a point of departure for future improvements in the international disaster program.

For FY 1976 and the Transitional Quarter, $1.8 million has been programmed for:

-- technical assistance, research and development studies,

-- support to the U.N. Disaster Relief Office,

-- stockpile activities and,

-- a resources support agreement with Health, Education and Welfare.

For FY 1977, the programmed cost will be $1.9 million. Beyond these planned technical assistance grants the year-to-year external aid required to support disaster relief efforts is contingent upon:

-- the number of disasters;

-- capability of countries to cope with their own emergencies;

-- relief activities of other donors;

-- the number of people significantly affected;

-- damage to essential facilities;

-- extent of crop and livestock losses.

Details of the international disaster assistance program are discussed separately in the volume entitled Interregional Programs.

The FY 1977 Program proposes $25 million for International Disaster Assistance.

AGENCY FOR INTERNATIONAL DEVELOPMENT
Total Program Availability
FY 1975 (Actual)
(in millions of dollars)

	Unoblig. Bal. Brought Fwd.	FY 1975 Appropriations	Transfers[a]	Loan Receipts	Reimbursements	Recoveries	Total Avail. for Oblig.	FY 1975 Program (Obligations)	Unoblig. Bal. Carried Fwd.
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	25.9	574.0	-5.5	197.2	1.5	103.7	896.8	886.8	10.0
Food Production and Nutrition	-	300.0	-0.5	129.5	0.3	74.6	503.9	500.1	3.8[b]
Population Planning and Health	18.5[c]	125.0	-	35.1	-	4.5	183.1	181.2	1.9
Education and Human Resources	-	82.0	-	7.5	0.4	5.1	95.0	93.4	1.6
Selected Development Problems	-	37.0	-5.0	25.1	0.4	9.8	67.3	66.4	0.9
Selected Countries and Organizations	7.4[c]	30.0	-	-	0.4	9.7	47.5	45.7	1.8
Total	25.9	574.0	-5.5	197.2	1.5	103.7	896.8	886.8	10.0
(Grants included above)	(17.8)	(285.6)	(-)	(-)	(1.5)	(16.0)	(320.9)	(314.4)	(6.5)
(Loans included above)	(2.5)	(175.0)	(-5.5)	(197.2)	(-)	(87.7)	(456.9)	(453.4)	(3.5)
(Operating Expenses included above)	(3.6)	(113.4)	(-)	(-)	(-)	(-)	(119.0)	(119.0)	(-)
INTERNATIONAL ORGANIZATIONS AND PROGRAMS	*	139.2	-	-	-	0.3	139.5	139.2	0.3
UN Technical Assistance and Other Programs	*	125.0	-	-	-	0.3	125.3	125.0	0.3
UN Environment Fund	-	5.0	-	-	-	-	5.0	5.0	-
Indus Basin Development Fund, Grants	-	9.0	-	-	-	-	9.0	9.0	-
Indus Basin Development Fund, Loans	-	0.2	-	-	-	-	0.2	0.2	-
AMERICAN SCHOOLS AND HOSPITALS ABROAD[d]	*	17.5	-	-	-	0.1	17.6	17.5	0.1
PRESIDENT'S FOREIGN ASSISTANCE CONTINGENCY FUND	e/	1.8	-	-	-	e/	1.8	1.8	-
INTERNATIONAL DISASTER ASSISTANCE f/	-	35.0	-	-	*	-	35.0	32.2	2.8
FOREIGN SERVICE RETIREMENT FUND	-	-	+16.1	-	-	-	16.1	16.1	-
OTHER ASSISTANCE PROGRAMS	149.9	69.8	- 0.1	-	2.4	1.4	221.4	184.4	35.4
Administrative Expenses, A.I.D.	1.1	40.0	- 0.1	-	2.4	0.5	43.9	43.1	g/
Administrative and Other Expenses, State	*	4.8	-	-	-	0.1	4.9	4.9	*
Refugee Relief Assistance (Bangladesh)	2.3	-	-	-	-	0.5	2.8	-	h/
Famine and Disaster Relief in the Sahel	*	-	-	-	-	0.1	0.1	-	0.1
Disaster Relief and Reconstruction	126.5	-	-	-	-	0.2	126.7	96.0	30.7
Portugal and Portuguese Colonies	-	25.0	-	-	-	-	25.0	20.4	4.6
Prototype Desalting Plant	20.0	-	-	-	-	-	20.0	20.0	-
Subtotal	175.9	837.3	+10.5	197.2	4.0	105.5	1,330.4	1,278.0	48.7
SECURITY SUPPORTING ASSISTANCE	0.7	660.0	-	-	-0.5	21.6	681.8	677.7	4.1
MIDDLE EAST SPECIAL REQUIREMENTS FUND	-	100.0	-	-	-	-	100.0	100.0	-
INDOCHINA POSTWAR RECONSTRUCTION	0.1	440.0	- 5.0	-	2.1	5.1	442.3	431.1	11.2
TOTAL, AGENCY FOR INTERNATIONAL DEVELOPMENT	176.8	2,037.3	+5.5	197.2	5.8	132.1	2,554.5	2,486.8	64.0

NOTE: Totals may not add due to rounding.
* Less than fifty thousand dollars.

a/ Transfers were:
(1) $10.0 million to State Department, Office of Refugee and Migration Affairs;
(2) $15.6 million from State Department for the inclusion of A.I.D. career foreign service personnel in the Foreign Service Retirement and Disability Fund plus $0.5 million from Functional Development Assistance Programs for the increased cost to the Fund of the FY 1975 pay increase;
(3) $0.1 million to G.S.A. per Executive Order 11246 for the transfer of Equal Opportunity personnel and records.

b/ Includes $1.7 million unobligated balances available in pre-1974 Development Loan accounts.

c/ Unobligated balances brought forward from FY 1974 have been redistributed for FY 1975 program purposes.

d/ In addition, $6.3 million in excess foreign currencies were appropriated.

e/ $5.3 million of unobligated balances from the FY 1974 Contingency Fund program and $1.5 million of recoveries were returned to Treasury pursuant to P.L. 94-11 which did not make these funds available to A.I.D.

f/ Account title was Famine or Disaster Relief.

g/ The unobligated balance of $0.8 million in the Administrative Expenses, A.I.D. account was returned to Treasury since this account lapses in FY 1976.

h/ $2.8 million in the Refugee Relief Assistance (Bangladesh) account was returned to Treasury because these funds were no longer required for the purpose for which they were appropriated.

AGENCY FOR INTERNATIONAL DEVELOPMENT
TOTAL PROGRAM AVAILABILITY
FY 1976 and Transition Quarter (Estimated)
(in millions of dollars)

	Unoblig. Bal. Brought Fwd.	FY 1976 Appropriation Request	Transfers	Reimbursements	Estimated Recoveries	FY 1976 Proposed Program	Transition Quarter Appropriation Request and Proposed Program
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	10.0	1,007.0	-6.8[a]	2.8	91.3	1,104.3	286.3
Food Production and Nutrition	3.5[b]	623.0	-6.8	2.8	49.0	671.5	167.2
Population Planning and Health	-	218.5	-	-	22.6	241.1	66.5
Education and Human Resources	- [b]	84.5	-	-	9.0	93.5	23.6
Section 106 Development Activities	6.5[b]	81.0	-	-	10.7	98.2	29.0
Total	10.0	1,007.0	-6.8	2.8	91.3	1,104.3	286.3
(Grants included above)	(6.5)	(381.6)	(-)	(-)	(14.5)	(402.6)	(114.0)
(Loans included above)	(3.5)	(453.6)	(-6.8)	(-)	(76.8)	(527.1)	(122.4)
(Operating Expenses included above)	(-)	(171.8)	(-)	(2.8)	(-)	(174.6)	(49.9)
INTERNATIONAL ORGANIZATIONS AND PROGRAMS	0.3	229.5	-	-	-	229.8	23.7
UN Technical Assistance and Other Programs	0.3	189.5	-	-	-	189.8	19.2
UN Environment Fund	-	7.5	-	-	-	7.5	-
Indus Basin Development Fund, Grants	-	22.5	-	-	-	22.5	4.5
Indus Basin Development Fund, Loans	-	10.0	-	-	-	10.1	-
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT	-	(200.0)[c]	-	-	-	(200.0)[c]	-
AMERICAN SCHOOLS AND HOSPITALS ABROAD[d]	0.1	10.0	-	-	-	10.0	2.5
INTERNATIONAL DISASTER ASSISTANCE	2.8	20.0	-	-	-	22.8	10.0
International Disaster Assistance	-	20.0	-	-	-	20.0	10.0
Famine or Disaster Relief	2.8	-	-	-	-	2.8	-
FOREIGN SERVICE RETIREMENT FUND	-	16.7	-	-	-	16.7	-
OTHER ASSISTANCE PROGRAMS	35.4	-	-	-	-	35.4	-
Famine and Disaster Relief in the Sahel	0.1	-	-	-	-	0.1	-
Disaster Relief and Reconstruction	30.7	-	-	-	-	30.7	-
Portugal and Portuguese Colonies	4.6	-	-	-	-	4.6	-
SUBTOTAL	48.6	1,283.2	-6.8	2.8	91.3	1,419.1	322.5
PRESIDENT'S FOREIGN ASSISTANCE CONTINGENCY FUND	-	10.0	-	-	-	10.0	5.0
SECURITY SUPPORTING ASSISTANCE	4.1	1,873.3	-	-	5.1	1,882.5	30.2
MIDDLE EAST SPECIAL REQUIREMENTS FUND	-	50.0	-	-	-	50.0	10.0
INDOCHINA POSTWAR RECONSTRUCTION	11.2	-	-	-	75.0	9.6[e]	-
TOTAL, AGENCY FOR INTERNATIONAL DEVELOPMENT	64.0	3,216.5[f]	-6.8	2.8	171.4	3,371.2	367.7

NOTE: Totals may not add due to rounding.

a/ Transfer to State Department, Office of Migration and Refugee Affairs.
b/ Unobligated balances brought forward from FY 1975 have been redistributed for FY 1976 program purposes.
c/ Non-add item. Under authorizing legislation already enacted (P.L. 94-161) appropriations for IFAD will be sought upon satisfactory completion of negotiations between the United States and other prospective member nations.
d/ In addition, excess foreign currencies are requested in the following dollar-equivalent amounts: $7 million for fiscal year 1976 and $1.75 million for the Transition Quarter.
e/ Assumes return to Treasury of approximately $80.0 million due to termination of program.
f/ In addition, $200,000 in excess foreign currency is requested to carry out the provisions of Section 612 of the Foreign Assistance Act of 1961, as amended.

AGENCY FOR INTERNATIONAL DEVELOPMENT
CASH OUTLAYS AND UNLIQUATED BALANCES
FISCAL YEAR 1975 - ACTUAL
(in millions of dollars)

	Uniq. Bal. (Pipeline) 6/30/74	FY 1975 Appropri-ation	Other Funds Available[a/]	Total Avail.[b/] for Dis.	Outlays From Prior Year Funds	Outlays From FY 1975 Program	Outlays Total	Uniq. Bal. (Pipeline) 6/30/75	Unobl. Bal. 6/30/75
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	1,913.2	574.0	217.6	2,715.1	654.9	185.9	840.8	1,864.3[d/]	10.0
Food Production and Nutrition	266.3	300.0	129.0	785.3	58.2	76.9	135.1	648.4	3.8
Population Planning and Health	169.6	125.0	53.6	370.3	46.1	44.3	90.4	278.0	1.9
Education and Human Resources	79.5	82.0	7.5	167.9	32.6	25.8	58.4	107.9	1.6
Selected Development Problems	117.2	37.0	20.1	183.0	17.2	11.9	29.1	153.0	0.9
Selected Countries and Organizations	82.2	30.0	7.4	127.3	61.2	27.0	88.2	37.3	1.8
Development Loans, pre-1974	1,198.4	-	-	1,081.3	439.6	-	439.6	641.7	-
Subtotal	1,913.2	574.0	217.6	2,715.1	654.9	185.9	840.8	1,864.3	10.0
(Grants)	(263.2)	(285.4)	(17.8)	(579.8)	(126.4)	(93.9)	(218.4)	(356.9)	(6.5)
(Loans)	(1,629.7)	(175.0)	(194.2)	(1,998.9)	(513.3)	(0.8)	(514.1)	(1,481.3)	(3.5)
(Operating Expenses)	(20.3)	(113.4)	(5.6)	(136.4)	(17.2)	(91.2)	(108.3)	(28.1)	(-)
INTERNATIONAL ORGANIZATIONS AND PROGRAMS	79.3	139.2	-	168.7	74.9	90.8	115.5	52.9	0.3
UN Technical Assistance and Other Programs	26.3	125.0	-	151.3	21.7	81.6	103.3	47.7	0.3
UN Environment Fund	3.2	5.0	-	8.2	3.2	-	3.2	5.0	-
Indus Basin Development Fund, Grants	-	9.0	-	9.0	-	9.0	9.0	-	-
Indus Basin Development Fund, Loans	-	0.2	-	0.2	-	-	-	0.2	-
AMERICAN SCHOOLS AND HOSPITALS ABROAD	24.1	17.5	-	41.6	12.2	8.3	20.5	21.0	0.1
INTERNATIONAL DISASTER ASSISTANCE[e/]	-	35.0	-	35.0	-	19.1	19.1	13.1	2.8
FOREIGN SERVICE RETIREMENT FUND	-	-	16.1	16.1	-	16.1	16.1	-	-
OTHER ASSISTANCE PROGRAMS	271.6	89.8	149.8	442.3	190.5	41.7	232.2	174.7	35.3
Administrative Expenses, A.I.D.	7.9	40.0	1.0	48.1	7.5	31.2	38.7	9.4	-
Administrative and Other Expenses, State	0.4	4.8	-	5.2	0.3	4.7	5.0	0.1	-
Refugee Relief Assistance (Bangladesh)	75.2	-	2.3	74.6	68.9	-	68.9	5.7	-
Famine and Disaster Relief in the Sahel	21.4	-	-	21.4	17.2	-	17.2	4.1	0.1
Portugal and Portuguese Colonies	-	25.0	-	25.0	-	0.5	0.5	19.9	4.6
Disaster Relief and Reconstruction	23.5	-	126.5	148.9	17.8	3.3	21.1	93.1	30.7
Partners of the Alliance	0.5	-	-	0.5	0.5	-	0.5	-	-
Worldwide Technical Assistance	37.0	-	-	19.9	19.9	-	19.9	-	-
Alliance Technical Assistance	13.7	-	-	8.4	7.2	-	7.2	1.2	-
Programs Relating to Population Growth	72.9	-	-	51.2	51.2	-	51.2	-	-
Albert Schweitzer Hospital	1.0	-	-	1.0	-	-	-	1.0	-
Social Progress Trust Fund	18.1	-	-	18.1	-	-	-	18.1	-
Prototype Desalting Plant	-	-	20.0	20.0	-	-	-	20.0	-
Subtotal	2,288.4	835.5	383.5	3,418.8	882.5	361.7	1,244.2	2,126.0	48.7
CONTINGENCY FUND	14.4	1.8	-	14.7	1.8	2.5	4.3	10.4	-
SECURITY SUPPORTING ASSISTANCE	197.5	660.0	0.7	858.2	126.2	269.6	395.8	458.3	4.1
MIDDLE EAST SPECIAL REQUIREMENTS FUND	-	100.0	-	100.0	-	-	-	100.0	-
INDOCHINA POSTWAR RECONSTRUCTION	353.4	440.0	-4.9	688.5	314.0	282.4	596.4	180.9	11.2
Total	2,703.7	2,037.3	376.3	5,080.2	1,224.3	916.2	2,140.7	2,875.6	64.0
Less Loan Receipts							-297.2		
Net Outlays, Agency for International Development							1,843.5		

NOTE: Totals may not add due to rounding.

a/ Reprogrammed loan receipts, transfers, and unobligated balances brought forward.
b/ Amounts indicated as Total Available for Disbursement have been adjusted to reflect intra-account transfers due to the new appropriation structure and to reflect return of funds from various accounts to U.S. Treasury.
c/ Includes unsigned loan authorizations totalling $376.9 million.
d/ Includes unsigned loan authorizations totalling $246.7 million.
e/ Famine or Disaster Relief Account.

AGENCY FOR INTERNATIONAL DEVELOPMENT
CASH OUTLAYS AND UNLIQUIDATED BALANCES
FISCAL YEAR 1976 - ESTIMATED
(in millions of dollars)

	Unliq. Bal. (Pipeline) 6/30/75	FY 1976 Appropriations	Other Funds Available a/	Total Avail. for Disb.	Outlays From Prior Year Funds	Outlays From FY 1976 Program	Outlays Total	Unliq. Bal. (Pipeline) 6/30/76
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	1,864.3 b/	1,007.0	3.2	2,874.5	746.5	249.8	996.3	1,878.2
Food Production and Nutrition	646.4	623.0	-3.5	1,266.1	207.9	124.1	332.0	934.1
Population Planning and Health	278.0	218.5	-	496.5	90.0	63.3	153.3	343.2
Education and Human Resources	107.9	84.5	-	192.4	52.5	27.1	79.6	112.8
Selected Development Problems	153.0	-	-	153.0	50.0	-	50.0	103.0
Selected Countries and Organizations	37.3	-	-	37.3	33.7	-	33.7	3.6
Section 106 Development Activities	-	81.0	6.5	87.5	-	35.3	35.3	52.2
Development Loans, pre-1974	641.7	-	-	641.7	312.4	-	312.4	329.3
Subtotal	1,864.3	1,007.0	3.2	2,874.5	746.5	249.8	996.3	1,878.2
(Grants)	(354.9)	(381.6)	(6.5)	(743.0)	(167.0)	(107.4)	(274.4)	(468.6)
(Loans)	(1,481.3)	(453.6)	(-3.3)	(1,931.6)	(553.5)	(2.7)	(556.2)	(1,375.4)
(Operating Expenses)	(28.1)	(171.8)	(-)	(199.9)	(26.0)	(139.7)	(165.7)	(34.2)
INTERNATIONAL ORGANIZATIONS AND PROGRAMS	52.9	229.5	0.3	282.7	48.3	168.7	217.0	65.7
UN Technical Assistance and Other Programs	47.7	189.5	0.3	237.6	43.1	132.5	175.6	62.0
UN Environment Fund	5.0	7.5	-	12.5	5.0	3.7	8.7	3.8
Indus Basin Development Fund, Grants	-	22.5	-	22.5	-	22.5	22.5	-
Indus Basin Development Fund, Loans	0.2	10.0	-	10.2	0.2	10.0	10.2	-
AMERICAN SCHOOLS AND HOSPITALS ABROAD	21.0	10.0	0.1	31.1	10.4	4.7	15.1	16.0
INTERNATIONAL DISASTER ASSISTANCE	13.1	20.0	2.8	35.9	6.5	13.7	20.2	15.7
FOREIGN SERVICE RETIREMENT FUND	-	16.7	-	16.7	-	16.7	16.7	-
OTHER ASSISTANCE PROGRAMS	174.7	-	35.5	210.2	96.6	9.2	105.8	104.4
Administrative Expenses, A.I.D.	9.4	-	-	9.4	8.7	-	8.7	0.7
Administrative and Other Expenses, State	0.1	-	-	0.1	0.1	-	0.1	-
Refugee Relief Assistance (Bangladesh)	5.7	-	-	5.7	5.7	-	5.7	-
Famine and Disaster Relief in the Sahel	4.1	-	0.1	4.2	4.1	0.1	4.2	-
Portugal and Portuguese Colonies	19.9	-	4.6	24.5	13.9	1.4	15.3	9.2
Disaster Relief and Reconstruction	95.1	-	30.7	125.8	48.6	7.7	56.3	69.5
Alliance Technical Assistance	1.2	-	-	1.2	1.2	-	1.2	-
Albert Schweitzer Hospital	1.0	-	-	1.0	0.1	-	0.1	0.9
Social Progress Trust Fund	18.1	-	-	18.1	12.1	-	12.1	6.0
Prototype Desalting Plant	20.0	-	-	20.0	2.0	-	2.0	18.0
SUBTOTAL	2,126.0	1,283.2	41.9	3,451.1	908.3	462.8	1,371.1	2,080.0
CONTINGENCY FUND	10.4	10.0	-	20.4	3.1	4.0	7.1	13.3
SECURITY SUPPORTING ASSISTANCE	458.3	1,873.3	4.1	2,335.8	317.4	735.4	1,052.8	1,283.0
MIDDLE EAST SPECIAL REQUIREMENTS FUND	100.0	50.0	-	150.0	70.0	37.7	107.7	42.3
INDOCHINA POSTWAR RECONSTRUCTION	180.9	-	11.2	192.1	81.4	5.0	86.4	25.8 c/
TOTAL	2,875.6	3,216.5	57.2	6,149.4	1,380.2	1,244.9	2,625.1	3,444.4
LESS LOAN RECEIPTS							-411.7	
NET OUTLAYS, AGENCY FOR INTERNATIONAL DEVELOPMENT							2,213.4	

NOTE: May not add due to rounding.

a/ Unobligated balances brought forward and transfers.
b/ Includes unsigned loan authorizations totalling $246.7 million.
c/ Assumes return to Treasury of approximately $80.0 million due to termination of program.

AGENCY FOR INTERNATIONAL DEVELOPMENT
CASH OUTLAYS AND UNLIQUIDATED BALANCES
TRANSITION QUARTER - ESTIMATED
(in millions of dollars)

	Uniq. Bal. (Pipeline) 6/30/76	Transition Quarter Appropriations	Total Avail. for Disb.	OUTLAYS From Prior Year Funds	OUTLAYS From T. Q. Program	OUTLAYS Total	Uniq. Bal. (Pipeline) 9/30/76
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	1,878.2	286.3	2,164.5	181.6	70.7	252.3	1,912.2
Food Production and Nutrition	934.1	167.2	1,101.3	52.0	26.6	78.6	1,022.7
Population Planning and Health	343.2	66.5	409.7	22.5	19.8	42.3	367.4
Education and Human Resources	112.8	23.6	136.4	13.2	11.7	24.9	111.5
Selected Development Problems	103.0	-	103.0	12.4	-	12.4	90.6
Selected Countries and Organizations	3.6	-	3.6	3.4	-	3.4	0.2
Section 106 Development Activities	52.2	29.0	81.2	-	12.6	12.6	68.6
Development Loans, pre-1974	329.3	-	329.3	78.1	-	78.1	251.2
Subtotal	1,878.2	286.3	2,164.5	181.6	70.7	252.3	1,912.2
(Grants)	(468.6)	(114.0)	(582.6)	(41.8)	(30.2)	(71.9)	(510.7)
(Loans)	(1,375.4)	(122.4)	(1,497.8)	(133.4)	(0.6)	(134.0)	(1,363.8)
(Operating Expenses)	(34.2)	(49.9)	(84.1)	(6.4)	(39.9)	(46.4)	(37.7)
INTERNATIONAL ORGANIZATIONS AND PROGRAMS	65.7	23.7	89.4	12.0	17.9	29.9	59.5
UN Technical Assistance and Other Programs	62.0	19.2	81.2	10.8	13.4	24.2	57.0
UN Environment Fund	3.7	-	3.7	1.2	-	1.2	2.5
Indus Basin Development Fund, Grants	-	4.5	4.5	-	4.5	4.5	-
AMERICAN SCHOOLS AND HOSPITALS ABROAD	16.0	2.5	18.5	2.6	1.2	3.8	14.7
INTERNATIONAL DISASTER ASSISTANCE	15.7	10.0	25.7	1.6	6.0	7.6	18.1
OTHER ASSISTANCE PROGRAMS	104.4	-	104.4	20.4	-	20.4	84.0
Administrative Expenses, A.I.D.	0.7	-	0.7	0.7	-	0.7	-
Portugal and Portuguese Colonies	9.2	-	9.2	3.5	-	3.5	5.7
Disaster Relief and Reconstruction	69.6	-	69.6	12.0	--	12.0	57.6
Albert Schweitzer Hospital	0.9	-	0.9	0.2	-	0.2	0.7
Social Progress Trust Fund	6.0	-	6.0	3.0	-	3.0	3.0
Prototype Desalting Plant	18.0	-	18.0	1.0	-	1.0	17.0
SUBTOTAL	2,080.0	322.5	2,402.5	218.2	95.8	314.0	2,088.5
CONTINGENCY FUND	13.3	5.0	18.3	0.8	2.0	2.8	15.5
SECURITY SUPPORTING ASSISTANCE	1,283.0	30.2	1,313.2	108.8	21.8	130.6	1,182.6
MIDDLE EAST SPECIAL REQUIREMENTS FUND	42.3	10.0	52.3	17.5	6.4	23.9	23.4
INDOCHINA POSTWAR RECONSTRUCTION	25.8	-	25.8	10.0	-	10.0	10.8 a/
TOTAL	3,444.4	367.7	3,812.1	355.3	126.0	481.3	3,325.8
LESS LOAN RECEIPTS						-90.0	
NET OUTLAYS, AGENCY FOR INTERNATIONAL DEVELOPMENT						391.3	

NOTE: Totals may not add due to rounding

a/ Assumes return to Treasury of approximately $5.0 million due to termination of program.

AGENCY FOR INTERNATIONAL DEVELOPMENT
CASH OUTLAYS AND UNLIQUIDATED BALANCES
FISCAL YEAR 1977 - PROPOSED
(in millions of dollars)

	Unliq. Bal. (Pipeline) 9/30/76	FY 1977 Appropriations	Total Avail. for Disb.	Outlays			Unliq. Bal. (Pipeline) 9/30/77
				From Prior Year Funds	From FY 1977 Program	Total	
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	1,912.2	1,094.2	3,006.4	736.7	269.0	1,005.7	2,000.7
Food Production and Nutrition	1,022.7	633.6	1,656.3	354.4	123.9	478.3	1,178.0
Population Planning and Health	367.4	275.6	643.0	126.3	73.3	199.6	443.4
Education and Human Resources	111.5	101.8	213.3	44.2	34.4	78.6	134.7
Selected Development Problems	90.6	-	90.6	58.3	-	58.3	32.3
Selected Countries and Organizations	0.2	-	0.2	0.2	-	0.2	-
Section 106 Development Activities	68.6	83.2	151.8	15.8	37.4	53.2	98.6
Development Loans, Pre-1974	251.2	-	251.2	137.5	-	137.5	113.7
Subtotal	1,912.2	1,094.2	3,006.4	736.7	269.0	1,005.7	2,000.7
(Grants)	(510.7)	(458.4)	(969.1)	(245.0)	(125.5)	(370.5)	(598.6)
(Loans)	(1,363.8)	(462.5)	(1,826.3)	(454.2)	(2.6)	(456.8)	(1,369.5)
(Operating Expenses)	(37.7)	(173.3)	(211.0)	(37.5)	(140.9)	(178.4)	(32.6)
INTERNATIONAL ORGANIZATIONS AND PROGRAMS	59.5	177.7	237.2	53.9	123.0	176.9	60.3
UN Technical Assistance and Other Programs	57.0	172.7	229.7	51.4	120.5	171.9	57.8
UN Environment Fund	2.5	5.0	7.5	2.5	2.5	5.0	2.5
AMERICAN SCHOOLS AND HOSPITALS ABROAD	14.7	7.5	22.2	7.3	3.5	10.8	11.4
INTERNATIONAL DISASTER ASSISTANCE	18.1	25.0	43.1	9.0	15.0	24.0	19.1
FOREIGN SERVICE RETIREMENT FUND	-	16.7	16.7	-	16.7	16.7	-
OTHER ASSISTANCE PROGRAMS	84.0	-	84.0	41.2	-	41.2	42.8
Portugal and Portuguese Colonies	5.7	-	5.7	4.0	-	4.0	1.7
Disaster Relief and Reconstruction	57.6	-	57.6	29.5	-	29.5	28.1
Albert Schweitzer Hospital	0.7	-	0.7	0.7	-	0.7	-
Social Progress Trust Fund	3.0	-	3.0	3.0	-	3.0	-
Prototype Desalting Plant	17.0	-	17.0	4.0	-	4.0	13.0
SUBTOTAL	2,088.5	1,321.1	3,409.6	848.1	427.2	1,275.3	2,134.3
CONTINGENCY FUND	15.5	10.0	25.5	4.7	4.0	8.7	16.8
SECURITY SUPPORTING ASSISTANCE	1,182.6	1,801.5	2,984.1	825.5	563.0	1,388.5	1,595.6
MIDDLE EAST SPECIAL REQUIREMENTS FUND	28.4	35.0	63.4	19.9	16.9	36.8	26.6
INDOCHINA POSTWAR RECONSTRUCTION	10.8	-	10.8	6.0	-	6.0	- a/
TOTAL	3,325.8	3,167.6	6,493.4	1,704.2	1,011.1	2,715.3	3,773.3
LESS LOAN RECEIPTS						-446.1	
NET OUTLAYS, AGENCY FOR INTERNATIONAL DEVELOPMENT						2,269.2	

NOTE: Totals may not add due to rounding.

a/ Assumes return to Treasury of approximately $4.8 million due to termination of program.

AUTHORIZATION AND APPROPRIATION HISTORY FOR ECONOMIC ASSISTANCE
Under the Foreign Assistance Act of 1961 and Predecessor Legislation
(Including supplementals)
FY 1948-1976
(In millions of dollars)

Fiscal Year	Authorization Request a/	Authorized by Congress b/	Appropriation Request a/	Appropriated by Congress c/
1948-49	7,370.0	6,913.0	7,370.0	6,446.3
1950	4,280.0	4,280.0	4,280.0	3,728.4
1951	2,950.0	2,762.5	2,950.0	2,262.5
1952	2,197.0	1,585.7	2,197.0	1,540.4
1953	2,475.0	1,894.3	2,499.0	1,782.1
1954	1,543.2	1,475.7	1,543.2	1,301.5
1955	1,798.1	1,571.9	1,788.5	1,528.8
1956	1,812.8	1,851.8	1,812.8	1,681.1
1957	1,860.0	1,815.1	1,860.0	1,749.1
1958	1,964.4	1,786.9	1,964.4	1,428.9
1959	2,142.1	2,070.6	2,142.1	1,933.1
1960	2,330.0	2,176.8	2,330.0	1,925.8
1961	2,875.0	2,786.3	2,875.0	2,631.4
1962	2,883.5	2,559.5	2,883.5	2,314.6
1963	3,281.3	3,074.8	3,281.3	2,573.9
1964	3,124.6	2,602.1	3,124.6	2,000.0
1965	2,461.7	2,452.0	2,461.7	2,195.0
1966	2,704.5	2,605.0	2,704.5	2,463.0
1967	3,443.4	2,628.0	2,469.0	2,143.5
1968	2,785.6	2,165.0	2,630.4	1,895.6
1969	2,554.2	1,609.8	2,498.5	1,380.6
1970	2,210.0	1,624.2	2,210.0	1,424.9
1971	2,093.7	2,093.7	2,008.0	1,733.9
1972	2,355.2	1,868.6	2,355.2	1,718.2
1973	1,970.5	1,026.5	2,256.6	1,664.2
1974	1,760.6	1,726.9	1,884.2	1,632.6
1975	2,603.5	2,584.9	2,948.7	2,049.8 d/
1976	3,192.3	1,567.1 e/	3,216.5	-

NOTE: Excludes Investment Guaranty Program (Borrowing Authority and Appropriations) and OPIC.

a/ Adjusted to fiscal year basis and including Executive Branch adjustments.
b/ Adjusted to fiscal year basis.
c/ Includes Borrowing Authority (other than for Investment Guaranties) during Marshall Plan period April 1948-1952.
d/ Excludes $15,600 thousand for payment to the Foreign Service Retirement and Disability Fund. The FY 1975 payment of $16,080 thousand is funded by transfer of $480 thousand from Development Assistance funds and $15,600 thousand from funds appropriated for the same purpose in the Department of State Appropriation Act, 1975.
e/ Security Supporting Assistance and Middle East Special Requirements Fund not yet authorized.

P.L. 480 FOOD AID
THE FOOD FOR PEACE PROGRAM

The Food for Peace Program has multiple objectives:

-- combating hunger and malnutrition;

-- promoting economic development, particularly in the agricultural commodities;

-- supporting other foreign policy goals of the United States.

Food for Peace resources are allocated on the basis of priorities:

-- disaster and emergency feeding requirements;

-- longer-term humanitarian needs such as maternal child feeding, school feeding, and food-for-work projects;

-- the food import requirements of the most needy nations;

-- other foreign policy objectives.

The Food for Peace Program is closely aligned with World Food Conference Goals:

-- The World Food Conference called for:

** increased food assistance by developed countries;

** stepped-up food production, particularly in developing countries;

** an international system of food reserves.

-- The U.S. continues to provide almost 60 percent of the total food aid goal of 10 million tons per annum set by the World Food Conference.

-- Food assistance meets immediate needs in chronic food deficit situations while longer-term measures for increasing food production are being taken.

-- Food assistance frequently is closely related to efforts to improve agricultural production nutrition and family planning in developing countries.

Food for Peace activities also complement and strengthen our foreign assistance program efforts:

-- Concessional sales of commodities provide an important resource transfer which enables scarce foreign exchange reserves to be used for development purposes.

-- The sales program generates local currencies which are used for a variety of development purposes, primarily to promote agricultural development.

-- The food donation program is directed toward reaching target groups, i.e., mothers and preschool children, school-age children and the rural and urban poor through food-for-work projects.

-- U.S. agricultural commodities exported under P.L. 480 help improve the quality of life for people in developing nations.

Food for Peace Operations

Food for Peace Programs are of two types:

Title I:

-- a sales program allowing purchase of U.S. farm products through long-term loans on concessional terms. Title I sales represent about 75 percent of the total P.L. 480 program. Under Title I the U.S. lends the purchasing country funds to buy

commodities in the U.S. market. The importing country pays the freight cost except for the differential required to cover the costs of shipment in U.S. flag vessels. The commodities are usually sold in the recipient country through commercial markets.

-- Title I food aid is allocated to countries with food deficits. Most food assistance is supplied to countries with per capita income below $300. All recipient countries must demonstrate a need for food.

-- Other factors involved in providing Title I assistance include:

** efforts by the recipient country to improve its agricultural production and nutrition;

** the nutritional status of the population;

** the financial situation of the country, particularly its balance of payments position;

** the potential for developing markets for U.S. agricultural commodities;

** our foreign policy interests in assisting friendly countries.

Title II:

-- A donation program, providing food to needy people, particularly children, through:

** U.S. voluntary agencies;
** the multilateral World Food Program;
** bilaterally to other governments.

The U.S. Government buys the food in the U.S. commercial market and usually pays ocean freight to the point of entry.

Title II Programs:

Except for emergency programs, Title II donations are used for project assistance of two kinds:

-- short-term, immediate-impact, Food-for-Work Projects, for example, in:

** Bangladesh, Title II commodities supplied through CARE are used as payment of wages on community development projects, in conjunction with employment opportunity and increased agricultural production projects;

** Haiti, Title II commodities are part of food-for-work projects designed to help alleviate malnutrition and provide job opportunities for the poor and unemployed;

** Indonesia, Title II commodities are used in conjunction with A.I.D. assistance to support programs designed to rehabilitate transmigratory groups and provide a base for self-support.

-- long-term, extended-impact child nutrition projects, for example, in:

** Egypt, Title II commodities and Section 204 local currency are supplied to voluntary agencies in support of preschool-age child feeding and family nutrition education activities;

** Tanzania, a child feeding program planned and implemented by the Government of Tanzania and Catholic Relief Services uses Title II food designed to provide a nutrition - health supplement through the national health clinic infrastructure.

Food for Peace Program Proposed for FY 1977

Title I Program for FY 1977:

-- Title I commodity costs for the proposed 4.9 million ton FY 1977 program are estimated at $866 million on the basis of current Department of Agriculture 1977 price projections. The major commodities are wheat and rice.

-- Under present plans for Title I programs in FY 1977:

** Seventy-five percent, or 3.7 million tons of the total Title I program, will be allocated to countries having a per capita GNP of $300 or less.

** Of this amount, a large portion of Title I assistance will be allocated to the subcontinent (India, Pakistan, Bangladesh, and Sri Lanka) and the Middle East (Egypt and Jordan).

** Increased emphasis will be placed on relating food assistance efforts, particularly in the agricultural sector.

** Consistent with authority contained in Section 205 of the International Development and Food Assistance Act of 1975, A.I.D. is examining ways and means of implementing loan forgiveness in future P.L. 480 Title I programs.

Title II Programs proposed for FY 1977:

-- Title II commodity costs for the 1.3 million ton FY 1977 program are estimated at $272 million on the basis of current Department of Agriculture 1977 price projections. Major commodities are wheat and wheat products, feedgrains and feedgrain products.

-- Recent amendments to PL 480 require that a minimum of 1.3 million tons of food be distributed under Title II each fiscal year, including not less than 1 million tons through the voluntary agencies and the World Food Program.

-- Over half of Title II food aid will be used in child feeding and food-for-work programs sponsored by U.S. voluntary agencies.

-- About 20 percent will be donated to the World Food Program, to support activities in maternal and child health, preschool and food-for-work activities around the world.

-- The remainder is reserved for disaster relief and government-to-government programs such as those in the Sahel.

PL 480 TITLE II SUMMARY

($000)

	FY 1975 Actual Total All Sponsors	FY 1976 Estimated Total All Sponsors	TQ Estimated Total All Sponsors	FY 1977 Projected Total	Voluntary Agencies	World Food Program	Government to Government
Emergency Reserve Unallocated	-	57,713	6,478	32,526	-	-	-
Total Commodities	331,276	342,243	69,035	272,410	173,945	55,190	10,749
Purchase of Title I Currencies	2,476	2,000	500	2,000	-	-	-
Ocean Freight	126,634	115,996	29,360	112,000	-	-	-
Grand Total	460,386	460,239	98,895	386,410	-	-	-

PL 480 TITLE II SUMMARY BY COUNTRY

($000)

COUNTRY	FY 1975 Actual Total All Sponsors	FY 1976 Estimated Total All Sponsors	TQ Estimated Total All Sponsors	FY 1977 Projected Total	Voluntary Agencies	World Food Program	Gov't to Gov't
AFRICA							
Benin a/	410	518	128	460	124	336	
Botswana	2,017	1,777	432	1,398		1,398	
Burundi	557	1,002	196	694	402	292	
Cameroon	510	477	82	344	172	172	
Cape Verde	112	102	26	306		306	
Central Africa Rep.	234	236	49	178		178	
Chad	166	381	70	248	154	94	
Congo	667	442	96	346		346	
Ethiopia	2,335	3,215	799	716		716	
Gabon	121	160	33	117		117	
Gambia	719	678	122	467	283	184	
Ghana	2,869	3,227	581	2,526	2,283	243	
Guinea	1,502	1,177	64	231		231	
Guinea-Bissau		822	205	800		800	
Ivory Coast	743	1,025	196	674		674	
Kenya	968	1,394	212	1,113	1,113		
Lesotho	3,046	2,811	799	2,528	1,499	1,029	
Liberia	948	729	134	773		491	282
Malagasay	162	181	62	299	226	73	
Malawi	384	148	21				
Mali	6,668	2,338	582	1,395		704	691
Mauritania	1,743	67	7	440	164	21	255
Mauritius	1,258	1,096	238	866		391	475
Niger	5,174	2,831	794	2,528		812	1,716
Nigeria	1,403	1,149	287	1,063		1,063	
Rwanda	1,633	866	190	880	880		
Sao Tome & Principe		170	42	170		170	
Senegal	1,712	1,287	293	1,966	1,224	188	554
Seychelles	156	97	26	97	97		
Sierra Leone	2,167	2,882	608	2,218	2,074	144	
Somali Republic	3,769						
Sudan	7,593	2,524	417	1,241	502	739	
Swaziland	712	212	42	150		150	
Tanzania	11,797	4,691	1,179	5,950	1,230	1,825	2,895
Togo	1,456	2,539	509	1,858	1,165	693	
Uganda	264						
Upper Volta	3,207	2,062	485	1,751	1,159	592	
Zaire	175						
Zambia	97	124	31	112		112	
Sahel Regional	3,296						
TOTAL	72,750	45,437	10,037	36,903	14,751	15,284	6,868

a/ Formerly Dahomey

COUNTRY	FY 1975 Actual Total All Sponsors	FY 1976 Estimated Total All Sponsors	TQ Estimated Total All Sponsors	FY 1977 Projected Total	Voluntary Agencies	World Food Program	Gov't to Gov't
ASIA							
Bangladesh	3,857	8,444	1,065	24,957	14,410	10,547	
Bhutan		68	17	68		68	
Br. Solomon Island	163	170	31	112		112	
India	101,805	91,812	20,702	74,404	71,807	2,597	
Indonesia	9,267	6,886	2,333	6,628	2,773	3,855	
Khmer Republic	2,998						
Korea	4,587	1,081	978				
Laos	992						
Malaysia	38		12				
Nepal	344	206	52	190		190	
Pakistan	3,467	2,969	692	3,040	442	2,598	
Philippines	10,850	12,477	2,914	11,114	10,820	294	
Singapore	50	59	15	55		55	
Sri Lanka	4,897	4,515	1,231	3,762	2,710	1,052	
Vietnam	4,000						
Maldives		20	5	20		20	
TOTAL	147,515	128,707	31,047	124,350	102,962	21,388	

PL 480 TITLE II SUMMARY BY COUNTRY
($000)

COUNTRY	FY 1975 Actual Total All Sponsors	FY 1976 Estimated Total All Sponsors	TQ Estimated Total All Sponsors	FY 1977 Projected			
				Total	Voluntary Agencies	World Food Program	Gov't to Gov't
LATIN AMERICA							
Barbados	36	34	9	31		31	
Belize a/	123						
Bolivia	4,969	3,820	1,075	4,112	3,604	168	340
Brazil	7,383	1,017	254	935		935	
Chile	4,544	8,073	1,246	4,569	4,569		
Colombia	11,487	11,015	2,071	5,823	4,772	1,051	
Costa Rica	896	710	86	298	189	109	
Dominican Republic	5,613	11,664	1,951	5,999	5,999		
Ecuador	3,489	1,951	156	541	400	141	
El Salvador	1,421	1,844	386	1,516	1,133	383	
Guatemala	3,457	5,255	1,030	3,851	3,833	18	
Guyana	167	197	34	122		122	
Haiti	3,255	4,554	695	2,885	2,548	337	
Honduras	3,661	3,222	517	1,746	1,251	495	
Jamaica	203	96	17	62		62	
Nicaragua	1,308	1,292	26	94		94	
Panama	886	1,002	294	810	810		
Paraguay	404	37	7	25		25	
Peru	5,953	7,431	1,669	4,301	2,853	178	1,270
Trinidad & Tobago	1						
TOTAL	59,456	63,214	11,523	37,720	31,961	4,149	1,610

a/ Formerly Br. Honduras

COUNTRY	FY 1975 Actual Total All Sponsors	FY 1976 Estimated Total All Sponsors	TQ Estimated Total All Sponsors	FY 1977 Projected			
				Total	Voluntary Agencies	World Food Program	Gov't to Gov't
NEAR EAST							
Afghanistan	3,508	1,340	191	658		658	
Algeria	3,453	5,791	598	2,170		2,170	
Cyprus	594						
Egypt	12,586	5,663	1,543	10,113	7,681	2,432	
Gaza	721	1,264	333	1,208	1,208		
Jordan	2,350	2,496	358	1,999	348	1,651	
Jordan, W.B.	1,146	1,208	287	1,039	1,039		
Lebanon	1,520	2,071	550	1,864		1,864	
Morocco	12,904	13,113	3,155	9,255	9,255		
Syria	191	352	38	128		128	
Tunisia	8,230	9,467	1,892	6,989	1,326	3,392	2,271
Turkey	3,667						
UNRWA	1,743						
Yemen	2,101	4,207	805	5,488	3,414	2,074	
TOTAL	54,714	47,172	9,950	40,911	24,271	14,369	2,271

PL 480 TITLE I SUMMARY BY COUNTRY
(000 MT/$000)

	FY 1975	FY 1976 & TQ	FY 1977 Proposed									
			Total	Wheat		Rice		Feedgrains		Vegoil		Non-Food
	$	$ (Est.)	$ 2/	MT	$	MT	$	MT	$	MT	$	$
$300 per capita GNP, and below 1/												
Afghanistan		1,800	1,676							4	1,676	
Bangladesh	202,761	170,500	133,525	500	64,300	150	48,281			50	20,944	
Bolivia	455											
Cambodia	87,851											
Egypt	76,567	170,200	150,000	1,000*	136,508							13,492
Ethiopia		3,700	3,215	25	3,215							
Guinea	9,708	5,600	5,342	10*	1,286	10	3,219			2	837	
Haiti	2,373	5,000	6,000	30	3,858					5	2,142	
India	97,992	118,800	61,085	475	61,085							
Indonesia	5,740	30,100	34,933	51	6,559	40	12,874					15,500
Jordan	6,544	8,800	6,000	47	6,000							
Mali			7,724	10	1,286	20	6,438					
Morocco		14,700	6,430	50	6,430							
Pakistan	77,880	98,400	80,070	450	57,870					53	22,200	
Philippines	1,428		16,850	8+	1,906			40	4,094			10,850
Senegal			9,656			30	9,656					
Sri Lanka	18,413	23,500	17,746	138*	17,746							
Sudan	768											
Tanzania	5,883	4,700	6,142					60	6,142			
Thailand	3											
Vietnam	21,836											
Zaire		8,000	8,047			25	8,047					
Subtotal	616,202	663,800	554,441	2,794	368,049	275	88,515	100	10,236	114	47,799	39,842
$301 per capita GNP, and over 1/												
Chile	47,557	44,100	29,500	229	29,500							
Honduras	5,114	3,700	8,048			25	8,048					
Israel	8,683	14,700	9,000	70	9,000							
Korea	74,628	134,900	145,034	350	45,010	200	64,374					35,650
Liberia			3,219			10	3,219					
Portugal		15,000	30,000	100	12,860	53	17,140					
Syria	6,913	19,200	10,000			20	6,437			8.5	3,563	
Tunisia		2,900	2,572	20	2,572							
Subtotal	142,895	234,500	237,373	769	98,942	308	99,218			8.5	3,563	35,650
Worldwide Reserve		70,500	74,186	430	51,325	67	21,566			2.5	1,048	247
FY 1975 Programs carried into FY 1976		138,200										
GRAND TOTALS	759,097	1,107,000	866,000	3,993	518,316	650	209,299	100	10,236	125	52,410	75,739

* Wheat Flour
\+ Soy-Fortified Flour
1/ Based on 1975 IBRD Annual Report. 2/ Dollar amounts are based on current price projections from the U.S. Department of Agriculture. FY 1977 allocations are illustrative only, and are subject to change contingent upon commodity availability, price and program needs.

70-219 O - 76 - 13

The contribution of Private and Voluntary Organizations (PVOs) to foreign assistance programs is steadily growing in significance. Well known for their humanitarian work among the rural and urban poor of the developing countries, PVOs have added a new dimension to that work with their participation in development assistance programs.

A.I.D. is helping PVOs expand this participation by providing:

-- Development Programs Grants

** 28 grants valued at $5.5 million have encouraged PVOs to improve their skills in planning, designing, managing, and evaluating projects. Among the PVOs which have received these grants are:

*** International Voluntary Service (IVS)

*** Organization for Rehabilitation Through Training (ORT)

*** World Education, Inc. (WEI)

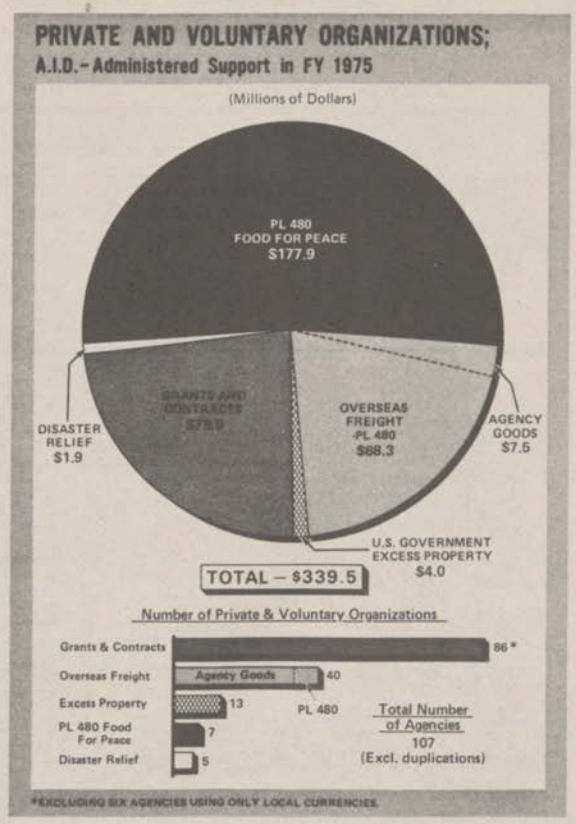
*** Young Men's Christian Association(YMCA)

-- Operational Program Grants

** 60 grants totalling $8.1 million have helped PVOs launch new projects in food and nutrition, population, planning and health in the developing countries.

Foreign assistance legislation authorizes increased assistance to PVOs:

-- A minimum of one million tons of PL 480 agricultural commodities are designed for PVO and World Food Program under Title II of the International Development and Food Assistance Act of 1975.



** PVOs use these agricultural commodities in Food for Work projects and in feeding programs for women and children.

-- Of the funds provided for Sec. 106 development activities, a minimum of $30 million is designated to reimburse PVOs for costs incurred in shipping privately donated commodities.

** Ocean freight costs are partially reimbursable to PVOs registered with the Advisory Committee on Voluntary Foreign Aid for purchased or donated goods and excess property shipments.

In 1974, the 94 PVOs registered with the Advisory Committee programmed almost $1 billion for overseas activities. Preliminary estimates of income during 1975 indicate no decrease despite the fact that large famine relief and Indochina programs no longer place large demands on these funds.

General Support Grants will continue for a select number of organizations with special programs and skills, including:

-- international staffs of American Cooperatives

-- The International Executive Service Corps (IESC)

-- The Asia Foundation

-- Volunteers in International Technical Assistance (VITA)

A total of 11 programs costing $11 million will be supported in this category.

Cooperatives participating in overseas development programs also receive Development Program Grants to enable them to plan and design more effective programs for small farmers. A.I.D. grants and loans assist cooperatives in providing technical assistance and advice to rural cooperatives and governments in:

-- cooperative development;
-- rural electrification;
-- marketing;
-- agrarian reform;
-- farm credit;
-- low-cost housing.

A.I.D.-financed cooperative projects with 5 American cooperatives totalled $7.4 million in FY 1975.

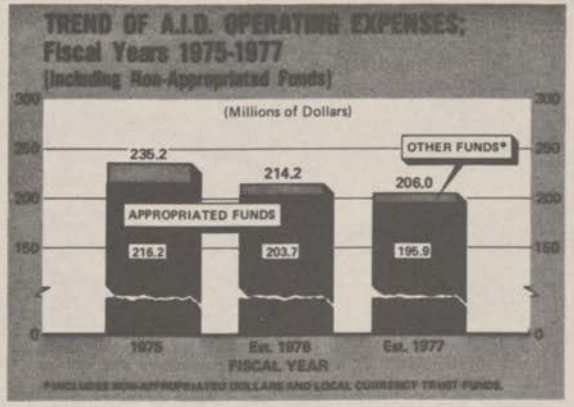
Foreign assistance legislation continues to emphasize the importance of cooperatives by specifying that not less than $20 million be used for development of cooperatives. PVO and cooperative programs summarized in this volume are discussed in detail in Interregional Programs.

A.I.D. OPERATING EXPENSES

In FY 1974 A.I.D. introduced the worldwide operating expense concept for two reasons:

-- to develop more accurate operational cost data for management control and decision making;

-- to inform the Congress of the total cost of planning, administering, and supporting A.I.D. programs and projects.



A.I.D. Operating Expenses cover the salaries and supporting costs of personnel in Washington and overseas engaged in in the basic operating functions of policy, planning, programming, coordination, management, and support of A.I.D. programs.

A.I.D. Operating Expenses continue to decline despite pay raises and substantial inflation factors affecting both overseas and U.S. costs.

As illustrated in the Chart, FY 1977 operating expenses are about $8 million less than estimated FY 1976 requirements and about $30 million less than FY 1975 costs. The figures shown include costs of the October pay raises in 1974 and 1975. No provision for a pay raise is included in the FY 77 estimate.

A.I.D. Operating Expenses are funded from three major sources, as detailed in the Table:

-- appropriated dollar funds;

-- dollar funds from the A.I.D. housing guaranty and excess property programs that do not require annual appropriation;

-- local currency trust funds provided by the recipient countries themselves to support A.I.D. operations.

FUNDING SOURCES FOR A.I.D. OPERATING EXPENSES
($ Millions)

U.S. DOLLAR FUNDS	FY 1975 ACTUAL	FY 1976 ESTIMATE	TRANSITION QUARTER	FY 1977 ESTIMATE
Functional Development Assistance	119.4	174.6	49.9	176.1
Food and Nutrition	(63.3)	(106.2)	(20.0)	(95.7)
Population and Health	(26.8)	(38.6)	(12.8)	(45.7)
Education and Human Resources	(14.6)	(15.2)	(10.2)	(22.7)
Sec. 106 Development Activities	-	(14.6)	(6.9)	(12.0)
Selected Development Problem	(9.7)	-	-	-
Selected Countries and Organizations	(5.0)	-	-	-
Indochina Postwar Reconstruction	46.8	6.3	-	-
Security Supporting Assistance	2.2	22.6	5.5	19.6
Disaster Relief Assistance	5.1	-	-	-
American Schools and Hospitals Abroad	.2	.2	.1	.2
A.I.D. Administrative Expenses	43.1	-	-	-
Total Appropriated Funds	216.8	203.7	55.5	195.9
Nonappropriated Funds:				
Housing Guaranty Fund	1.2	1.3	.4	1.3
Excess Property Fund	.5	.5	.1	.5
Total U.S. Dollar Funds	218.5	205.5	56.0	197.7
Local Currency Trust Funds	17.3	8.7	1.9	8.3
TOTAL OPERATING EXPENSES	235.8	214.2	57.9	206.0

The Development Coordination Committee (DCC) advises the President on coordination of all U.S. policies and programs affecting development in the developing countries.

-- The DCC was established February 28, 1975, in accordance with Section 640B of the Foreign Assistance Act of 1961 as amended.

-- The Administrator of A.I.D. is Chairman of the DCC.

Other members at the Under Secretary level represent the

** Departments of State, Treasury, Commerce, Agriculture, and Labor;

In addition, the Committee includes:

** Special Representative for Trade Negotiations;

** Office of Budget and Management;

** Council on International Economic Policy;

** National Security Council;

** Export-Import Bank;

** Overseas Private Investment Corporation.

Other agencies participate as appropriate.

-- An A.I.D. Assistant Administrator for Interagency Development Coordination is Executive Director of the DCC and has a small staff to serve as the DCC secretariat.

-- During the first quarter of each year, the DCC submits a report to the Congress on U.S. actions affecting the development of low-income countries, and the impact of these policies on the U.S. economy.

During its first year of operation, the DCC established its coordination function in the Executive Branch.

-- DCC meetings were held to discuss:

** problems of the most seriously affected (MSA) countries;

** U.S. policy toward less-developed oil producing countries;

** U.S. position for the UN General Assembly Seventh Special Session;

** export earnings stabilization.

-- Development Issues, the first annual DCC report, was published and widely distributed within the U.S. Government, among foreign government policymakers, American universities and the general public.

-- The Assistant Administrator for Interagency Development Coordination (IDC) or a member of his staff served on the U.S. delegation to international meetings in which development issues were discussed. These meetings include:

** UN General Assembly Seventh Special Session;

** Joint IMF/IBRD Development Committee;

** Conference on International Economic Cooperation;

** OECD Development Assistance Committee.

-- IDC participated in various interagency policy-

making groups including the National Advisory Council on International Monetary and Financial Policies and ad hoc groups of the Seventh Special Session, UN Conference on Trade and Development, and international food policy.

- IDC participated in Executive Branch decision-making on such issues as commodity policy and regulations to implement the generalized system of trade preferences.

The DCC plans to analyze and coordinate the following issues during the coming year:

- -- policies to make PL 480 an even more effective instrument for development;
- -- effective ways for the United States to play a continuing role in the development process of countries in which concessional bilateral assistance has been terminated or is in the process of being phased out;
- -- policies to facilitate appropriate U.S. Government and private technology transfers to the less-developed countries;
- -- relative advantages of bilateral/multilateral assistance based on analyses of U.S. and other donors in specific regions and countries;
- -- policies toward U.S. private investment in the less-developed countries;
- -- magnitude of the less-developed countries debt problems and possible policy responses by the U.S.;
- -- structure and role of the multilateral organizations for development;
- -- impact on the U.S. domestic economy and labor force of U.S. development policies.

CRITERIA FOR MEASURING DEVELOPMENT PROGRESS AND
ALLOCATING AGENCY ASSISTANCE

This statement is submitted in compliance with the reporting requirements of Section 102(d) of the Foreign Assistance Act of 1961 as amended.

The new FAA subsection 102(d) directs A.I.D. to:

-- concentrate on "countries which will make effective use" of our assistance;

-- "help the poor to a better life";

-- establish "appropriate criteria to assess the commitment and progress of countries" in meeting key development objectives.

These criteria are to stress participation by the poor in the development process, with particular reference to:

-- agricultural productivity;
-- improved health and family planning services;
-- equitable income distribution;
-- measures to encourage expanded employment opportunities.

A.I.D. welcomes this section for we have long sought to do precisely this in a general sense. A more sophisticated and refined approach is being developed but we caution that its establishment is still quite far down the road given the vagaries of the development business. In designing an effective system for measuring progress in A.I.D.'s priority areas, we are moving carefully because:

-- There is often a need to reconcile the two criteria of need and performance;

** Those countries most in need may often make slowest economic-social progress.

** Those countries most in need appear to be the least committed to taking the difficult actions needed for progress.

-- The poorest countries usually have the poorest quality statistics to measure any progress being made.

Thus:

-- The proper indicators must be identified, including many that cannot be quantified.

-- Practical means of gathering relevant information must be developed.

-- The deficiencies and coverage of data collected must be fully understood.

Social-economic progress in the poorest developing countries is usually agonizingly slow, even when their meager resources are used efficiently, and significant statistical changes may not be apparent quickly. This means that we will often have to rely on much more subjective, nonquantifiable indicators.

Concerted A.I.D. efforts to measure progress in developing countries have been mainly in connection with:

-- performance and impact of specific A.I.D. projects;

-- improvement of national or subnational statistical systems geared primarily to measuring aggregate progress.

A.I.D.'s formal project evaluation system, begun in 1969, initially focused on immediate project accomplishments. More recently, it has called for indicators or criteria to measure not only project performance but also its longer-run impact on sectoral and national objectives, with particular concern for the poor majority. The system has worked well enough, despite some problems in practice, to warrant efforts to broaden the use of this design and evaluation system to cover all Agency-financed activities.

As part of its current and past efforts, A.I.D.:

-- formerly provided significant assistance to selected developing countries to help improve their national income and other statistics;

-- has maintained a limited effort in data compilation and publication;

-- is now establishing an automated Economic and Social Data Bank to computerize selected data from international and national sources, to make them more readily and quickly available for utilization in Agency programs and policy formulation.

In cooperation with other organizations, A.I.D.:

-- has joined in efforts to design appropriate indicators to measure social progress;

-- has financed research to measure and/or evaluate the impact of LDC/AID policies and programs in the areas listed in subsection 102(d), namely:

** agricultural productivity;
** health;
** fertility;
** income distribution;
** employment.

policies generally in these countries as well as such specific areas as:

-- land tenure;
-- exchange rates;
-- taxation;
-- wages.

A.I.D. is working on a specific action plan to identify or design appropriate and useful indicators to meet Agency needs and Congressional concerns. Success will depend heavily on the degree to which developing countries:

-- join in the process of identification;

-- develop or improve their own data collection system in the specific areas noted in the new foreign assistance act.

This action plan will require long-term efforts, since it will involve:

-- finding and designing appropriate projects;

-- some organizational changes in selected developing countries;

-- research, training, and costly surveys.

Rapid results cannot be expected from these efforts, however, in view of the complex conceptual technical and practical problems of identifying, collecting, and interpreting appropriate indicators.

While anxious to develop more adequate statistical measures, A.I.D. must inevitably continue to rely heavily on nonquantifiable indicators in decisions on project and program selection as well as overall aid allocations. In particular, as part of its effort to assess the commitment of the developing countries to economic-social progress and the probability that they will achieve it, the Agency looks at economic-social

This plan and subsequent reports on progress in this effort will be made available to interested committees of the Congress.

When A.I.D.'s analytical work has progressed far enough to have reasonably useful guidelines, A.I.D. will consult with other donors within the OECD/DAC framework. Some of them (e.g., the United Kingdom and the IBRD) already are putting similar emphasis on their aid programs.

OPENING REMARKS

Mr. PASSMAN. Mr. Parker, it is good to see you again, sir.

I understand that you were out on a very important business mission and you just returned yesterday. I hope that you are feeling up to par.

Mr. PARKER. Indeed, sir.

Mr. PASSMAN. These changing times and zones kind of fatigue me a little. How about you?

Mr. PARKER. I think my inner man is about half way across the Atlantic now.

BUDGET REQUEST

Mr. PASSMAN. Mr. Director, as we go to your area of foreign aid we believe that the 1977 estimate is $3,244,600,000, which is a reduction of $126,600,000 below the 1976 proposed program. Is that correct, sir?

Mr. PARKER. Yes, it is, Mr. Chairman.

AID AND OTHER SPIGOTS

Mr. PASSMAN. It is my understanding that when we read in the paper that the President requested a certain amount of money for AID he is not referring to foreign aid inclusive, but rather using the abbreviation of the Agency for International Development.

Mr. PARKER. The Agency for International Development.

Mr. PASSMAN. It is an abbreviation of the name. It does not embrace all the foreign aid that this committee has to look at; is that correct?

Mr. PARKER. Yes; there are other categories, Mr. Chairman.

Mr. PASSMAN. I am trying to make the point that we have about seven different authorizations but yours deal with one spigot and after that you pick up the World Bank, the Asian Development Bank, the International Development Association, the Inter-American Development Bank, the Peace Corps, et cetera, so yours actually is just one part of the total aid package, but when we see the request come to Congress and it hits the press it usually picks up only the item that is handled by AID, but that is not all the foreign aid we have.

They are just merely abbreviating the name of one agency; is that correct?

Mr. PARKER. That is correct.

Mr. PASSMAN. I think it is good to get that in the record because it is extremely confusing, not to you and the witnesses here, but to the average American.

MIDDLE EAST TRANSITION QUARTER FUNDING

Mr. Director, does the presentation presented to the committee include the Sinai package for fiscal 1977?

Mr. PARKER. Yes; it does.

Mr. PASSMAN. It is my understanding that when the President, the Director of the Budget, the Secretary of State, put together your package for the Sinai agreement for fiscal 1976, on account of these nations closing, most of them, on a calendar year basis rather than on a fiscal year basis, that you took into account the transitional quarter and you put the money in there for the transitional quarter when the President submitted his budget.

Is that correct?

Mr. PARKER. That is correct, that it was put into the fiscal 1977 request and there were not any requests for the Middle East.

Mr. PASSMAN. The President says it was in the fiscal 1976——

Mr. PARKER. Both, sir.

Mr. PASSMAN. Both?

Mr. PARKER. Yes.

Mr. PASSMAN. In other words, in the Sinai package that was presented to the Congress by prior arrangements between our officials and the officials involved in the Middle East there was an agreement that the Sinai fifth quarter would be funded, if not entirely out of the fiscal 1976, then out of the fiscal 1977?

Mr. PARKER. That is correct.

ADMINISTRATION POSITION

Mr. PASSMAN. In a letter the President says, and I quote:

I strongly oppose Senate action adding nearly $800 million in program terms to my budget request of foreign military sales credits and security supporting assistance for the transitional period. In formulating my proposal for fiscal 1976, I took into account the added requirements of the transitional period.

And this is signed by Gerald R. Ford, President of the United States.

Is this an accurate statement?

Mr. PARKER. Yes, sir; it is.

Mr. PASSMAN. Then if the Congress should play politics with this item and put it in, then you could not allocate it and you could not spend it?

Mr. PARKER. Well, I would like to clarify it.

We do not want the funds. We have looked at the programs carefully for 1976 and 1977. We believe that the amounts requested are proper and adequate for the program. It would, indeed, be difficult for us to program those funds in ways in which I think would be consonant with the——

Mr. PASSMAN. The President says he will not allocate the funds, that he will not permit them to be obligated.

With that direct statement by the President of the United States and by the AID Administrator and by Mr. Lynn, and stating that we included these funds—that is over the President's signature—in fiscal 1976, if the funds are provided then there will be no program to use them.

Mr. PARKER. We have none planned, sir, and I don't know what we would do with them.

Mr. PASSMAN. And I would assume that I am quoting the figures accurately.

AID TO ISRAEL

Let us take Israel. If we read the record correctly as of the end of January, you had an undelivered pipeline for our good friend and ally of $1.9 billion.

In the new bill we have $2.2 billion for fiscal year 1976, and I believe in the bill before the committee at this time there is $1.785 billion requested?

Mr. PARKER. Yes.

Mr. PASSMAN. So it would appear they have sufficient funds to finance their programs.

ADDITIONAL PROGRAM REQUESTS

Let us look at your total program requests. In addition to your fiscal 1977 program request of $3.2 billion, what additional requests do you anticipate will be transmitted to Congress during the year?

Mr. PARKER. For 1977?

Mr. PASSMAN. Yes.

Mr. PARKER. The ones that we have already requested.

No; there is nothing planned other than that which we have already put forth in our presentation.

AID TO SPAIN

Mr. PASSMAN. How about that being considered for Spain?

Mr. PARKER. I thought you were still talking about the Middle East, sir.

Mr. PASSMAN. No.

Mr. PARKER. The Treaty for Base Rights in Spain is being put forth separately, and that is an addition. That is not included in our request today.

PROGRAM EFFECTIVENESS

Mr. PASSMAN. Mr. Parker, on page 4 of your statement you indicate that little has been done in the way of new initiatives to address the longer term development needs in poor countries.

In addition, you say that the poor countries with over 1 billion people, or over half the population of the developing world, experienced a decline in their per capita income of almost 1 percent a year between 1971 and 1974.

Does this indicate that our bilateral and multilateral aid programs are not working?

Mr. PARKER. No; I think to the contrary. It shows, Mr. Chairman, that the needs have grown tremendously due to the price inflation, and oil price inflation specifically.

The flows have been, in effect, coming back to the advanced economies, and the extra costs have been borne mostly by the developing economies and the poorest amongst those——

HISTORY OF FOREIGN AID

Mr. PASSMAN. Mr. Director, I feel compelled to make this statement. I am sure that members of the subcommittee heard it so often they wish I would delete it from my dialog, but I recall when foreign aid was started some 29 years ago that it was presented to the Congress on the basis of feeding the starving people of Europe.

Those who addressed and accepted this matter envisioned a program that might run for 5 years and it could go to as many as 17 nations of the world and the cost could soar to $15 billion. It was fantastic that any administration would propose such an expensive program.

Let us contrast the program we thought we had with the one which has actually taken place. It was not for 5 years, but now it is 29 years and still growing. Not 17 countries; I believe foreign aid has gone into 134 nations of the world.

Isn't that true, as certified by our own supporting witnesses?

Mr. PARKER. I believe that is correct, sir.

Mr. PASSMAN. I believe now if we pick up the net that we have disbursed, add the actual interest, and then pick up the military expenditures for Southeast Asia only, that we have spent $447 billion on foreign aid and assistance.

We pick up the bottom of that page, $161 million.

Do my additions sound accurate?

Mr. PARKER. I did not personally do the addition.

Mr. PASSMAN. Will you accept it as being accurate?

Mr. PARKER. Indeed, sir.

Mr. PASSMAN. Could we actually establish for the record that where we have put the most aid and where we found the poorest people that it has been the biggest failure.

SOUTHEAST ASIA

Let us take Vietnam. We sat across this table for years and debated Vietnam, the great success, the great progress, the land reform. We took those people out of poverty and put them in prosperity. We took people off of bicycles and put them in big cars, and we took them out of mud holes with no paved roads, and put them in prosperity after a fashion.

It cost us $138 billion, and the nation went down the tube. I believe Cambodia went down the tube. I believe Laos went down the tube and Thailand has told us to get out there.

So, when we look at the facts we are bound to recognize that where the people needed this the most and where we supplied the most assistance, the success has been the least.

I have to put that in the record because I think I have given the statistics accurately.

I am going to yield to Mr. Shriver under the 5-minute rule.

Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

BUDGET REQUEST

Mr. Parker, this request is pretty much a continuation of your ongoing program with no major changes in dollar amount or direction; is that correct?

Mr. PARKER. That is essentially correct, Mr. Shriver.

Mr. SHRIVER. What was your budget estimate to OMB?

Mr. PARKER. Initially it was somewhat higher than the final budget request. We based our estimate on the 2-year authorization we had requested and have now received.

If you take the total, for economic development programs, excluding Supporting Assistance, Mr. Shriver, the request was $1.5 billion.

Mr. SHRIVER. And they cut it how much?

Mr. PARKER. The final executive branch decision was to request about $1.3 billion.

Mr. SHRIVER. Is that all?

Mr. PARKER. Our original thinking was closer to $1.5 billion. It is now $1.321 billion.

Mr. SHRIVER. The book states that these 1977 requests were based on the assumption that Congress would appropriate the amounts requested for 1976.

Mr. PARKER. That is correct, sir.

Mr. SHRIVER. At long last we may have the 1976 bill, but not with the amounts you requested in many instances.

Will you now adjust the 1977 request accordingly?

Mr. PARKER. Not the total; on that we presently stand with the request as submitted by the President. We may make some adjustments within the total to fund projects we had planned for fiscal year 1976.

The Congress has, in its authorization action, established a new policy for aid programs.

Mr. SHRIVER. You don't mean you would expect this committee to just accept the full funding totals that are in the authorizing legislation?

Mr. PARKER. No; we will stick, Mr. Shriver, with the budget request as submitted by the President.

CONTINGENCY FUND

Mr. SHRIVER. The request for the President's contingency fund is $10 million.

Mr. PARKER. Yes, sir.

Mr. SHRIVER. That is twice the 1976 level. Why?

Mr. PARKER. I believe the contingency fund request was $10 million last year. The actual appropriation, as I understand it from last night's conference, is $5 million.

Mr. SHRIVER. We even had difficulties in sustaining that much. The book states that these funds are for "unanticipated foreign emergency requirements beyond those arising from disasters."

Would you give us some examples of such requirements?

AID TO LEBANON

Mr. PARKER. I can give one very tragic example at the present time and that is the situation in Lebanon, which I think would certainly qualify as a legitimate need for a presidential foreign contingency fund.

Mr. SHRIVER. What would you do in that case?

Mr. PARKER. Initially what we are doing is, within the limited remaining funds in the disaster account, to provide humanitarian assistance in a very limited amount. With the situation in a very tenuous balance at the present time, with Ambassador Brown over there, it is quite conceivable that certain additional expenses might come up.

Mr. SHRIVER. What kind? Get specific.

Would you move the Christians out?

Mr. PARKER. No; but rebuilding of certain areas would, I think, be crucially important, and in one sense I don't think you would want to consider ordinary disaster funds for certain of the needs.

But, in this case, I think Lebanon is an example.

Mr. SHRIVER. We have a rather large contingency fund for refugees, so it wouldn't be a matter of moving people around in Lebanon. What I am trying to get at is how would you use this money there.

AMERICAN UNIVERSITY OF BEIRUT HOSPITAL

Mr. PARKER. For example, American University Beirut Hospital is in this disaster in Lebanon, has a vital role to play. It has exceeded the funds that we are able to provide through the American schools and hospitals abroad program.

Their activities don't really, in one sense, directly qualify for disaster funds. That would be one type of example.

Ambassador Brown might well find some solution involving stabilization of the area that might require some funds. If you would like to go further into——

Mr. SHRIVER. Why don't you put something further in the record on this.

Mr. PARKER. All right, sir.

[The information follows:]

USES OF CONTINGENCY FUND

The contingency fund is needed to meet urgent and unforeseen problems which inevitably arise during the course of the year. It provides the President with a very modest flexibility to meet unanticipated foreign emergency needs.

In the past the contingency fund was used, for example, to respond to the request of the new government in Bolivia in 1972 for help in funding an emergency public investment program to relieve a severe unemployment problem. The fund has also been used to meet the unanticipated urgent needs of refugees from Eastern European countries.

AID provides the Congress with a quarterly report detailing the uses of the contingency fund. The Congress has been and will continue to be kept fully informed regarding its use.

In the case of Lebanon a major human disaster occurred, the full dimensions of which are not yet known. The U.N. has already made an appeal for $50 million in humanitarian assistance. The need is clear and this may be only the tip of the iceberg. As soon as the situation permits we expect the U.N. to update their assessment of the situation. We will, of course, work with them in determining the additional relief needs.

Our disaster funds are quite limited, insufficient to meet the needs as we now know them. Therefore, in helping to meet the relief and rehabilitation needs of the people in the war torn areas of Lebanon we may also have to draw on the contingency fund account. Furthermore, there may be needs which don't strictly qualify for disaster relief funds but would be eligible for contingency funds. The needs of the American University of Beirut and other schools have been brought to our attention. There may well be other needs but in such a volatile situation it is probably not very helpful to speculate on all the possible contingencies.

TERMINATING PROGRAMS

Mr. SHRIVER. Are there any countries covered by this request for which date has been set or estimated for an end in that country of U.S. foreign aid?

Mr. PARKER. Yes; there are a number. We envision the phaseout of Colombia, Brazil, Korea, and there are no funds for Nigeria where we provided terminal funding in fiscal year 1975. This marks the completion of the program.

There are no funds for Ecuador. We are forecasting a phasedown and early phaseout of assistance to Thailand, that is to say, fiscal year 1977 is expected to be the last year for fresh starts or new com-

mitments for development loans and grants in Thailand. Thereafter, two ongoing programs—population and narcotics—will require additional concessional funds to bring these programs to an orderly termination.

There are a number of countries, Mr. Shriver, where we are anticipating a phasedown and phaseout.

Mr. PASSMAN. Mr. Roush?

PHASEOUT PROJECTIONS

Mr. ROUSH. Thank you, Mr. Chairman.

Mr. Parker, in your plans to phase out these countries, how long ahead of time do you know that you will phase out the program in a country? As I understand it, under our new Budget Control Act, for domestic programs we now are required to make 5-year projections. Are you making 5-year projections on the matter of phasing countries out of foreign aid?

Mr. PARKER. We are making 5-year projections, Mr. Roush, for budget purposes in broad category accounts. These do not necessarily reflect detail within those accounts.

In the far-out years we are making trend line projections, but more responsive to your question, we do anticipate the phaseout on those that are far enough along where we can do so. It is difficult to mark the exact end because in many cases our objective is not just to phase out concessional assistance but to do it in a way that leaves a strong relationship with the United States, that preserves the quality of relationships in economic and social and commercial areas.

We have begun to use some different mechanisms in order to effect this transition and yet maintain the kind of relationship that we have been seeking to build.

DEVELOPMENT ASSISTANCE PLAN

Mr. ROUSH. It occurs to me that to preserve the integrity of that relationship that due notice of your planning to a country would be very important.

Mr. PARKER. Indeed, sir.

You are quite right. We have shifted in the past couple of years to a multiyear planning process for each country called development assistance programs or DAP's.

We now have for all major aid recipient countries, such multiyear plans. In many cases, the countries have been involved in planning the DAP and as a consequence they are forewarned of our plans.

Mr. ROUSH. Is it possible that for each country a brief statement could be supplied as to this multiyear plan, or would that create a difficult problem for you so far as the relationship with the other countries is concerned or within your own operation?

Mr. PARKER. I think we could do it. It is difficult to summarize them because they are really analytical documents intended to guide us on the optimal allocation of resources over a period of years. We use them, Mr. Roush, in an annual country program review to look and see what did happen relative to what was expected to happen and then to update and extend our forward projections.

I would certainly be glad to send you a sampling of agency DAP's.

Mr. ROUSH. Would you do that, please? I would appreciate knowing whether or not this is possible.

Mr. PARKER. I will send them to you directly.

SEPARATION OF BILLS

Mr. ROUSH. One other thing.

Last year the authorizing committee in its wisdom separated their bills, having a separate bill for economic assistance and another bill for military assistance.

Did you find this separation of the two bills agreeable?

Mr. PARKER. Yes. It was, of course, the initiative of the Congress to do such. I think in looking at the authorizing legislation, it did develop considerable support for the distinction.

Mr. ROUSH. How would you feel about separating the appropriations bills in the same manner?

Mr. PARKER. This is a subject of complexity which is beyond me. I realize the legislative distinction between having authorizing bills that amend a fundamental authorization on a periodic basis, but I also recognize the difference in the appropriation process where there is one comprehensive new appropriation bill each year and my own opinion is that this is fully the prerogative of Congress.

Mr. ROUSH. I didn't expect you to say anything other than that. Thank you, Mr. Chairman.

TOTAL AID

Mr. PASSMAN. Before yielding to my very distinguished friend from Massachusetts, I made a statement on the floor of the House that this is a committee that puts all pieces together where you can see what we have for foreign aid and I think we deal with seven different authorizations. We have all the economic aid, military aid, the Peace Corps, the Asian Development Bank, the International Development Association, the Inter-American Development Bank, et cetera.

These programs are scattered all through the budget, but we say this is the committee that puts it all together where you can see the total, and we referred them to page 10 of our report where we list the all inclusive request of $14.154 billion, and that is why I stated in the beginning that if you put it together then people can look at it and make up their own minds.

If we start bringing this out piecemeal I just don't know where we would wind up.

COMMITTEE SCHEDULE

Under the new Budget Control Act we must get this bill marked up by May 6, which means, of course, we are going to have to abbreviate the hearings. This is an unusual year, trying to conclude the fiscal 1976 bill and then mark up the fiscal 1977 bill.

So, will you get your transcript back as quickly as you can?

Mr. PARKER. Indeed, Mr. Chairman.

Mr. PASSMAN. We would appreciate it very much because we do have to move in a hurry. Therefore, we have to abbreviate all the hearings.

Mr. Conte?

COMMENTS REGARDING THE CHAIRMAN

Mr. CONTE. Before asking questions, I want the record to show that I am just simply amazed at the stamina of our chairman. I think he has more ginger in his little finger than most people have in their whole body. We just hammered out this conference report, last night until 8:30, and knocked ourselves out and here we are right back again.

Mr. PASSMAN. Thank you so much.

ECONOMIC/MILITARY BALANCE

Mr. CONTE. In regard to what my good friend from Indiana asked you, I have been on the committee 18 years, save 2, and I think if you separate them you would never get anything through.

Of course, that would make a lot of people happy. Here we were acting on the 1976 budget. Military grants were only $250 million. I used to raise heck about this bill being too weighed down with military. I think back a few years ago when it was about 50–50. We passed about a $5 billion bill, and there would be $2.5 billion military and $2.5 million economic. I think we have done a pretty good job of straightening that out.

This was a $5 billion bill last night, $225 million was in there in military grants.

AID TO LESOTHO

It is good to have you, Mr. Parker, handling a very, very difficult Agency, one of the most difficult, I think, in the Government.

I put in some language in a report on Lesotho hoping that you are going to scratch some money somewhere to get them an airport down there. You know they are landlocked. They have countries all around them. South Africa surrounds them. They need that airport real badly. I hope you will read that report.

Mr. PARKER. I read your comments with interest, Mr. Conte. This brings up an interesting point if you don't mind my discussing it.

Mr. CONTE. Go ahead.

Mr. PARKER. In the new directions of U.S. foreign aid policy there was a move away from infrastructure projects and with programs and undertakings to get really to the truly poor people which is the objective both of the Congress and the constituency, the public.

But, I think there are valid exceptions to taking that policy too strictly and too strongly. I don't personally know the situation in Lesotho but this could well be an example of that type of legitimate exception.

Having just returned, as the chairman noted, from the Sahel earlier this week. I am mindful again of the need for some infrastructure investment. Hopefully we would like to see these come from the international finance institutions or other sources.

On occasion, I think it might well be prudent for us to participate in this type of activity. We will be prepared specifically to furnish an additional comment on the Lesotho situation.

CONSTRUCTION OF AIRPORT IN LESOTHO

Mr. CONTE. As you know, the report to the House version of the foreign aid bill expressed it was the intent of the committee that your

office investigate the possibility of providing funds to Lesotho for the construction of an international airport at Thota-Ea-Moli. This would give the Kingdom of Lesotho direct access to free black Africa without having to make an intermediate stop in South Africa. Have you begun preliminary inquiries into this matter? I know Ambassador Mashologu has already contacted you. Do you have a copy of the feasibility study prepared by the Swiss? Under what program would this project be funded if it were to be financially supported by the United States?

Mr. PARKER. We have reviewed what Ambassador Mashologu submitted to us as the feasibility study prepared by a Swedish team—SCANDIACONSULT. In our judgment, this study does not justify the economic feasibility of building and sustaining the proposed new airport, considering Lesotho's limited resources. However, we have just been informed by our field representatives that the study we have seen is a preliminary draft of a more comprehensive report still in preparation by SCANDIACONSULT. As soon as we receive the complete study we will review it and decide whether AID can possibly provide some assistance in cooperation with other donors. It should be noted that the original estimate of $8.6 million required for the construction of a new airport has been raised to $13.5 million. If we were to provide support for the construction of the Lesotho airport the funds would have to come from section 106, a category in which, as you know, this type of infrastructure activity has been deemphasized.

Mr. CONTE. Thank you very much. I appreciate that.

TITLE XII

I cosponsored the provision which includes title XII in the foreign aid authorization. Therefore, I am naturally interested in what happens to it.

What is the current status of the Board for International Food and Agricultural Development?

Mr. PARKER. I have submitted the nominees to the President for his consideration and Earl Butz has also done so. We have coordinated on it. Though the recommendations are not identical, they are currently under consideration by the President.

Mr. CONTE. What will be its functions and its goals?

Mr. PARKER. Of course, title XII is very important and we see it as a new and beneficial program—and the Board is an integral part—providing for increased involvement of U.S. land grant colleges in overseas development.

In brief, the objective of title XII is to strengthen and build a new linkage between the vast amount of knowledge and capability that exists in the United States in agricultural research and know-how and the small poor farmer in the developing world.

Mr. Conte, there is almost $1 billion a year being spent in this country on research into improved agricultural techniques and seeds and commodities.

We have not really, until now, been able to tap this as effectively as I think we will be able to do with title XII. Much of this $1 billion being invested on behalf of domestic farmers has come into what is known as the hard sciences, not simply agronomy and that type of research, so this new structure, title XII, will give us the oppor-

tunity to get the benefit of this hard science and yet the means of translating it into practical extension type work for the small farmer.

SYRIA'S ROLE IN LEBANON

Mr. CONTE. I was interested in your opening statement where you indicate that peaceful development will reduce incentives to violence.

Do you really feel that assistance to Syria's development will encourage Syria to work for peace at this time or in the near future?

Mr. PARKER. I do genuinely, Mr. Conte. There is no way to prove what I am going to say but I think if you don't mind I will lay it out as a claim.

Mr. CONTE. I would like to hear it because I have been very disappointed in what Syria has done—we talk about Israel—what they have done in Lebanon.

Mr. PARKER. I think it is interesting to note that Syria's role in the present Lebanon situation is one really of a moderate.

Mr. CONTE. Do they really want peace there and want to give the Christians a fair shake?

Mr. PARKER. My understanding is that they are really one of the principal forces for moderation and finding a balanced and equitable solution. I don't know that this would have been the case had we just ignored them and let them totally depend upon other sources of economic and development assistance. It is hypothetical. I can't prove it. But if you will permit circumstantial evidence, I would say that I am very favorably impressed with their moderation and positive attitude at the present time.

Mr. CONTE. In Lebanon?

Mr. PARKER. In Lebanon, regarding the Lebanon situation.

SYRIA'S ROLE IN THE MIDDLE EAST

Mr. CONTE. How about in the Middle East?

Mr. PARKER. I think that, given the tensions that have existed and the proclivity for dangerous destabilization on that frontier, the fact that it hasn't happened is certainly in many ways a wonder. The fact that they are beginning to build some linkages with Jordan again I think is quite important and very desirable in a number of ways because Jordan truly has been a force for moderation.

We do have additional witnesses from the Department of State as well as from AID, if you would like to go into political aspects.

Mr. CONTE. It is a controversial issue and if you heard the debate, this was an issue on the floor of the House, and I think it is going to be an issue again next year, even more so, and I just want to make sure we have a good record here to show that it is going to pay off to help Syria and not be a troublemaker in that part of the world.

Mr. PARKER. May I add an interesting thing and offer to submit details for the record.

Mr. CONTE. Yes, sir.

PARTICIPANT TRAINING FOR SYRIANS

Mr. PARKER. I recently took a look at the list of Syrian participants in the U.S. training program and they have jumped into this

with our assistance as one of the first things and most important things that they wanted to do.

Mr. CONTE. Military training?

Mr. PARKER. No; this is participant training. You will find very interesting and fascinating the list of educational and professional experiences that these people are seeking to have, hotel management, bakery management, all sorts of basically constructive, positive vocations that they are seeking to develop.

To me, it made a very interesting and positive bit of evidence in support of their peaceful and constructive intentions, and if you would like I would be glad to submit this list of Syrian participants and their educational——

Mr. CONTE. I think it would be good for the record.

Thank you.

[The information follows:]

SYRIAN PARTICIPANTS AND THEIR EDUCATIONAL AND TRAINING PROGRAMS IN THE UNITED STATES

Since fiscal year 1975, when the United States resumed its assistance program to Syria, 37 Syrians have received training—or are now in training—in the United States, and 35 more are preparing to leave Syria for the United States in the near future. Of those participants now in the United States, 30 are here for short-term programs in technical, industrial, or short-term academic activities; 5 are in agriculture training; and 2 are in population and public health training programs. The fields of study include: sprinkler irrigation, range management, project development and evaluation, health planning, health education, canning technology, manufacturing of biscuits, asphalt road building, tourism planning, and economic accounting.

DIFFICULT DEVELOPMENT SECTORS

Mr. CONTE. What are the "most demanding and time-consuming sectors" mentioned in your opening statement?

Mr. PARKER. The sectors I was referring to are the three major sectors AID is now working in: food and nutrition, population planning and health, and education and human resources development. It is a good deal more difficult and time consuming to program a given amount of assistance for these sectors than it is for sectors such as transport, power, industry, or urban water and sewerage. The results are also slower in coming. This is particularly so because within the three major sectors we are trying to affect the lives of large numbers of poor people in ways which often require a great deal of adaptation to local conditions.

THE MASAGANA 99 PROGRAM

Mr. CONTE. How successful has the Masagana 99 program been in the Philippines?

Mr. GARDINER. The number of farmers participating in the program has increased by 30 percent from crop year 1973–74 to crop year 1974–75, a total of 2.8 million paticipating farmers at the end of 1975. During this same period, there has been an increase in yields of 16 percent for Masagana 99 participating farmers as opposed to the yields of nonparticipating farmers. In terms of credit, since the beginning of the program in 1973, $328 million equivalent in noncollateral, supervised loans has been made to an estimated 1.8 million farmers for fertilizer, pesticides, and higher yield seeds.

AID ASSISTANCE TO SELF-SUFFICIENT COMMODITY INDUSTRIES

Mr. CONTE. Is any of our aid going toward creation of self-sufficient commodity industries in these LDC's? Such as fertilizer plants, concrete industries, agribusiness a combine, et cetera?

Mr. PARKER. In recent years the Agency has increasingly focused its attention on the small farmer and the poor majority, and has limited its activities in creation of self-sufficient commodity industries.

In recent years we have provided assistance (in cooperation with other donors) in financing fertilizer plants. Namely, a $30 million loan to Bangladesh for the Ashuganj Fertilizer Plant, and a $40 million loan to Pakistan for the Fauji Fertilizer Enterprise.

In Thailand we have engaged with the Thai Government in providing assistance for seed multiplication and sericulture.

In Africa, we are providing grant assistance to several Sahelian countries in the areas of seed multiplication and marketing.

We have recently authorized a $10 million loan to Ghana, which among other things, provides assistance to a new fertilizer corporation which will process and market fertilizer, but is not in production.

In Botswana we are presently financing a design effort, and are proposing a major loan to assist in the establishment of a modern abattoir which would make a substantial contribution to improving the welfare of those involved in livestock production.

Under our supporting assistance program we are providing funds to Egypt for the construction of a cement plant and the modernization of a production facility for synthetic textiles.

In Jordan we are providing assistance for a pilot potash production facility on the Dead Sea. This project will test the feasibility of the technology, and if successful, will lead to a major capital investment in this area.

All of the above projects are described in either the fiscal year 1976 or fiscal year 1977 congressional presentation materials if you desire further information.

FISCAL YEAR 1975 CONTRIBUTIONS BY PRIVATE VOLUNTARY ORGANIZATIONS

Mr. CONTE. How much was donated last year by private voluntary organizations?

Mr. PARKER. Private voluntary contributions in cash and kind in 1975 amounted to approximately $579 million. U.S. Government support in the form of grants, contracts, overseas freight, Public Law 480 food and excess property totaled $352 million. The total income including private contributions and Government support for 1975 was $931 million.

FURTHER EXPANSION OF PRIVATE EFFORTS

Mr. CONTE. Is AID encouraging and supporting further expansion of private aid efforts?

Mr. PARKER. Yes; although not in the fund-raising sense. One of the main purposes of the development program grant for private and voluntary organizations is to enhance these organizations' capability to design, evaluate, and manage their overseas development programs.

We hope that after 3 years of AID assistance, these agencies will be better able to support an increased level of headquarters costs, will be in an improved position to obtain new resources for project funding, and will be better able to carry out activities in the developing countries which contribute to the well-being of the poor majority. In addition, AID helps identify non-AID resources which can be channeled through private and voluntary organizations to expand assistance to the LDC's.

MATERNAL NUTRITION

Mr. CONTE. Will sufficient emphasis be placed on maternal nutrition as well as child nutrition?

Mr. PARKER. Yes, sir. The AID nutrition strategy identifies pregnant and nursing women, as well as preschool children, as particularly vulnerable groups for nutrition programs to reach. LDC's themselves increasingly have begun to recognize critical linkages between nutrition during pregnancy and lactation and the well-being of their infants and young children. The kinds of nutrition-related analysis they are undertaking with AID support help identify the magnitude and severity of maternal malnutrition as well as specific measures by which to combat it. AID programs to deal with these problems include maternal and child health planning and implementation projects, nutrition education activities and continued work to help private and voluntary organizations do a better job of carrying out effective programs directed at these nutritionally most vulnerable groups.

EFFECTIVENESS OF AFRICA PROGRAMS

Mr. CONTE. There has not been any appreciable amelioration over the last year in the economic situation of Africa as a whole. Does this mean that the programs we finance, as well as those of the African Development Fund, IDA, et cetera are not working?

Mr. SCOTT. The AID program as well as those of other technical assistance and soft loan donors are turning more and more toward the basic problems of food production, health, and manpower development for the poor, primarily rural majorities of Africa. Such programs require a longer leadtime to produce results than measures encouraging industrial production and cash crop development. However when those results are achieved, they will be more abiding and meaningful for the standards of living of the poor majorities. The hard fact is that over the short-term they cannot be expected to counterbalance adverse developments affecting the major, traditional indicators of economic growth. As discussed in greater detail in my opening statement, Africa has suffered such adverse developments as the great drought which ravaged the Sahel and other large areas of Africa, the skyrocketing cost of Africa's imports, especially fuels, and the drop in prices of certain critical export commodities such as copper and, to a lesser extent, cocoa. These developments have adversely affected the rate of improvement in gross national production, agricultural production, and balance of payments. These indicators of economic growth and well-being are further affected by a high rate of annual population growth, now up to 2.7 percent. The AID program proposes to lay

a new, more solid basis for the economies of Africa by our support for programs affecting the general livelihood of 90 percent of the people of the continent, not the more limited strata currently operating in the modern commercial and export sectors. With regard to that majority, our programs are indeed having an impact through the strengthening of new institutions and the training of personnel who have a new, more dynamic perspective on the long-term development needs of Africa.

AFTEREFFECTS OF THE DROUGHT

Mr. CONTE. Can the Sahel Region overcome the aftereffects of the terrible drought within the next few years?

Mr. SCOTT. Yes; it is our judgment that in the next few years the Sahel can overcome most of the problems resulting from the recent drought. However, the drought was a sign of long-term deterioration in the area. That deterioration must be stopped if the region is to become self-sufficient in the long run. Up to now, however, foreign assistance programs were not able to achieve a major breakthrough or to achieve long-term permanent development and the United States and other donors had to provide emergency assistance during periods of drought. Studies now conclude, however, that with careful planning and significantly higher levels of aid, food self-sufficiency is an achievable goal and that, over a longer period of time, a now deteriorating environmental condition can be reversed.

COOPERATIVE AGRICULTURAL VENTURES IN AFRICA

Mr. CONTE. Have the cooperative agricultural ventures in Africa had any significant success relative to individual farmer projects?

Mr. SCOTT. Your question is a good one, and I would like to be fully responsive to it. However, our experience with cooperatives has not been intensive enough to substantiate major conclusions. We have assisted cooperative development in the past, and currently we are financing cooperative activity through projects in Liberia, Tanzania, Swaziland, Zaire, and, through a regional project, in the Cameroon and Lesotho. Generally, I would assert that cooperative activities are an effective way to provide certain benefits to farmers. Cooperative ventures in gaining access to, or developing, credit resources and marketing systems have certainly helped bring farmers into the cash economy. Similarly, the provision of agricultural inputs such as seeds and fertilizer can often be done effectively through cooperatives.

However, there are other aspects of agricultural development that are necessary which do not rely on cooperative associations. The development of agricultural research, rural enterprises, and rural infrastructure activities may extend benefits to farmers regardless of whether they join in cooperative ventures. Given our increased emphasis on reaching the rural poor, I expect that we will see substantial expansion in our activities involving cooperatives.

OTHER DONOR ASSISTANCE FOR FORMER PORTUGUESE TERRITORIES

Mr. CONTE. How much assistance is channeled to the former Portuguese colonies from sources other than the United States?

Mr. SCOTT. The reporting we have is not comprehensive but the figures available are as follows:

Angolan relief assistance:	
Belgium	$152,392
Canada	1,260,000
Denmark	266,100
Germany, Federal Republic of	299,290
Netherlands	499,875
Norway	99,100
Switzerland	1,818,850
United Kingdom	172,090
National Red Cross Societies	1,274,728
Private voluntary agencies/other	634,838
Cape Verde Islands:	
U.N. agencies	910,000
World food program	9,192,000

In addition to the above, the European Economic Community—Sweden, the Netherlands, France, Bulgaria, West Germany, and Portugal—are known to have provided some assistance.

Guinea-Bissau:	
U.N. High Commissioner for refugees [1]	$2,245,109
World food program	725,000
United Kingdom	2,000,000

[1] Includes contributions from Denmark, Netherlands, Norway, Oman, Switzerland, and the United Kingdom.

Other donor countries providing bilateral economic development assistance include Sweden, China, Cuba, Kuwait, Libya, and Portugal.

Mozambique:	
People's Republic of China [1]	$56,000,000
Sweden (3-yr grant program)	46,600,000
Portugal [1]	20,000,000
Netherlands [1]	10,000,000
Denmark	4,800,000
U.N. High Commissioner for Refugees	3,378,173
World food program	4,461,500
U.N. Disaster Relief Organization	468,494
U.N. Emergency Fund	3,200,000
U.N. Children's Fund (1975–76)	2,500,000
U.N. development program	4,500,000

[1] Neither the terms nor the time frame for this assistance are known.

North Korea signed a technical and economic aid agreement with Mozambique, and East Germany and other east bloc countries are reported to have sent delegations to Mozambique. However, we do not have any information on the nature of assistance that may be provided.

During the U.N. discussion in the Security Council on the proposed Offset Fund for Mozambique, the United Kingdom indicated a willingness to provide assistance (amount unspecified). The U.S.S.R. representative stated that the U.S.S.R. is already providing substantial material assistance to Mozambique. Sweden offered to increase the amount of its assistance in the first year of its assistance program.

Sao Tome and Principe:	
Portugal (credits)	$4,000,000

The UNDP and world food program are providing modest amounts of technical and food assistance. Gabon has provided assistance on an

ad hoc basis and France, the U.S.S.R., other Eastern bloc countries, and the Arab League are in varying stages of studying the possibility of assistance programs.

U.S.S.R. AND CHINESE ASSISTANCE

Mr. CONTE. Do the Soviet Union and China have development assistance programs throughout Africa?

Mr. SCOTT. The Soviet Union and China have provided development assistance to 33 African countries. Their commitments during calendar years 1973–75, respectively, were $345 million, $245 million, and $223 million. Of these totals, Chinese assistance accounted for 97 percent, 93 percent, and 67 percent. During that period, commitments in excess of $50 million were made to the Cameroon, Guinea, Madagascar, Mauritania, Mozambique, Niger, Senegal, Somalia, and Tanzania, Among the major recipients were Zaire—$100 million—Guinea—$83 million—and Cameroon—$71 million.

FUTURE OF LIVESTOCK IN AFRICA

Mr. CONTE. Is the future of livestock production in Africa bright enough to encourage expansion of present herds?

Mr. SCOTT. In general, the future of livestock production in Africa looks bright enough to encourage expansion of herds in selected areas. A recent finding of the Technical Advisory Committee of the Consultative Group on International Agricultural Research came up with a similar view by stating that "the current level of animal production in Africa is well below the continent's potential." In west Africa where herds were decimated or slaughtered at an accelerated rate due to subnormal rainfall the herders are being encouraged to build up their herds. In other areas the elimination of animal trypansomiasis—by controlling the Tsetse fly—will reduce the cost of range management and in many areas cattle ranching will be possible for the first time.

EARTH RESOURCES TECHNOLOGY

Mr. CONTE. What results do you expect from the Earth Resources Technological Satellite?

Mr. SCOTT. The Earth Resources Technological Satellite, now referred to by NASA as "LANDSAT," has multiple applications relevant to African development. The remote sensing images and computer compatible tapes which can be obtained from the LANDSAT I and II satellites, can be used to obtain a broad range of information for planning development programs. Among such uses are (*a*) assessment of land cover and biomass, (*b*) identification of major crops with 90 percent accuracy, (*c*) identification of deciduous and coniferous forests, (*d*) mapping surface water and currents, (*e*) mapping water depth to about 8 meters, depending upon water clarity, (*f*) producing or updating cartographic maps. LANDSAT data is particularly useful in assessing the Earth's renewable resources—although it also can provide data leading to possible mineral deposits. Thus LANDSAT data can be of use in programs involving range resources by monitoring biomass to prepare plans for opening up new areas or preventing overgrazing.

It can be used on programs for forest management by measuring area and rate of depletion. LANDSAT data is also of value for planning programs addressed to problems of infestation control—locust, Tsetse fly, and other insects have specialized breeding habitats which can be monitored by LANDSAT—the problem of desertification, watershed management, and land capability.

The Bureau for Africa is utilizing LANDSAT data for the planning of a number of its programs in Africa, particularly programs designed to measure and arrest desertification—Tanzania—to open up new range lands for livestock production—Mali and possibly Mauritania—and to plan for the development of areas which will be opened up as a result of regional river blindness eradication program—Mali, Ghana, Upper Volta, Niger, and Togo.

The Bureau for Africa is also actively supporting efforts to develop African capability to draw upon and utilize this technology. It has provided an expert to a team initiated by the U.N. Economic Commission for Africa to survey and make recommendations on remote sensing facilities for Africa, including receiving stations and training requirements. It has also supported a proposal made by France to convert its meteorological tracking station in Upper Volta to a LANDSAT receiving station and data processing center. Such a facility would provide west and central Africa, including the drought-afflicted Sahelian countries, with direct access to the LANDSAT satellites. If this proposal materializes, AID would support it with a complementary center for training Africans in the technology and in providing interpretative "outreach" services to the countries covered by the station.

UTILIZATION OF HEALTH MANPOWER FOR RURAL HEALTH SERVICES

Mr. CONTE. Are the African governments redirecting the medical manpower to the rural area?

Mr. SCOTT. In response I would like to state categorically that this is in fact an ever increasing trend on the part of African governments. I would like to elaborate on this as follows:

Overall there is an acute shortage of health resources—that is, manpower, facilities, and fiscal—throughout Africa. This condition, coupled with maldistribution of facilities and manpower resources results in a situation in which only 15 to 20 percent of the populations of most African countries have access to organized or modern health care services. The majority of those having access to health care services are the urban dwellers, who are provided primarily with hospital based curative or medical care services.

As we have visited with and reviewed their national health plans, we have been favorably impressed with the fact that many of the African countries have changed their priorities. The trends are away from urban-based curative health services to rural health services. As a result of this change in priority there are positive steps being taken to expand rural health services facilities and consequent redirection of health manpower to staff these facilities. Newly trained health workers are being trained primarily to staff rural health services programs. The skills of other health workers are being upgraded to prepare them to function in the rural areas.

HEALTH MANPOWER UTILIZATION FOR RURAL HEALTH SERVICES

Mr. CONTE. Are more trained paramedical personnel of greater value to low cost rural health care than fewer high cost doctors and nurses?

Mr. SCOTT. My answer would be that it is not a question of which are more valuable for the delivery of rural health services, but rather becomes a question of how we can strategically deploy and utilize scarce health manpower resources to accomplish the job necessary. With the acute shortage of physician manpower in most African countries—one physician per 14,000 population on average, with up to one physician per 65,000 population in some instances—strategic and efficient use of this category of health manpower becomes mandatory. The shortage of nursing personnel is not as acute as that for physicians, however this category of health manpower is also in short supply and must be utilized wisely and as effectively as possible. With such problems related to training of physicians and nurses as costs, time, availability of faculty, and candidates for training, it becomes necessary to develop an innovative strategy for manpower training and utilization. This innovative strategy includes the development of a health manpower system in which both the health professionals and paramedical personnel have distinct and well-defined responsibilities and functions. The health professionals—physicians, nurses, and so forth—provide professional health services, supervisory functions, training of other health workers, and overall program direction and guidance. The paramedical personnel provide basic health services at the village or community level.

To summarize, it is our view that greater emphasis should be placed on developing larger cadres of paramedical personnel relative to physicians and nurses, but if properly deployed, the latter are critical resources for paramedical training programs and are therefore key elements in any balanced health system aimed at rural health care.

RIVER BLINDNESS—VOLTA BASIN AREA

Mr. CONTE. What efforts are being made to control river blindness?

Mr. SCOTT. A major international effort is underway to bring onchocerciasis—river blindness—under control in the Volta River Basin. The Volta River Basin area covers some 700,000 square kilometers in seven countries of West Africa—Benin, Ghana, Ivory Coast, Mali, Niger, Togo, and Upper Volta—and is one of the most highly endemic onchocerciasis zones in the world. Studies show over 1 million of the 10 million inhabitants of the area covered by the onchocerciasis control program are affected, and some 60,000 of whom are almost or entirely blind.

A plan of action to control onchocerciasis has been approved by the participating African countries and donor agencies to bring onchocerciasis under control in the Volta Basin within a 20-year period. A special onchocerciasis fund has been established to finance the control program at an estimaed cost of $53 million for the initial 6-year phase. The total estimated cost for the 20 years is $120 million, of which the United States presently plans to provide 10 percent.

The program is designed to conrol the vector by destroying the larvae of the blackfly that transmits the disease. Spray operations designed to achieve vector control started in December 1974. Operational research on the chemotherapy of onchocerciasis efficacy and toxicity and other related studies are also being carried out within the program. The World Health Organization (WHO) is the executing agency with responsibility for technical implementation of the programs.

DEPOPULATED AREA—RIVER BLINDNESS PROGRAM

Mr. CONTE. How much land has been depopulated because of onchocerciasis?

Mr. SCOTT. There are approximately 700,000 square kilometers of land within the onchocerciasis program area of the Volta Basin. Of this, 65,000 square kilometers are within the Volta River Basin area and considered as the most fertile. It is not possible to say that onchocerciasis is the only cause of the outward migration of population from these areas. However, with the large percentage of the population actually affected by the disease and those that are totally blind, the disease is a major factor and countless thousands of families have moved from ancestral lands to the overpopulated adjacent areas.

FERTILITY OF LAND IN AREA OF RIVER BLINDNESS PROGRAM

Mr. CONTE. How fertile is the land compared to nonriver basin land?

Mr. SCOTT. River basin land in oncho-cleared areas is several times more fertile than adjacent or nearby upland. This is a result of the buildup of sediment laid down by flood waters over long periods of time. This sediment is usually comprised of topsoils—the most fertile soil layer—carried away in rainfall runoff from cultivated areas.

BEYOND SUBSISTENCE AGRICULTURE

Mr. CONTE. For a long-range outlook, we must realize that Africa has a limited agricultural base and few other natural resources. What is the direction Africa might take to get out beyond subsistence agriculture?

Mr. SCOTT. While 18 of the world's 28 least developed countries are in Africa there are countries that have promising natural resources such as oil in Nigeria and copper in Zaire and Zambia. Niger has known deposits of iron, uranium, tungsten, tin, coal, and salt. Botswana exports nickel, copper, and is planning to export soda ash; Swaziland produces iron ore and asbestos, Kenya exports soda ash, salt, and felspar and Tanzania exports diamonds. Phosphates, that are suitable for fertilizer, are found in several West African countries as well as forest resources in the higher rainfall areas. Also there are large bodies of freshwater still to be exploited.

The potential for improving agricultural production is substantial if resources are made available to promote better use of the soil, rangelands, and water, to exploit potential for irrigation and to provide the expertise to sustain production increases. Agriculture continues to

dominate the economy of the developing countries and assistance to address the problems of the traditional subsistence farmer is highly important. Our assistance efforts to Africa in agriculture are aimed in this direction through practical research to increase yields of basic food crops, developing and applying better technology packages, multiplication and distribution of better seed, making available realistic markets with price incentives, and other supporting services in the rural areas. A key element is the sustained opportunity for developing the human resources through timely and practical training efforts.

AFRICA EDUCATION

Mr. CONTE. What direction is Africa education taking? Are they moving away from European education norms and standards?

Mr. SCOTT. African education is moving in the direction of Africanization, and in the process, moving away from European norms and standards. The problem facing most African countries is that of developing their educational system from a colonial heritage to a truly national system. It is now accepted that the most promising way of making African education a genuine preparation for Africa's needs is through a broadly conceived policy of Africanization, both of content and of personnel. For as long as the system is seen as an importation in which Africans are trying to conform to somebody else's ideas, there is bound to be artificiality and too much formalism in the education attained. As Africanization increases both in terms of curriculum content, research priorities and personnel, so will the questions framed by Africans themselves come to dominate the current analysis of the African situation. As of now, it must be conceded that scholarly comment on Africa is still dominated by non-Africans.

The growth of formal education which has been achieved in Africa is, from certain perspectives, quite phenomenal and the past decade has witnessed some progress in overcoming the variety of shortcomings in African education. First, the content of school programs has slowly but surely Africanized and localized, and such formal institutions as the African Examinations Councils, the Institutes of Education, and the Currculum Development Centers have been instruments for change. Of course, they have also functioned as institutions for maintaining status quo as well. Second, special attention has been given to expanding and modernizing mathematics and science programs, first in the secondary schools and more recently in the primary schools, and to increasing the proportion of students specializing in these fields in secondary schools and universities. There are outstanding examples of innovative educational programing, some in which AID has or is participating in, such as the Swaziland primary curriculum reform effort. Third, the record of most African nations in achieving or surpassing national enrollment targets within the scope of national development plans has improved notably.

Simultaneously, there was acknowledgment by many educators and national leaders that the precise content of the educational systems they had inherited was inappropriate to Africa—with their dissatisfaction increasingly expressed in the criticism that the content was unrelated to African culture through omission or limited attention to the African environment, African political forms, and African

thought and leadership were all deemed inappropriate directions from the emerging African perspective.

The educational system Africans have inherited is a system which draws rather sharp distinctions between formal and nonformal education, between education and training, between orthodox years for imparting knowledge and life long education. The African educational systems must clearly take responsibility for the reassessment of these distinctions in the reality of the African situation. Africans must now write their own history, interpret their own conditions and provide the answers to their own problems.

The number of competent African minds, trained in their own environment and with a focus on their own conditions, is increasing and they must now, and will inevitably, assume the leadership for describing, analyzing and appraising the African milieu.

Our own role in this momentous period should be increasingly disposed to support African states in their search for inexpensive and innovative means and work with them in developing their own more appropriate system of education.

USE OF THE $5 MILLION APPROPRIATION

Mr. CONTE. I was one of those who pushed for the $5 million for the Sahel program. Can you tell the committee what you plan to do with that now that it is in the bill?

Mr. SCOTT. The intent of the Authorization Act in this regard is quite clear. The act states that $5 million shall be provided to plan and develop—but not implement—a long-term comprehensive development program for the Sahel. We therefore intend that these funds be used for basic studies and research required to suggest solutions to specific regional problems and to plan effective long-term programs.

To offer an example: We know that the ability of the Sahelian countries to achieve self-sufficiency in food depends both on improving extensive dry land farming and, over a longer timeframe, upon the exploitation of the major water basins in the region. Before major irrigation can be undertaken, however, we must have accurate descriptive information on the character of those water basins: River flows, evaporation rates, and so forth. In several instances, we are using these funds to derive some of this needed data via Sahelian institutions which we have supported in the past with regular annual appropriations.

In addition to collecting data needed for river basin development, we plan to use the $5 million and other funds to be made available to help us develop the long-term plan, in such basin problem areas as dry land agriculture; sector/country economic analysis; livestock and range development; other production oriented sectors; basic capital infrastructure; health, nutrition, and population; human resources and institutional development, and ecology and climate.

IMPACT OF $5 MILLION APPROPRIATION

Mr. CONTE. Can a $5 million program really make a dent in the Sahel economic problem?

Mr. Scott. The requirement for funds just to better understand the characteristic problems of the area far exceeds $5 million. Much more will be needed to solve or ameliorate these problems. But there are two further considerations here. First, the activities which this $5 million will support are part of an entire range of activities funded from Sahelian and international sources. Our support encourages the parallel efforts of others. Second, the knowledge we derive from these studies on such topics as tsetse eradication, rainfall patterns, sorghum, millet, and rice production and marketing, water basin flows will be of great significance for the investments which we and other donors, together with the Sahelians, make in future years.

ECONOMIC PROSPECTS FOR BRAZIL, ECUADOR, AND COLOMBIA

Mr. Conte. Mr. Kleine, on page 5 of the opening statement you indicated that you are phasing out assistance to Brazil, Ecuador and Colombia. How do the economic prospects for these three look at present?

Mr. Kleine. Brazil is adjusting to its new economic challenges and has fashioned policies designed to permit it to maintain a lower, but reasonable level of growth. One of its main concerns is restrictions placed on its exports by creditor countries such as the United States. The application of countervailing duties and "escape clauses" is causing serious problems for Brazil. We will continue to consult closely with the Government of Brazil in an effort to ease trade irritants between us. Fundamentally, however, Brazil is a country of immense natural resources, high caliber financial and developmental managership, plus a determination to progress toward major status on the basis of its own, unique mixture of governmental, private and foreign investment.

Economic prospects for Ecuador for the next several years appear quite favorable based on the continued exportation of petroleum. Beginning in 1972 the Ecuadorean economy has grown rapidly: levels of exports and imports have tripled in the space of 4 years; real gross domestic product increased by over 30 percent between 1972 and 1975; and for the past 2 years GDP has grown at better than 6 percent per annum. While Ecuador remains one of the poorer countries in the hemisphere with per capita GNP of about $390, revenues from continued petroleum exports should provide the basis for substantial and continuous progress if wisely invested in development programs.

The economic prospects for Colombia are quite favorable. Substantial economic growth has been achieved during recent years with an average annual rate of growth from 1968 to 1974 of 6.5 percent. The rate of growth in 1975 was lower as a result of depressed world market conditions and Colombian efforts to control inflation and implement fiscal reforms. However, more rapid growth is expected to resume in 1976. High world coffee prices have substantially improved the balance-of-payments situation. While overall growth prospects are promising, Colombia continues to have serious problems of extreme poverty and high unemployment for large segments of the population. The Colombian Government development program is aimed at improving the lot of the poor, particularly in rural areas. These programs will be financed largely from Colombian resources or with loans from the World Bank and the Inter-American Development Bank.

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DEVELOPMENT ASSISTANCE TO BRAZIL, ECUADOR, AND COLOMBIA

Mr. CONTE. When do you expect that they will no longer receive development assistance?

Mr. KLEINE. In view of Brazil's dramatic economic growth and the favorable prospects for the country, the U.S. economic assistance program in Brazil, begun before World War II, is currently in the last years of a planned phaseout and is scheduled to wind up in mid-1977. I anticipate that Brazil will continue to receive development assistance from the international financial institutions for several more years.

AID ceased providing new bilateral development assistance to Ecuador in fiscal year 1975, although the country may still participate in regional or interregional projects where these can make an appropriate contribution to Ecuador's development efforts. Since it remains one of the low-to-middle income countries in the hemisphere, I would expect that Ecuador would continue to receive development assistance from other sources, particularly the World Bank and the Inter-American Development Bank, for some time.

Although AID will make no new commitments to Colombia after fiscal year 1977, it is expected that disbursement of bilateral loan and grant funds will be completed in approximately 3 years. Assistance from international agencies, both loan and grant, as well as from other bilateral donors, is expected to continue.

INCOME DISTRIBUTION

Mr. CONTE. Has Latin American income distribution or maldistribution, depending on how you assess it, improved at all? If so, where?

Mr. KLEINE. Reasonably current, reliable, and comparable income distribution data are not available for the Latin American countries. While the information available makes it clear that income distribution is highly skewed with a large share of all income flowing to the upper categories of income recipients, we are not able to measure the effect of improvement in the welfare of the lowest income groups in Latin America. However, all of the governments of Latin America participating in the AID program are placing increasing emphasis on efforts to provide for more equitable income distribution. AID-assisted agriculture projects focus on the small farmer and landless laborer by means which include programs of land reform, support of cooperatives and credit organizations, and the development of efficient technology applicable to small farms.

Projects are also underway which will increase the knowledge and work capabilities of the unskilled poor, provide education and training relevant to productive employment, and strengthen small-scale, labor-intensive farms. Population and health projects are designed to assure access to and meet the needs of the poor. Research continues which will increase understanding of the relationship of employment and income distribution to other economic and social factors and to develop appropriate low-cost, labor-intensive technology.

While AID programs measure the impact of each of our programs on the target groups, AID cannot now estimate the particular overall effect on equity country by country. We believe that there has been

considerable improvement in certain factors. Given continued innovative programing, strong commitments by the governments, and improved statistical capacity, we anticipate substantial and measurable progress for Latin America's poor.

BENEFITS INCIDENCE IN DEVELOPMENTAL PROJECTS

Mr. CONTE. What encouragement are you giving to insure the development benefits are felt more directly by the poorest in Latin America?

Mr. KLEINE. Assuring that the development benefits of our assistance flow as directly as possible to the poorest populations in Latin America is a priority concern in all of our operations, from the initial stages of programing assistance to be developed, through to postproject evaluations of actual results.

In the majority of our programs, the priority beneficiaries of our assistance are identified as target groups of rural poor, small farmers, or underemployed individuals. Our guidelines for programing assistance emphasize the selection of projects which will reach these target groups, through direct or indirect means, with activities which maximize delivery of developmental benefits to those groups. Moreover, emphasis is given to identification and selection of projects involving maximum commitment and participation of national, public, and private sector institutions and assuring that the projects selected will continue to be implemented and expanded after AID assistance has terminated.

In actual project development efforts, we focus on identifying the constraints to improving the well-being of the target groups which we intend to address, and on the formulation of projects designed to eliminate such constraints. The identification of problems and constraints facing the rural poor generally is the result of such studies as sector assessments and analyses (for the agricultural, education, health, and nutrition areas, for example). The soundness of the individual projects and their impact on the target groups are verified by the technical, economic, social, and financial analyses required in our project development documentation.

Additionally, our projects include appropriate built-in measures for ongoing reviews or evaluations—for example, annually—of the project's performance against established objectives. Further, evaluations of completed projects are undertaken to similarly determine project accomplishments and to provide information on how projects in stages of current or proposed development can benefit from earlier Agency experiences. The following list of recently authorized projects illustrates how our projects are designed to directly assist the rural poor:

1. In Guatemala, a $4.5 million rural credit and cooperative development project (fiscal year 1974) will: (*a*) Increase the productivity and incomes of small farmers through project activities which support development of viable, effective, and autonomous cooperative federations; and (*b*) stimulate economic activity among small-scale farmer groups in a precooperative stage and contribute to the development of a rural financial infrastructure in Guatemala. Loan funds are to be relent by cooperative federations to their membership for agricultural production and marketing activities, small rural business, and

social improvements in rural areas, such as farm and home improvements, and education of small-scale farmers and their families.

2. In Colombia, a $5 million small farmer market access project (fiscal year 1976) will use labor-intensive methods for construction of access roads which will contribute to increasing small farmer productivity. Beneficiaries will be small farmers living within 5 kilometers of the roads constructed in addition to those who participate directly in the construction activity.

3. Also in Colombia, a $3.4 million small farmer development project (fiscal year 1976) will define a process by which the constraints on small farmer income and productivity can be identified and overcome in any one geographic region of the country. Various alternatives will be tested over a 3-year period. At the end of this period, the project will have identified an optimum system for the cost effective application of development resources to Colombia's small farmers.

4. In Chile, a $5 million nutrition project (fiscal year 1975) will create and institutionalize a national nutrition planning capacity with the goal of reducing malnutrition by 50 percent within 10 years among the target groups of: (*a*) Pregnant and lactating women, and (*b*) children up to 15 years of age in the poorest one-third of the Chilean population. The project will develop pilot projects to test effectiveness of nutrition intervention programs, support research in Chilean nutritional problems, and develop a nutrition information system to monitor and evaluate nutrition programs.

5. In Brazil, a $7.6 million integrated health delivery systems project (fiscal year 1973) is developing two different large-scale models of low-cost rural health delivery systems in the impoverished northeast section of Brazil. The programs are aimed at reaching 70 percent to 80 percent of mothers and children in specific target areas (of about 1 million population each) with basic maternal and child health services by 1978. Similar loan project designs to this model are near completion for the Dominican Republic and Bolivia.

6. In Bolivia, a $4.9 million rural education project (fiscal year 1976) will assist the Bolivian Government to establish a more efficient and equitable public education system which is institutionally and substantially responsive to the needs of rural Bolivians. The project is designed to increase enrollment of rural youth in rural schools, decrease illiteracy in rural areas, and increase opportunities for lifelong education.

7. In Nicaragua, a $14 million rural development sector project (fiscal year 1975) is designed to improve the standard of living and the quality of life of the rural poor of Nicaragua. Specifically, the project supports Nicaraguan efforts to develop and operate an Institute for Campesino Development designed to reach the rural poor who previously have had limited or no access to development resources and services required to increase their productivity and improve their well-being. The institute will develop model rural development projects and delivery systems that can progressively be expanded to all the rural poor of Nicaragua.

DEVELOPMENT ASSISTANCE TO INTERMEDIATE COUNTRIES

Mr. CONTE. I am concerned that several of the intermediate countries like Ecuador and Colombia might feel a sort of middle class

crunch. They are not rich enough to compete equally yet they are not so poor as to qualify for concessional aid. What can be done to alleviate this problem?

Mr. KLEINE. While it is true that neither Ecuador nor Colombia will be receiving AID concessional assistance after fiscal year 1977, both countries will continue to receive substantial amounts of development assistance from other bilateral donors as well as from the international financial institutions.

In Ecuador the issue is not so much one of richness or poorness in the short term, but the availability of financial resources and their wise use to promote development. Ecuador's substantial continuing petroleum revenues, plus financing from the World Bank, the Inter-American Development Bank, and other sources will provide development resources at a level considerably above anything contemplated a few short years ago in Ecuador. Colombia will also still have access to relatively concessional lending from other sources such as the World Bank and the Inter-American Development Bank. Other bilateral donors also have, in some cases, provided loans on relatively favorable terms.

DEGREE OF FAMILY PLANNING PROGRAM SUCCESS IN LATIN AMERICA

Mr. CONTE. To what degree is our family planning program in Latin American having any success?

Mr. KLEINE. While we have had evidence of rapid fertility decrease in small countries such as Costa Rica and Jamaica where AID-supported family planning programs have been implemented, we now have evidence of a rapid fertility decrease in Colombia. This evidence, from the third most populous country in Latin America, is indicative of what can occur when family planning programs are made available. The drop in the birth rate from somewhere in the forties before the start of the Colombia family planning programs to the low thirties by 1973 shows the impact family planning activities have had on fertility.

SHIFT IN GRANT AND LOAN LEVELS FROM FISCAL YEAR 1976 TO FISCAL YEAR 1977

Mr. CONTE. Why have grants increased from $45.7 million to $49.9 million while loans have decreased over $60 million from last year?

Mr. KLEINE. The increase in the grant program results from two changes: additional assistance to (1) private voluntary organizations (PVO's) and (2) the poorest countries of the hemisphere. While our fiscal year 1976 request included some $1.2 million for PVO programs, our fiscal year 1977 request calls for $4.4 million of assistance to PVO's through operational program grants, an increase of $3.2 million. Our proposed grant assistance to Haiti, Bolivia, and Honduras has increased by $2.8 million. Together these two shifts account for an increase of $6 million, which is more than the difference between the fiscal year 1976 and fiscal year 1977 requests.

The reduction in the loan request results from a phaseout in our loans to Colombia and cyclical variations in the Dominican Republic, Peru, Costa Rica, and Nicaragua. In addition, the Chile request has been reduced by $11 million.

YIELD IMPROVEMENT AND INCREASED INCOMES ON SMALL FARMS

Mr. CONTE. Can improvement of yield on small farms significantly increase the income of the farmers or will they still hover near the poverty level?

Mr. KLEINE. Increases in yields (defined as increased output per unit of land) on small farms will not in and of themselves significantly increase the income of farmers and lift them above the subsistence poverty level. Normally, yield increases are stimulated when a combination of interdependent factors come into play such as availability of technical assistance and agricultural credit, marketing systems responsive to small farmer volumes of production, and land tenure arrangements that stimulate optimum use of both capital and labor.

It is possible to produce more on a unit of land by increasing the amount of labor on the farm. An increase in farm family labor is essentially "costless." Most increases in yields, however, cost something, that is, increased yields generally come about as the result of increased use of fertilizer and other inputs. More fertilizer and other inputs are needed with improved plant varieties than with the traditional varieties used by the small LDC farmer. These costs will in part offset his increases in revenue.

In the long run, the small farmer's income will be constrained by his limited factors of production: his own labor, plot of land and capital. The long-run opportunity for dramatic increases in his income will depend on a major improvement of the small farmer's resource base, essentially more land.

Nevertheless, the income and welfare of the farmer's family can rise substantially above the poverty level through improvements in technology, production credit, stabilized prices, storage and marketing facilities—all of which help him get more out of his existing resources. AID programs can support improvements in all of these areas.

MORE EQUITABLE LAND TENURE ARRANGEMENTS FOR SMALL FARMERS

Mr. CONTE. What type of more equitable land tenure arrangements do you feel would be of help to small farmers?

Mr. KLEINE. The types of land tenure arrangements which contribute to increasing production, incomes and the well-being of small farmers can be broken down as follows:

1. Tenure arrangements providing security of expectations:

(*a*) Land titles: in the absence or a clear title to the land, a farmer may be reluctant to make investments and engage in long-term planning since he has no assurance that the land will be his in the future to reap the reward of such investments.

(*b*) Written lease: without a written lease, the time period of operation is uncertain as is the future rental rate again tending to restrict investments that have a recovery rate of more than one season.

(*c*) Short-term lease: (same general problem as in (*b*) with more security as to time period, but nevertheless too short a period to justify long-term investments).

(*d*) Provision for compensation of permanent improvement: even if there is a written lease of 3 years, for example, investments with a recovery rate of more than 3 years will be restricted in the absence

of a provision for compensation for the unrecovered portion of such investments.

2. Tenure arrangements providing rewards commensurate with effort:

(*a*) Share tenants supplying inputs in a share proportionate to the division of the product: research on this question has shown that inefficiencies in production result when variable costs are not shared in the same proportion as the output is shared.

(*b*) Differentiated salaries under cooperative or collective farming systems: if extra effort or skill is not rewarded, it will rarely be forthcoming.

(*c*) Adequate wages for workers on large estates or an adequate share in the profits from the estate: individuals will not put forth the extra effort if there is no prospect of their sharing in the extra output.

3. Tenure arrangements assuring the availability of necessary resources:

(*a*) Credit: Credit may not be available due to inadequately developed facilities or lack of loanable funds, but it may be restricted due to faulty land titles or lack of managerial ability. This latter factor may also be a direct result of tenure arrangements which make it difficult to acquire such skills (for example, a farm worker on a large estate who has never had an opportunity to use his judgment in managerial matters may be denied credit because of his lack of managerial capacity).

(*b*) Market development: Land, service, and produce markets are all functionally related to the system of land tenure in existence. For example, in a system of large holdings passed through inheritance from one generation to the next, there is a poorly developed market for land (both rental and sale). In this same system, due to the virtual self-sufficiency of large farms, service markets do not develop which in turn makes it difficult for small farmers to operate. Likewise, produce markets are geared to production on large farms which may restrict the enterprise choices and productivity of smaller farms.

(*c*) Water rights: In an agriculture dependent on irrigation, the method of distribution of water rights and the rationality of such distribution relative to the land resources can be a key factor in determining the agricultural output.

TRANSPORTATION AND MARKETING SYSTEMS

Mr. CONTE. Even if production does increase, the marketing and distribution systems are terrible there. How much are you spending on transport systems? How much for marketing education?

Mr. KLEINE. Of course the marketing-distribution channel encompasses much more than only transportation and marketing education, but to answer the question, in transport systems we have done quite a bit. Approximately 60 percent—$8.16 million—of our four municipal development loans—Honduras, Costa Rica, Panama, and Guatemala—involves improving the marketing system including transportation. Many of our development programs include feeder road and farm-to-market road improvement elements such as the new fiscal year

1976 Caribbean Development Bank loan entitled "Integrated Agricultural Development." This loan provides for up to $3 million in feeder road development. Over the past 5 years we have spent in total approximately $75 million on transport systems.

How much for marketing education? Most of the marketing education activities have been through grant activities, however, some loans such as the $6.2 million grains and perishables marketing loan in Panama deal with marketing education through loans. Roughly $40 million of both loan and grant funds have been devoted to marketing education over the past 4 years.

EFFECT OF CROP PRODUCTION ON ECONOMIC SITUATION IN HAITI

Mr. CONTE. Will crop production alone be enough to pull Haiti out of the severe economic situation that it is experiencing?

Mr. KLEINE. No; we do not believe so. The severe economic situation that exists in Haiti is a result of many factors. The basic reasons for the extreme poverty in Haiti are the poor resource base which has further deteriorated in recent years, the extreme population pressure on the land and the one-way flow of resources from the rural areas to metropolitan areas. The strategy for our assistance program in Haiti will stress a reversal in the flow of resources concerning all sectors. Our agricultural program in Haiti will stress increased food production of traditional and new crops within a system of soil conservation practices which are expected to halt the rapid degradation of environmental resources. The program we expect to implement through the integrated agricultural development project scheduled for the interim quarter will initiate simultaneous crop production and soil conservation activities with farmers in several selected irrigated areas and their watersheds. We further anticipate that we will expand this program on a countrywide basis in fiscal year 1978 to nonirrigated watershed areas. We expect to affect a major portion of all rural families in Haiti. Such a program will require significant financial resources. We consider this type of approach, however, to be essential in helping to bring Haiti out of the severe economic situation which presently exists.

CREDIT-IN-KIND NETWORK IN BOLIVIA

Mr. CONTE. Could you explain further the credit-in-kind network in Bolivia?

Mr. KLEINE. This system is being used in the new fiscal year 1976 small farmer organization loan for $7.5 million as an institution building process for the development of an agricultural supply cooperative federation. A survey of the credit needs of the small farmers showed that agricultural supplies were one of the small farmer's principal needs and an adequate supply channel of such inputs were critically constraining their production plans. Therefore a mechanism was established where eventually four regional cooperative federations will be developed to help purchase and distribute agricultural supplies to former group members.

Repayment can take the form of part of the harvested crop or in cash after sale. Each group association utilizing the supply coopera-

tive system is jointly responsible for the credit-in-kind lending. This particular mechanism eliminates costly individual loan processing and helps get credit-in-kind—fertilizers, supplies, et cetera—out to groups of small farmers in a more efficient and effective method. Eventually the small farmer groups will acquire control over the supply federations thus making it a truly cooperative system. The federation in its early stages of development will be assisted by the National Community Development Service of Bolivia.

THE DIRECTION OF OUR POPULATION PROGRAMS IN ASIA

Mr. CONTE. Mr. Gardiner, what is the direction of our population programs in Asia? We had a special hearing on this last fall and many ideas were discussed. What I want to know is if you have targeted a goal and what are you doing to reach it?

Mr. GARDINER. Our overall goal is the reduction of population growth rates to achieve replacement levels as soon as practicable. This objective is in keeping with the challenge issued in 1975 by the United Nations Economic Commission for Asia and the Pacific. While we would like to achieve this goal in 25 or 30 years, the complexity and magnitude of the problem may not permit this.

In order to achieve this goal, 86 million women of fertile age in the Asian countries where we have active programs would have to have access to family planning services and indeed 65 percent of these women would have to be contracepting at any one given time. It is clear that only a proportion of these women can be serviced through Government clinics and other monitored programs. The role of the private sector in providing family planning services is indeed an important one and will continue to be so. Government programs, however, can hope to reach 15 percent to 35 percent of fertile-age couples.

More important than our aspirations, however, are the development country goals. Most have established short-term objectives which are compatible with their national objectives interest. To the extent that we can provide support to these national programs, we do so. Their long-term objectives, on the other hand, coincide with our own goals.

The current situation in East Asia differs from that in South Asia. In the former, Korea, Thailand, the Philippines, and Indonesia are all approaching or have exceeded the 15 to 35 percent target. The average growth rates for these countries in the early 1960's were around 3 percent with crude annual birth rates of well above 40 per 1,000 population. These countries are currently demonstrating official Government interest in family planning and are providing the impetus needed in these programs. Korea, for example, is now considered a graduate country with an annual growth rate of about 1.7 percent—crude annual birth rate is 23 per 1,000 population. Taiwan, an early graduate, has a 1.8-percent growth rate and a crude annual birth rate of 23 per 1,000 population.

Indonesia, the Philippines, and Thailand did not undertake national fertility control programs until 1970. Their current growth rates are 2.1 percent, 2.9 percent, and 2.6 percent, respectively. We do not have reliable data on crude birth rates at this time.

In South Asia, Sri Lanka, Bangladesh, and Pakistan have growth rates of 2 percent, 2.7 percent, and 2.9 percent, respectively. The problems here are more serious than in East Asia. The numbers and den-

sity of people in the countries where we are providing assistance are much greater and the task of reaching them are much more complex. Our joint family planning programs in South Asia are reaching about 10 percent of fertile-age couples. While we provide contraceptives, we are not neglecting such vital activities as planning for integrated services, data collection and analysis, training medical and paramedical personnel, motivation programs, and information and education campaigns.

While there is statistical evidence that our programs are having an impact on fertility declines, the statistical base in most of these countries is still inadequate on which to base countrywide estimates of fertility rates. Most of the data is verified through fertility sample surveys and other demographic studies of small areas.

LOAN FUNDED POPULATION PROGRAMS

Mr. CONTE. Why is there a shift from grants to loans in the Philippines and Indonesian population programs?

Mr. GARDINER. Because last October the Agency decided that, in order to conserve limited grant funds to meet a significant increase in grant program requirements, it should examine the possibility of loan funding commodities for its population programs. Following this decision, an action plan was prepared for a substantial annual increase in loan funded commodities over a 5-year period beginning with fiscal year 1977. Criteria were established as part of this plan to aid in deciding in which countries loan funding would involve the least risk to population program progress. The Philippine and Indonesian programs were judged the first programs to meet the criteria.

RURAL HEALTH DELIVERY SYSTEMS IN ASIA

Mr. CONTE. What type of rural health delivery system are we supporting in Asia? Does this infrastructure dovetail with population planning material distribution?

Mr. GARDINER. AID's objective in Asia is to support and to enhance the development of integrated health delivery systems. It is not always possible to initiate programs of this nature, however, because of the difficulties inherent in designing, managing, and financing such programs by developing countries. All of the countries in Asia in which we have active programs pursue explicit policies for integrating health services. However, the ability to implement the policy varies considerably. In Thailand, for example, the Government is financing jointly with the United States a program that seeks to determine characteristics for low cost health delivery systems. The Thailand Government fully expects to utilize results of the study to strengthen its own integrated health system to the extent it is practicable to do so. The Nepal Government is currently attempting to redesign its program to integrate several health and family planning activities. The Pakistan Government agreed to integrate its health services in 1973. However, it has not been able to implement a countrywide system as yet because of the financial and manpower requirements for such an undertaking. The U.S. program is largely in family planning, a division of labor that is a function of joint Pakistan/United States plan-

ning. Also, a major rural health delivery program is currently being designed for implementation in fiscal year 1977. The University of Hawaii is providing the major part of the design capability.

In every case where family planning and health services are integrated, medical and paramedical personnel are trained to service persons in both areas. The challenge now is to go beyond this and examine the possibility of providing services in agriculture extension, nutrition, and nonformal education as well.

The University of Indonesia and the University of Hawaii are conducting an integrated program in an Indonesian province. Under government auspices the program involves health, family planning, agriculture, and education. While the model is new as well as innovative, the fact that the Indonesia Government requested its design indicates a considerable amount of interest in this approach.

While integrated health delivery systems will continue to receive our support, we should note that family planning commodities will and should increasingly be available in the private sector through commercial shops, tea stalls, mothers' groups, and other nongovernment groups.

EDUCATION AND HUMAN RESOURCES

Mr. CONTE. Your request for education and human resources is double that of last year, $28.4 million. How do you justify such a massive increase over 1 year?

Mr. GARDINER. The increase is largely explained by two new loans totaling $12 million which are scheduled for implementation in fiscal year 1977. One is a $10 million loan to Pakistan for primary education aimed at increasing student enrollment and retention in rural schools—particularly with regard to girls—thereby increasing villagers' participation in the nation's economic and social processes. The other is a $2 million loan, also to Pakistan, to improve and expand the use of mass media in the support of development programs in rural areas. These loans reflect a further application of the Agency's policy to direct assistance to the rural poor, as mandated by the 1973 amendment to the Foreign Assistance Act.

As the Agency identifies similar activities that are directed at the poor majority, education loans will account for a larger share of available resources. We expect the maturation of education activities in nonformal education, for example, in the next year or two as well as other forms of practical education for the poor people in developing countries.

EDUCATION AS A DEVELOPMENT PRIORITY

Mr. CONTE. With only 5 percent of rural poor in Pakistan receiving medical care, a devastating infant mortality rate and malnutrition, is it not a bit premature to emphasize education?

Mr. GARDINER. The development process is interrelated and cannot proceed on one front alone. Providing education opportunities without addressing health and nutrition problems would be pointless. Similarly, as long as the poor majority remain ignorant and superstitious they will not be able to combat poor health conditions and malnutrition. Basic education for both youth and adults will provide

the knowledge, skills, and attitudes necessary for their effective contribution to and participation in the development process by providing (1) specific-income producing skills; (2) practical knowledge about health, sanitation, nutrition, family planning, and agriculture; and (3) greater social equity for women through access to learning.

In the long run, the development of a modernizing attitude and a predisposition to change behavior on the part of individuals may be the main contribution of education to development. Thus, basic education can create the willingness to question traditional patterns, to be receptive to new ideas and to believe in the ability to understand and control one's immediate environment.

AVAILABILITY OF FERTILIZER IN BANGLADESH

Mr. CONTE. Last year there was a great deal of concern over fertilizer availability, especially in Bangladesh. Is that still a major problem?

Mr. GARDINER. As you know, fertilizer prices have dropped greatly in the past year or so, indicating that both nitrogenous and phosphatic fertilizers are much more readily available at present than they were in early fiscal year 1975.

Bangladesh was doubly unfortunate, because not only was that country one of the most severely affected by the price increases in petroleum, fertilizers and food, but also the country's largest urea factory was shut down for almost all of fiscal year 1975 following an explosion. At that time it was impossible for Bangladesh to import sufficient nitrogenous fertilizer through purchase of concessional assistance. The distribution of urea dropped from 268,000 metric tons of product in fiscal year 1974 to 176,000 metric tons in fiscal year 1975. We expect that urea distribution should reach 320,000 metric tons in fiscal year 1976. Our people tell us that fertilizer is readily available in the countryside at present.

Bangladesh imports most of her triple super phosphate fertilizers, whereas she produces most of her urea using natural gas from domestic deposits. AID made a $30 million loan in fiscal year 1975 to finance part of the construction costs of a large new urea factory at Ashuganj, which will meet urea requirements during the late 1970's.

U.S. MULTILATERAL AID TO INDIA

Mr. CONTE. How much is the United States indirectly contributing to India through the World Bank and the Asian Development Bank?

Mr. GARDINER. In fiscal year 1975 the World Bank committed $209 million to India, and the International Development Association (IDA), a member of the World Bank Group, committed $631.3 million. As of June 30, 1975 United States subscriptions to the capital stock of the World Bank accounted for 25.3 percent of the total, and the United States share of total subscriptions and supplementary resources to IDA totaled 37.1 percent. However, subscriptions to the two institutions are not allocated to specific loans or loan recipients. Moreover, the World Bank Group has other sources of funds, such as recycling of loan amortizations and interest, and sales of bonds.

The Asian Development Bank has not had an active program in India in recent years.

INDONESIAN POLICY TOWARD TIMOR

Mr. CONTE. What is the current state of Indonesian involvement in the former colony of Timor?

Mr. GARDINER. Indonesia's involvement in East Timor came in the wake of a complex series of events extending back to the change of regimes in Portugal in 1974. Prior to that time Indonesia had shown little interest in Timor, and has never laid claim to any portion of the territory. The events subsequent to 1974 have been described in detail in the March 12, 1976 report of the United Nations Secretary General to the Security Council, based on the factfinding mission of his special representative to the area early this year. To sum up the report, the situation has involved a prolonged effort by Portugal, in consultation with Indonesia, to arrange an orderly decolonization of the territory; an outbreak of civil war between rival Timorese factions; the enforced withdrawal of the entire Portuguese administration as a result of the fighting; a unilateral declaration of independence by one of the warring faction; Indonesian intervention at the request of the other Timorese factions; and the establishment by the latter of a "provisional government" which now claims to be in full control of the territory.

Timor is a remote area and our information on events there is inadequate in many respects. What information we do have, however, tends to confirm that the provisional government is in control of most of the territory and that the fighting is now confined to a few remote inland areas. Some of the Indonesian forces in the territory (which Indonesia asserts are there only at the invitation of the provisional government) reportedly have been withdrawn to Indonesian soil. According to Indonesian reports, life in most of the territory is beginning to return to normal.

The report of the Secretary General having been circulated to the members of the Security Council, a resumption of the Council discussion of Timor is expected shortly.

EFFECT OF OIL REVENUE ON INDONESIA'S RURAL POOR

Mr. CONTE. What effect has oil revenue had on the rural poor of Indonesia?

Mr. GARDINER. A revealing indicator of the effect of oil revenues on the rural (as well as urban) poor of Indonesia is the per capita gain in GNP as a result of oil earnings. According to a World Bank analysis done last year, net benefits from oil for the period from 1972 to 1975 are estimated at $18–$20 per capita. However, in terms of buying power, this is largely offset by the great increase in import prices over the same time period. The net gain therefore is approximately $6 per capita. Inflation has also eroded the value of the national budget which places high priority on stimulating small farmer agriculture. Beneficial effects from oil have been slow in application, but the Indonesian second 5-year development plan 1974/79 emphasizes broadened equity

and employment stimulation. Evidence of the seriousness of this effort is found in the fiscal year 1976 budget; development expenditures are up 51 percent over the previous year, and for the first time, exceed routine expenditures. Except for the lowest paid workers, no government pay increases are budgeted for the year—even in the face of a continuing high rate of inflation (now about 20 percent). In his budget message this year President Suharto justified this austerity as consistent with the government's priority goals of economic and social justice in development. Economic gains among the rural poor are beginning to be measured as an integral part of the implementation of the second 5-year development plan.

NUTRITIONAL REQUIREMENTS IN INDONESIA

Mr. CONTE. How severe is the shortfall of minimum daily nutritional requirements?

Mr. GARDINER. FAO recommends for Indonesia an average daily food per capita consumption of 2,160 calories and 36 grams of protein. The most recent FAO data on actual consumption (1972) shows the average daily per capita consumption to be 1,770 calories and 41 grams of protein. The average caloric shortfall is, therefore, a little over 300 calories. However, it should be understood that due to the unequal income distribution in Indonesia, a very substantial portion of the population exists below the recommended level.

FAMILY PLANNING IN INDONESIA

Mr. CONTE. In the opening statement you mentioned that the family planning effort in Indonesia demonstrated that successes are possible with full government commitment. What were the successes here? How did the Indonesian Government demonstrate its commitment?

Mr. GARDINER. A major problem in measuring success in family planning programs is the dearth of hard statistical and demographic data. However, field work is now underway on the 1976 intercensal population survey (jointly funded by the Government of Indonesia and AID) which will allow a comparison with the 1971 census.

One of the measures we use to determine family planning programs success is the number of acceptors in the programs. There are, for example, about 12 million women of fertile age on the islands of Java and Bali where 60 percent of Indonesia's population is crowded on less than 7 percent of its total land area. Approximately 2.8 million women are currently practicing contraception or over 20 percent of the fertile age group. In sample surveys of certain communities it has been found that almost 80 percent of the fertile age women are contracepting. These figures indicate a very high acceptance level.

The Indonesian Government has brought its family planning program within reach of large numbers of its people even though it is one of the poorer countries in the world on a per capita basis as well as being largely rural and illiterate—factors sometimes cited as being antithetical to population control.

Several factors are responsible for some of the successes of the Indonesia program. One is the strong governmental support for the pro-

gram, another is the innovative delivery system that integrates family planning and other services and a third is a simple but effective communication system between the field and central government offices.

At every level of government organization fulfillment of family planning workers is the responsibility of government executives. Government support for family planning is visible at all levels from President Suharto to the 26,000 villages on Java that are a part of a network of village contraceptive distribution centers. These centers provide ready availability of oral contraceptives and condoms after an initial visit to one of the country's 2,600 family planning clinics. AID provided initial funding for most of these centers, which are being absorbed into the Indonesian budget. The total Indonesian budget for family planning has increased from $75,000 equivalent in Indonesia's fiscal year 1968–69 to $12,500,000 equivalent in fiscal year 1975–1976.

MANPOWER TRAINING IN NEPAL

Mr. CONTE. Nepal lacks trained manpower to fully utilize our assistance. What is being done to increase the level of trained officials?

Mr. GARDINER. Our annual programs in Nepal contain a major element for training Nepalese in needed developmental skills at various levels. Since the inception of the Nepal program in 1952, well over 2,000 Nepalese participants have been trained by AID and predecessor agencies. In fiscal year 1976 and fiscal year 1977 we plan to train an additional 385 in the United States and selected third countries, including India.

These external training programs are supplemented by AID in-country training programs conducted by its own personnel, short-term consultants, and long-term contract teams working on various AID development projects in Nepal. The Manpower Development and Training project in Nepal provides additional impetus to training in finance, planning, economics, and development administration. Additionally, the Government of Nepal organizes and implements inservice training programs on its own initiative utilizing former AID participants.

PROGRAM INCREASES

Mr. COUGHLIN. It seems we have spent a great deal of time in each other's company in the last couple of days and I join in welcoming Mr. Parker to the committee.

Your total program for AID has gone from $2.48 billion in 1975 to $3.37 billion in 1976 and $3.24 billion in 1977.

Am I correct in saying that the major increase between the 1975 level and 1977 level is the continuing additional assistance for the Middle East?

Mr. PARKER. Yes, it is, although I would like to point out that there is a significant increase in the appropriated level in the functional development assistance program. We would like to do more but as we have said in discussion we have requested more and we are closing the gap on that.

But the major increments, Mr. Coughlin, you are correct, are in the supporting assistance accounts.

Mr. COUGHLIN. And you show in your justification that actually the total economic assistance package is only about 1.1 percent of our total Federal budget.

Mr. PARKER. Yes, that is correct.

LOANS AND GRANTS

Mr. COUGHLIN. Of your total package of $3.2 billion for 1977, how much of that is in grant and how much of that is in loan funds?

Mr. PARKER. Mr. Coughlin, I am going to have to get the extended detail for the record, but within the functional development assistance accounts the amount that we are requesting for grant is $472 million and for loans is $518 million.

That pertains to the total program of $1.166 billion.

Mr. COUGHLIN. Can you provide for the record the total program, what it will be in grants and what it will be in loans?

Mr. PARKER. Yes.

To clarify that we will show operating expenses separately according to the new format.

GRANT ELEMENT IN LOANS

Mr. COUGHLIN. And in connection with the loan program, the major cost of that to the taxpayer is the concessional values of loans. Will you provide for the record the difference between the concessional rate of the loans you will be extending and the fair market rate at the present time?

Mr. PARKER. Yes, indeed, I would be glad to do that.

LOAN TERMS

Mr. PARKER. May I make an additional comment?

Mr. COUGHLIN. Yes, sir.

Mr. PARKER. We have recently issued a new set of police guidelines and criteria and we will from fiscal 1977 onward be reviewing each country according to its needs for the degree of concessionality in its borrowing. We are not automatically going to go for the most concessional terms in our loans from this point forward.

Even though AID no longer gets the reflows which go back directly to the Treasury, we nonetheless are seeking to have the loan terms reflect the capability of the developing country and if they can carry harder terms, then we are going to negotiate those into the loan.

Mr. COUGHLIN. It is important to me to have in the record what the real cost of this program is—what the real cost is to the taxpayer. It is somewhat less than $3.2 billion because part of it is in loans and the cost to the taxpayer is less, provided the loans are paid.

Mr. PARKER. Yes, we will supply that for the record.

[The information follows:]

GRANT ELEMENT OF DEVELOPMENT LOANS

Most AID development loans are 40 years in duration carrying a 2 percent interest charge in the first 10 years, with principal and 3 percent interest payments due for the next 30 years. This yields a grant element of 64 percent.

Since the terms of U.S. development loans are not standardized, it is not possible to determine precisely the grant element which will result from current fiscal year activity. The figure should, however, be similar to the average grant element of AID lending in 1974 which was 65.8 percent.

FISCAL YEAR 1977 PROPOSED AID PROGRAM

[In millions of dollars]

Program	Grants	Loans	Operating expenses	Othe
Functional development assistance	472.0	518.0	176.1	
International organizations and programs	177.7			
American schools and hospitals abroad	7.3		.2	
International disaster assistance	25.0			
Foreign service retirement				16.7
Contingency fund	10.0			
Security supporting assistance	701.5	1,085.5	19.6	
Middle East special requirements	35.0			
Total	1,428.5	1,603.5	195.9	16.7
Total program	3,244.6			

OTHER DONOR ASSISTANCE

Mr. COUGHLIN. On page 9 of your statement, you indicate that the United States is tied for 12th among 17 DAC donor countries in terms of its percentage of GNP that we devote.

Can you provide for the record the countries that spend more of their GNP?

Mr. PARKER. Yes; be glad to do that.

[The information follows:]

ASSISTANCE OF OTHER DONORS AS PERCENTAGE OF GNP

Of the 17 DAC member countries, 11 have devoted a greater percentage of their respective GNP's for Official Development Assistance (ODA) than has the United States. In calendar year 1974, the following donors outranked the United States, which provided .25 percent of GNP for ODA:

Donor:	*1974 ODA as percentage of GNP*
Sweden	0.72
Netherlands	0.63
France	0.59
Norway	0.57
Australia	0.55
Denmark	0.55
Belgium	0.51
Canada	0.50
United Kingdom	0.38
Germany	0.37
New Zealand	0.31
Japan	0.25
United States	0.25

CANADA FOREIGN AID

Mr. COUGHLIN. Could you give us some examples now?

Mr. PARKER. Yes; for example, Canada.

Generally, as a rule of thumb, we look at Canada and think their economy, their population, is about 10 percent of ours, and, therefore, you would think that their aid would be about 10 percent of ours.

In fact, they are about double the proportion of aid, and in the last year for which I have a record, in contrast to our $3.4 billion, Canada had $713 million.

On a proportionate basis, their official development assistance flow would be over $7 billion, about twice ours.

SWEDEN FOREIGN AID

Leading the list is Sweden with $401 million, which is 0.72 percent of their gross national product.

NETHERLANDS FOREIGN AID

Netherlands again is a very forthcoming country, at $435 million or 0.63 of their gross national product.

U.S. AID

To put this into further perspective Mr. Coughlin, the U.S. share of total official development assistance flows for all Development Assistance Committee (DAC) members in the last decade has fallen from an average of 58 percent during 1964–66 to 30 percent in 1974.

U.S. official development flows, as a percent of the GNP, has declined from an average of one-half of 1 percent during 1964–66, to one-quarter of 1 percent in 1974. On the same basis, the United States ranked on average during 1964–66 in 3d or 4th place among all DAC members, compared with 1974 when the United States was tied with Japan for 12th place.

Mr. COUGHLIN. Thank you, Mr. Chairman. I believe my 5 minutes are up.

Mr. PASSMAN. I think I should clear up the record at this particular point.

You are referring to one spigot, only what you handle, are you not?

Mr. PARKER. No, sir.

Mr. PASSMAN. Does that pick up Public Law 480, all the international organizations, the banks, and everything?

Mr. PARKER. Yes, Mr. Chairman, it does.

Mr. PASSMAN. Let me ask you this.

U.S. PUBLIC DEBT

Canada has reduced their indebtedness substantially in the past 30 years. We have pushed ours up from $259 billion to $600 billion, haven't we?

Mr. PARKER. Our national debt?

Mr. PASSMAN. Yes.

Mr. PARKER. The estimate for fiscal 1976 is slightly over $600 billion.

Mr. PASSMAN. When we started AID we started with a $259 billion public debt. It now stands at over $600 billion; is that correct?

Mr. PARKER. Yes, sir.

Mr. PASSMAN. It is my understanding that of the $600 billion public debt about one-third of it is held by international banks, governments, foreign nationals, or Americans living abroad.

Mr. PARKER. I don't know that, sir. Dr. Birnbaum may.

Mr. PASSMAN. Mr. Birnbaum, how about that? What part of the total debt is owned by Americans living abroad, foreign governments, foreign banks, or foreign nations?

Mr. BIRNBAUM. I would submit, sir, that a very large percentage is held by Americans, it is internally held so very little of our debt——

Mr. PASSMAN. That isn't the question I asked at all.

I asked what is the amount of dollars being held by foreign governments, foreign nations, foreign banks, or Americans living abroad?

Mr. BIRNBAUM. That is distinct from the debt.

If you are talking about how many dollars are being held abroad, there are very significant amounts of dollar holdings abroad.

Mr. PASSMAN. Let me finish this. This is important.

The facts are, it is very substantial, isn't it?

Mr. BIRNBAUM. The dollar holdings abroad, yes.

Mr. PASSMAN. And the reason they hold those dollars is there are only two things they can spend those dollars for and that is U.S. commodities or U.S. gold, and since they bought all the commodities they need and we do not have gold to redeem those dollars, they have to hold them.

Just in a nutshell, isn't that it, so a layman can understand it?

Mr. BIRNBAUM. They hold the dollars as part of their foreign exchange reserves.

Mr. PASSMAN. All right, but nevertheless, when we send out these interest checks we pay those people who are holding those dollars, do we not?

Mr. BIRNBAUM. No, sir.

Mr. PASSMAN. Well, what you are saying contradicts everything that has been said before, that we do pay them interest. If it is bonds, we pay them interest.

Mr. BIRNBAUM. I wasn't talking about Government securities but about holding of dollars as foreign exchange, against which we do not pay interest.

Mr. PASSMAN. I know what you are doing you are trying to confuse the record. I want to tell you how many dollars are being held abroad by foreign governments, foreign nationals, foreign banks, and Americans living abroad.

Mr. BIRNBAUM. We have to submit it for the record.

Mr. PASSMAN. When we talk about dollars we are talking about securities, whether it is a greenback or whatever it is.

What is the total amount of dollars held by foreign nationals, foreign banks, et cetera?

Mr. BIRNBAUM. I will have to submit that for the record.

Mr. PASSMAN. When we mail out these interest checks for securities held abroad and that money is spent in the economy abroad is that a form of aid?

Mr. BIRNBAUM. No, sir, it is an interest or service payment offset by interest inflows on foreign securities held by Americans.

Mr. PASSMAN. It is not? Isn't that a good way to confuse the record?

Mr. BIRNBAUM. There are many other outflows; for example, checks mailed abroad for social security payments for American citizens which are not aid.

BALANCE OF PAYMENTS

Mr. PASSMAN. Of course you know this.

Through 1974 we had balance-of-payment's deficits of $110 billion, didn't we? Dr. Long?

Mr. LONG. Mr. Birnbaum, you are indulging in semantics. The fact is, that well over $100 billion of our debt is held abroad, and that we pay interest to other countries on that debt, isn't that so? About 14 percent, 15 percent of our entire debt of $600-odd billion is held abroad.

Mr. BIRNBAUM. I can't challenge that.

Mr. LONG. You don't know that?

Mr. BIRNBAUM. I have to submit it for the record.

[The information follows:]

U.S. LIABILITIES TO FOREIGNERS

According to statistics provided by the Treasury Department, the total U.S. liabilities to foreign official institutions and liquid assets held by all other foreigners was $126 billion in 1975. Whereas, in an accounting sense, a portion of this—the U.S. securities held by foreigners—receive interest payments which are called transfers, these transfers constitute a return for lending funds to the U.S. Government and are thus not to be confused with foreign assistance. In addition, a significant amount of U.S. dollars are held by foreign governments and institutions as reserves; however, these holdings of dollars do not yield a paid rate of return.

Mr. LONG. You surely ought to know those things. $127 billion is the amount of money that we pay interest on. Then there is a tremendous amount of American dollars held abroad that we don't pay interest on——.

What they call Eurodollars. These are vast sums of money. So you run into really hundreds and hundreds of billions of dollars of obligations and then, of course, you have the factor of social security, payments on social security we are making abroad.

Maybe those people have earned it. In some cases they have.

In other cases, they are getting social security even though they never paid much into the fund. There is a lot of money paid abroad on that.

The net result of all this is that foreigners have vast claims on our resources which prevent us from investing in our own economy. If you take a look at an article recently by Barry Commoner in the New Yorker magazine, an article that is going to have a great impact in the months to come, one of the things he points out is what a very small percentage of our gross national product is going into capital investment compared with that in European countries.

He claims that this is a major reason why, of course, we are not making anything like the economic progress that other countries are making.

Doesn't this disturb you at all, or don't you people ever think in those terms?

Mr. BIRNBAUM. Our economic international situation is changing. It is an evolving situation. In 1975 we had the largest current account surplus in our history. The dollar position is strengthening and therefore foreigners will want to continue to hold dollars as a reserve currency. If we are talking about these dollars being claims against the United States, that is correct, but if people use the dollars to buy goods this stimulates the American economy.

The holding of U.S. dollars is related to the flow of international trade and capital flows.

Mr. LONG. Mr. Birnbaum, we are not talking here about ability to sell American goods. That is a totally different question. It is perfectly possible for us to sell all of our goods and for people to be fully employed, but still to export vast quantities of capital resources abroad to our economic detriment. When you go to India and see the Tarbela Dam up there and see all these caterpillar tractors and trucks, you have seen much of the explanation of why American business is starved for real capital.

I am talking about real capital now. We have a great real capital shortage in this country and we had better realize that, because we are falling behind much of the rest of the Western World in our economic development for that reason.

The fact that we are selling goods abroad and that people are making money on these sales is totally irrelevant to that point and you had better understand it. We in Congress had better understand it. To come in here and say, "Oh, well, we sell goods and somebody makes money on it and people get jobs" is not the point we are trying to deal with.

Do you understand now the point I am making about real capital shortage, as opposed to just money moving back and forth?

Mr. BIRNBAUM. Yes, sir.

I am suggesting that one of the determinates in the mobilization of U.S. capital and its investment is the strength of our economy in terms of its production, its exports, and its employment. Furthermore, one has to complete the circle, and I am suggesting that international trade and international development play a very key role in U.S. capital formation. There is a lot of foreign capital flowing into the United States.

Mr. LONG. That is another matter.

Mr. BIRNBAUM. All right, but our basic balance in 1975 excluding the net capital flow last year was positive.

Mr. LONG. So what is the total amount of real foreign capital invested in the United States compared with our real capital invested abroad either as a gift or as a loan? It is very small, isn't it?

Mr. BIRNBAUM. In terms of longer term capital flows last year there was a net inflow. If you look at the situation in terms of U.S. investment in LDC's, Latin America is a good example. One of their concerns is that the repatriation of projects to the United States are greater each year than the new investments, in other words Latin America is exporting capital to the United States.

Mr. LONG. Anybody who wants to look at these things in real terms had better learn what we are up against in this country. What we are doing is giving American capital abroad on which we get very little real return. In fact, what is going to happen in the end is that most of those loans that we think we are getting a return on are going to be in default. That has been the history of foreign loans.

Mr. CONTE. Will the gentleman yield?

Is the gentleman telling me that he will vote against the $2.5 billion for the Middle East? Is that what the gentleman is trying to tell me? I don't believe it.

Mr. LONG. Is the gentleman from Massachusetts saying that we should not give aid to the Middle East?

Our aid, some of it justified and some of it unjustified, is having a devastating long-term effect on our ability to hold our end up in the Western World. We are running down, and the fact we are not making any real economic progress is no great mystery when you look at it in terms of what we have done with our real resources.

Mr. PASSMAN. Very good presentation.

Let me, if I may, now put it into layman's language where we can all understand it.

Mr. LONG. The gentleman from Massachusetts understood it and he is a layman.

BALANCE-OF-PAYMENTS DEFICITS

Mr. PASSMAN. If we may go to page 12 of the committee's report of March 1, 1976, as submitted by the Department, the U.S. international balance-of-payments deficit for 25 years, was $110,730,000,000; is that correct?

Mr. PARKER. That is correct.

Mr. PASSMAN. That means that that many more dollars went out than came back; is that correct?

Mr. BIRNBAUM. Yes, sir.

Mr. PASSMAN. Those people who were holding those dollars, can only do two things with them, they can buy economic goods or ask us to redeem them in gold; is that correct?

Mr. BIRNBAUM. Yes.

Mr. PASSMAN. And when these people have met their commitments in commerce and we don't have this gold with which to redeem the dollars, they have no alternative other than to trade them off or hold them; isn't that correct?

Mr. BIRNBAUM. Yes.

Mr. PASSMAN. I have stated this correctly, haven't I?

Mr. BIRNBAUM. Yes.

Mr. PASSMAN. As we move to fiscal 1974, those who testified at this time said that was the last complete year they had, and I believe in 1974 that was the second largest deficit we have had in 25 years. Which means in that last year where you had a complete record, $18 billion more went out of the country than came back? Have I put that correctly?

Mr. BIRNBAUM. Yes.

DEBT FORGIVENESS

Mr. PASSMAN. Let us get into something here. I used to keep books but thank goodness I didn't learn how to keep books like some people. I want to direct myself to the Administrator of AID. Let me propose the hypothetical situation. Let me say that I get word that my good friend Dan Parker is not getting along too well financially, and is really destitute. I make him a loan of $1,000. The next time I run into you, your condition is no better, and there is a possibility that you are going to have difficulty repaying me this $1,000 that I gave you to support your family.

I said, "Dan, I like you so I will give you $500, just charge it off, tear up that postdated check and I am not going to hold you responsible."

INDIAN RUPEES

That wouldn't alter the fact that you received $1,000. Then tell me what kind of bookkeeping we have this year? In fiscal year 1975 we go to our records and we see our total aid to India was $7,632,000,000. This year AID sends us statistics and this total aid figure has dropped down to $5,600,000,000, so we ask the people if they have paid us $2.2 billion on their indebtedness? They said no, but the United States is willing to forgive them the $2.2 billion.

What kind of bookkeeping is that? I am not going to say any of you purposely try to confuse the people but any person looking at the submission of 1 year ago and looking at the submission this year would have to assume that India had paid us $2.2 billion. You do know I am citing what happened, don't you?

Mr. BIRNBAUM. Yes.

Mr. Passman. Who is responsible for this kind of fuzzy bookkeeping?

Mr. BIRNBAUM. I think, Mr. Chairman, in this case it was a question of U.S.-owned rupees of some $2 billion.

Mr. PASSMAN. And we gave them the rupees but that didn't alter the fact that we had disbursed a net of $7,632,000,000 in aid?

Mr. BIRNBAUM. That is correct.

Mr. PASSMAN. But at the same time they sent down a submission, they said we only disbursed $5,600,000,000 in aid.

This caused me some concern. I have never accused any person connected with our Government of ever being dishonest.

Mr. LONG. No matter how dishonest they were?

Mr. PASSMAN. But this is a terrible thing that we cannot believe all these figures if we have this kind of mixup.

AID TO THAILAND

I was in Thailand 16 years ago. They said they were phasing out the aid program. I went back the following year, set up hearings, had my committee with me and they said, "We have instructions from Washington not to tell you about the new aid program."

I said, "Is that so?" "You do know I am chairman of the committee?" They said, "Well we have been instructed not to give you any information."

Needless to say, I was very upset.

Now Thailand has said, "Get out." So we look at the justification for fiscal year 1977. We find that the AID and the DOD are requesting $67,858,000 for Thailand.

Have I quoted those figures correctly? The grand total?

Mr. PARKER. I would not contest them, Mr. Chairman.

Mr. PASSMAN. Look on page 24. I know you take my word. But I want to have it verified for the record.

Mr. PARKER. I have the economic statistics.

Mr. PASSMAN. I am going to get to that.

Mr. PARKER. $67,858,000.

Mr. PASSMAN. I believe in the aid part, the economic part under your shop is $10,800,000?

Mr. PARKER. $10,830,000.

Mr. PASSMAN. When I look at the surplus in the foreign exchange account for Thailand at the close of business in October it totalled $1,886,000,000.

Mr. PARKER. Yes, it is about equal to 6 months' imports.

Mr. PASSMAN. I believe during this time, from the inception, we have given to Thailand $1,929,000,000?

Mr. PARKER. I would have to refer to your tables.

Mr. PASSMAN. No. These figures are AID's figures, not mine. We only defended them.

Mr. PARKER. Yes. Inclusive of military aid.

Mr. PASSMAN. I am talking about the total package we have given to Thailand has been $1,929,000,000, and they have a foreign exchange surplus of $1,886,000,000. How in the world could we possibly justify to the American taxpayers a program for Thailand when they have this tremendous surplus in the foreign exchange account and they have kicked our military out?

How can we justify a program for Thailand when they have this tremendous surplus? I don't care whether it would take care of them for 2 months or 4 years; they do have that surplus and every year with the exception of 2 we have had a balance-of-payment deficit. How can it be justified?

Mr. PARKER. Mr. Chairman, the aid program in Thailand is aimed really at basic humanitarian needs. The per capita income is only about $240 a year.

Mr. PASSMAN. How do you possibly relate per capita income? It depends on what it will buy. You have to relate it to something. In certain places you can get a great big bowl of beans and rice for 15 cents. You have to relate that to what you get for it, don't you?

Some of you should be familiar with the fact that we went in ready to terminate the program but then we renewed it on a larger basis. You do know, Mr. Parker, that under the President's budget there is not one new public works construction start permitted in the entire United States for fiscal 1977, not one single new start for our public works program in any of the 50 States. I believe I have stated that correctly, haven't I?

Mr. PARKER. I have been told that is the case.

Mr. PASSMAN. I think you ought to check it. How can I go home and tell my constituents: "I love you folks and I know you like to have these projects and I know they have been authorized and I know the return is 4 to 1 but we have to take care of our foreign friends first. If there is anything left we will take care of you."

How many votes do you think that will get me?

Mr. PARKER. I can see the practical problem, Mr. Chairman.

Mr. PASSMAN. If I look at the record correctly, I see that you envision the aid program going into 94 nations of the world in fiscal 1977, do you not?

Mr. PARKER. Yes.

U.S. PUBLIC DEBT

Mr. PASSMAN. I have indicated that the public debt will exceed $600 billion in fiscal year 1977.

Mr. PARKER. I think it should be noted it is down to 30 percent of the GNP.

Mr. PASSMAN. The GNP is something created by the people working by the sweat of their brow. The Government only owns the taxes they collect on it.

My government is only entitled to what the tax is. That is what they should work on. They shouldn't be allocated based on what I can earn, should they?

Mr. PARKER. No.

Mr. PASSMAN. Certainly not. These GNP figures confuse a lot of people.

Mr. LONG. If the gentleman will yield?

Mr. PASSMAN. I yield.

Mr. LONG. The reason it is down to 30 percent of the GNP is not because the debt is so low but the GNP has been inflated. The percentage of the debt of GNP is a totally misleading thing. The more inflation you can get—we can pay off our debts through inflation. We can do like the Germans did when they inflated it, so that debtors used to chase the creditors down the street to thrust the money on them.

Mr. PASSMAN. We are moving along, I say, with a strong economy, but if we should come into a period where there are some adjustments with deflation and inflation, then you don't go back and cancel out that public debt; you still owe that public debt, do you not?

Mr. PARKER. Yes.

INTEREST ON PUBLIC DEBT

Mr. PASSMAN. You are going to have to pay interest on the public debt, and I believe the interest now is running about $45 billion a year, isn't it?

Mr. PARKER. $41.3 billion.

Mr. PASSMAN. Isn't the projection for fiscal 1977 $45 billion?

Mr. PARKER. The table I have is $41.3 billion.

Mr. PASSMAN. How old is the table?

Mr. BIRNBAUM. This is the President's budget for 1977.

Mr. PASSMAN. This has been brought up to date because I am looking at a budget appendix for fiscal year 1977, page 353, interest on the public debt, $45 billion. Are you willing to take the budget figures?

Mr. PARKER. Now I see the figures you are using.

Mr. PASSMAN. I think that that is $6 billion more than the entire budget to operate the Federal Government was in 1947; isn't that right?

Mr. PARKER. That is correct.

STIMULATING THE ECONOMY

Mr. PASSMAN. If you started 10 flood control projects in your State would that stimulate the economy as much as starting one project in Pakistan at the same time? Wouldn't spending money here stimulate and help the economy as much as it would by sending it overseas?

Mr. PARKER. In some cases it might help more but in the cases we are trying to work on we believe it does in fact stimulate benefits for the economy.

Mr. PASSMAN. But the facts are we have to borrow this money and we are going to have either to repudiate this public debt or pay it off.

Mr. PARKER. It has to be held in balance.

FOREIGN AID AND THE PUBLIC DEBT

Mr. PASSMAN. We are not holding it in balance because since I have been here it has moved from $259 billion to $600 billion and every dime has been an increase in foreign aid. I think the time has come that we are going to have to look close at this because where we have put the most aid, we have lost the areas completely. It is just giving away our resources. It hasn't brought us friends and the type of atmosphere we would like to see around the world. I am just greatly concerned because giving away our wealth is definitely something new in our foreign policy. It only started after World War II.

IDA FUNDS FOR INDIA

Just two or three questions on India. Please believe me, I am not anti-India. I just want to be realistic about this thing. I think we agree we did give them $7,632 million. Regardless of bookkeeping, that is what we gave them, and I think we find out in many instances when we denied bilateral aid they moved the funding to an international organization, and I believe they referred to it as restructuring. Out of the International Development Association, 44 percent of that has gone into India. Isn't that correct?

Mr. PARKER. That is correct.

Mr. PASSMAN. What kind of show are we running? How can we offset that? Because we make adjustments in bilateral aid and they offset the adjustments in multilateral aid.

U.S. AID TO INDIA

What is your program for India for fiscal 1977?

Mr. PARKER. It is at the level of $61,700,000. That is in the AID program.

Mr. PASSMAN. What is the grand total?

Mr. PARKER. When you add Public Law 480 in it would come to $197,189,000.

Mr. PASSMAN. I think you have 600 million people in that Nation?

Mr. PARKER. That is correct.

Mr. PASSMAN. You know you can drain the biggest water tank in America one drop at a time. This wouldn't take care of these people for over 15 minutes, would it?

Mr. PARKER. In terms of the overall?

Mr. PASSMAN. You know we can nickel and dime ourselves to death too, can't we?

Mr. PARKER. Yes.

JUSTIFYING AID TO INDIA

Mr. PASSMAN. I am not anti-India but why do you have an aid program there?

Mr. PARKER. Basically it has to take into consideration the condition of the people in that country, 600 million, the vast majority of whom are just desperately poor. They are not productive. They have nothing basically beyond their own subsistence requirements and often much less than that and as a consequence of that they are not able to be customers really for anybody.

We don't have a development program there. We only have staff there to monitor basically the residual Cooley and development loans and our Public Law 480 title II program.

Mr. PASSMAN. Then what is this aid for?

Mr. PARKER. This is proposed for new assistance in the event that we and the Government of India initiate discussion that leads to mutually agreed upon projects.

Mr. PASSMAN. That is just in the area of imagination, there is nothing firm; you just say if and when certain things are done we will spend this money?

Mr. PARKER. It isn't completely mythical.

Mr. PASSMAN. There is no firm program?

Mr. PARKER. No; there isn't, but Mr. Gardiner could elaborate on some of the prospective projects.

Mr. PASSMAN. He would only confuse me.

Here we are putting this money in for India when in reality they didn't ask for it and you don't even know they want it or will accept it, do you?

Mr. PARKER. It won't be used if we don't come to a mutually acceptable agreement.

Mr. PASSMAN. You don't even know if they would accept it?

Mr. PARKER. We certainly will not force it upon them, Mr. Chairman.

Mr. PASSMAN. Stop trying, Mr. Parker. You and I read each other. You know very well they didn't ask for this program. We are just in hopes somewhere along the way we can prevail upon them, not you but some of your assistants, to have them take this aid.

PENDING BUDGET REQUESTS

Mr. PASSMAN. In addition to your fiscal year 1977 program request of $3.2 billion, what additional requests do you anticipate will be transmitted to Congress during the year? I am thinking of additional requests for Spain, the International Fund for Agricultural Development which could amount to $200 million, etc.

Mr. PARKER. You are correct, Mr. Passman—we are planning to forward a $7 million fiscal year 1977 amendment for Spain after Senate ratification of the new 5-year treaty with that nation. A budget amendment of $10 million for the transition quarter has been transmitted to the Congress. If these funds are not provided in the transition quarter, we shall consider submitting a budget amendment for the entire $17 million for fiscal year 1977.

Also, we are indeed considering including $200 million for the International Fund for Agricultural Development in a supplemental appropriation request for fiscal year 1976.

Although we try to anticipate all of our requirements sufficiently in advance to include them with our annual presentation to the Congress, changing conditions sometimes prevent this. It is possible that new situations will necessitate consideration of requests for other areas.

TIME REQUIREMENT FOR PROJECT DEVELOPMENT

Mr. PASSMAN. On pages 19 and 20 of your statement you indicate that the elapsed time between preparation of a project proposal by a field mission and the beginning of project implementation can be 2 years or more. Do you realize that in the United States it takes about 17 years, 11 months to get a U.S. project on line?

Mr. PARKER. While I have no expert knowledge as to the time requirements for developing projects in the United States, the difficulty and complications which we face in analysis and design of development projects in the LDC's are many.

Governments change, disasters occur, and in many cases, substantial training must take place, prior to moving into implementation.

What we attempt to do in the congressional presentation is to provide our latest assessment of those projects in the design stage that appear to be suitable for funding and implementation during the next fiscal year.

DEVELOPMENT AND WORLD PEACE

Mr. PASSMAN. On page 1 of the justification you indicate that the challenge of poverty and underdevelopment for one-third of mankind remains a threat to world peace. Could you please tell the committee how this is a threat to world peace?

Mr. PARKER. Poverty and inequality may threaten world peace in two major ways.

First, poverty and inequality within Third World countries may lead to internal instability. As regimes exploit international differences to distract domestic attention from internal problems this has the potential for leading to wider conflict. Moreover, economic development itself is likely in the short term to create social strains which lead to greater political instability.

The choice now is not between stability with no development—the development process has already gone too far to be stopped—or instability with development. Rather it is between patterns of development which promise a better life for the poor majority and those which do not. More rapid, broadly based development provides societies with a greater margin for resolving conflicts through reform and evolution, and thus it reduces the likelihood of domestic violence or international adventurism.

Second, the perception of the inequality between the developed world and the Third World could lead increasingly to an international atmosphere of confrontation rather than collaboration, setting the have-nots against the haves. In a world which is characterized by increasing interdependence in almost every field and by increasing competition for raw materials of various kinds, the quality and quantity

of development assistance may have a significant impact on the extent to which developing countries resort to violence and disruption to achieve their goals. Thus, a commitment by developed countries to help Third World countries achieve decent levels of nutrition, health, and education can help them maintain a willingness to approach international questions with an attitude of constructive cooperation.

AID TO DEVELOPING COUNTRIES

Mr. PASSMAN. Could you please tell the committee how rapidly other developed countries are increasing their AID efforts to the developing world?

Could you more explicity apply this increase in development aid by the OPEC countries?

Mr. PARKER. DAC countries continue to be the major source of assistance to the developing world. In 1975 DAC countries accounted for 82 percent or $30 billion in total flows from donor countries to LDC recipients. Of the $36.6 billion total, approximately 44 percent was in the form of concessional assistance. An estimated $12.7 billion or 76 percent of $16.5 billion in ODA flows originated with the DAC countries. The United States with a DAC projected ODA level of $3.7 billion in 1975 continues to be the largest single donor country. However, other DAC members accounted for the greatest part of the growth in aid flows. Flows from these countries increased from $5.19 billion in 1972 to $8.99 billion in 1975—57 percent of the increase could be attributed to these countries. From 1972 to 1975, total ODA flows rose $6.4 billion, from $9.9 billion to $16.5 billion. DAC countries accounted for $4.2 billion or 63 percent of the $6.6 billion increase over the period. In comparison, OPEC aid flows increased from $418 million in 1972 to $2.589 billion in 1975; over a five-fold increase. OPEC countries accounted for $2.171 billion (33 percent) of the $6.6 billion increase.

BILATERAL AID FLOWS

[Dollar amounts in billions]

	1972	1975	Change		
			Amount	Percentage share of total	Percentage increase
DAC countries	$8.538	$12.690	$4.152	66	49
United States	3.349	3.700	.351	6	10
Other DAC members	5.189	8.990	3.801	60	73
OPEC	.418	2.589	2.171	35	519
Others	.950	.900	−.050	−1	5
Total	9.906	16.179	6.273	100	63

Note: U.S. increase as a percentage of: DAC flows, 8; total flows, 5.

SELF-HELP EFFORTS

Mr. PASSMAN. You indicate throughout the justifications the only way developing countries can really develop is if countries themselves mobilize and apply their own efforts. Could you give the committee specific examples of developing countries mobilizing their own efforts?

Mr. PARKER. The developing countries themselves provide the vast bulk of the manpower and financial resources devoted to their development, and of course they must make the difficult decisions concerning the best development path to follow and the policies and resources needed. On average, external development assistance accounts for only about 1.5 percent of developing country GNP; for countries with a per capita GNP below $200, external assistance amounts to around 3 percent of GNP. Likewise, external assistance accounts for a relatively small percentage of the budgetary resources devoted to development, generally 15 to 20 percent. Thus the developing countries themselves generally finance 80 to 85 percent of their total outlays on development, and provide all but a small fraction of the needed manpower. It would be possible to give impressive evidence of self-help performance for every country we provide assistance to, but for the sake of brevity I will give only a few specific examples, citing one country from each region:

Ghana has substantially raised incomes, excise and import taxes to increase central Government revenues—already nearly 20 percent of GNP—and has increased interest rate levels to encourage savings. In 1975 the Government announced a new strategy for achieving a more equitable pattern of growth. In line with this strategy, the Government has launched programs to provide better access to inputs for small farmers and more services for rural areas. These programs are supported by development budget increases of 60 percent for agriculture and 50 percent for health.

In the Philippines, gross investment has increased to 25 percent of GNP, and central Government tax revenues have increased from only 9 percent of GNP in 1965 to over 15 percent at present. The Government is encouraging greater mobilization of domestic resources for development through further tax reforms and strong anti-inflationary measures, which are making savings more attractive. The agrarian reform program has been accelerated, and land transfer certificates have now been issued to more than 200,000 tenants. The Government has also been successful in promoting programs which rely heavily on substantial contributions from towns and villages, particularly in nutrition.

The Dominican Republic has increased domestic savings from 12 percent of GNP in 1970 to nearly 20 percent of GNP at present, thanks largely to government fiscal policies. Whereas public sector savings financed three-fourths of public capital expenditures in 1969, they now finance over nine-tenths of such expenditures. In the same period the government more than quadrupled investment in agriculture and nearly doubled investment in health and education. Under a recently initiated land reform program, land has been distributed to more than 20,000 families, and successful land settlement projects are expected to serve as models for much expanded settlement programs.

MULTILATERAL PROGRAMS VERSUS U.S. BILATERAL PROGRAMS

Mr. PASSMAN. It appears to the committee that the multilateral development assistance is growing by leaps and bounds. Could you please tell the committee how the percentage growth in the multilateral institutions compares to the U.S. bilateral program?

Mr. PARKER. The average growth rate of development assistance provided by multilateral programs was well above that of the U.S. bilateral program during the period 1970–74. While there was no growth in the U.S. bilateral programs, the multilateral programs grew by an average of 27.5 percent per year.

TOTAL OFFICIAL DEVELOPMENT ASSISTANCE TO DEVELOPING COUNTRIES—COMPARISON OF NOMINAL GROWTH IN PROGRAMS OF MULTILATERAL INSTITUTIONS AND U.S. BILATERAL PROGRAMS

[Millions of dollars]

	1970		1971		1972		1973		1974	1970–74 average
U.S. bilateral program	2,657		2,893		2,724		2,337		2,557	2,633.6
Percentage change		9		−6		−14		9		−0.5
Multilateral institutions	845		1,081		1,131		1,586		2,196	1,362.4
Percentage change		28		5		40		37		27.5

MORE ADVANCED AND SUCCESSFUL DEVELOPING COUNTRIES

Mr. PASSMAN. On page 5 of the justifications you indicate that there is a group of more advanced and successful developing countries that are learning to solve the problems of sustaining high growth rates, export expansion, et cetera. Could you please tell the committee if the United States plans to provide any aid to these countries, and please name them and say what your program proposals are for fiscal year 1977?

Mr. PARKER. There are several countries that illustrate the case described on page 5, among them Brazil, Colombia, and Korea. Each of these countries has shown the capacity to attain favorable rates of economic growth although each country continues to be affected by the common problems of inflation and a high rate of population increase. Our aid programs are being phased out in the first two of these countries and terminated in the third considering that they have access to nonconcessional forms of resource transfers. In Brazil our fiscal year 1977 program is intended to finance the completion of academic studies of participants while in Colombia in fiscal year 1977 we will complete technical assistance grant activities begun in prior years. We plan no grant or loan development assistance for Korea in fiscal year 1977.

COUNRIES PHASED OUT OR ADDED TO THE AID PROGRAM IN FISCAL YEARS 1976 OR 1977

Mr. PASSMAN. Can you please tell the committee what AID countries will be phased out in fiscal year 1976 and fiscal year 1977 and also indicate what new countries will be added during these same two years?

Mr. PARKER. In fiscal year 1976 Korea and in fiscal year 1977 Brazil will receive final funding for completion of ongoing activities.

In fiscal year 1976 and fiscal year 1977 programs are expected to begin in Angola, Cape Verde Islands, Guinea-Bissau, and Mozambique focusing on the longer-range development needs of these countries. Also in fiscal year 1976 Bahrain and Greece will receive security supporting assistance funding.

HOUSING GUARANTY PROGRAM

Mr. PASSMAN. Under the housing guaranty program, could you please tell the committee what rates are provided for loans overseas as opposed to what these savings and loan companies could get for loans in the United States?

Second, are savings and loans people encouraged to make overseas loans because they get higher interest rates on these loans or can they get comparable rates by making loans in America?

And last, the purpose of these questions is to find out if some of the savings and loans are encouraged to force some of the capital overseas because of the earning of higher interest rates and therefore depriving the U.S. housing market of this capital money?

Mr. PARKER. The interest rates for projects under AID's housing guaranty program are set by competitive forces in the U.S. capital market. After obtaining a commitment for a guaranty from AID, the borrower then selects the lender who offers him the most favorable terms and conditions. Lenders have included the savings and loan industry, commercial banks, and union pension funds.

While these AID-guaranteed loans are not precisely comparable with any U.S. investment, they are most closely comparable to U.S. Government guaranteed FHA and VA mortgages. Our observation has been that the return to the lender in housing guaranty projects has been approximately equal to FHA and VA yields. For example, the two most recent housing guaranty loans, committed in March and April 1976, provided yields of 8.875 and 8.780. During the same period, the FNMA auction of FHA/VA mortgages provided yields of from 8.893 and 9.122.

Higher yields are not generally available on loans overseas. It is possible that a misunderstanding has been created by the Foreign Assistance Act, which provides for AID to establish a ceiling for the housing guaranty program at a level from one-half to 1 percent above the FHA rate. However, this differential reflects the fact that FHA- and VA-mortgages are discounted to produce yields higher than the nominal interest rate, while housing guaranty loans are made at par with yields equal to the nominal rate.

NEGOTIATIONS FOR THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Mr. PASSMAN. Could you please tell the committee what progress has been made concerning negotiations for the International Fund for Agricultural Development?

Mr. PARKER. Yes, I am pleased to report considerable progress in negotiations with other donors on the steps necessary to establish IFAD. As you are aware, the International Development and Food Assistance Act of 1975 authorized an appropriation of $200 million for IFAD but stipulated four conditions which would have to be met before funds could be obligated. First, satisfactory agreement would have to be reached on articles of agreement for the Fund. Second, the House Committee on International Relations and the Senate Committee on Foreign Relations would have to review and approve such articles. Third, all donor commitments to IFAD would have to

total at least $1 billion or our contribution would be proportionally reduced. Finally, there would have to be equitable burden sharing among the different categories of contributors.

Since the enactment of authorizing legislation, we have met several times with prospective donors. These meetings have been very productive. Interested governments worked out final details on the articles of agreement during a meeting in early February, and there are good indications that the goal of $1 billion in total commitments can be realized. Thus, efforts to establish the International Fund for Agricultural Development are progressing as rapidly as we had hoped.

Mr. PASSMAN. Do you anticipate that a budget amendment would be transmitted to request funds in fiscal year 1977 for this Fund?

Mr. PARKER. In light of progress thus far, we may be able to request a supplemental appropriation this fiscal year. The fiscal year 1977 President's budget identifies $200 million in fiscal year 1976 for IFAD as an item for which an appropriation will be sought upon satisfactory completion of negotiations among prospective members of the Fund. Since those negotiations are proceeding satisfactorily, we are now considering a supplemental appropriation request for fiscal year 1976.

HUMAN RIGHTS

Mr. PASSMAN. Could you also tell the committee what AID has done during the past year to protect the human rights of individuals in the developing countries where we are providing assistance?

Mr. PARKER. A fundamental, internationally recognized human right is the right to an adequate standard of living. This is not a right to receive something on a silver platter, but it means that people should have the opportunity to help themselves. The primary purpose of the development assistance program is to support the efforts of less developed countries to assure this right to their people, and most of our development assistance activities are directed toward the protection and promotion of this right.

The disaster relief program is directed to the fundamental human right to life. During the past year, the overwhelming response of the American people, through and with the support of this program, played a significant role in the protection and preservation of this right in Ethiopia, Mauritius, the Sahelian countries, Bangladesh, Pakistan, Brazil, Honduras, Nicaragua, and Guatemala, among other places.

Protection of human dignity and fair participation in the benefits of economic development are also important rights from the standpoint of U.S. bilateral assistance. They are emphasized in the congressional mandate for AID, and AID missions are working on improved methods for analyzing the social and human impact of the programs with which we are involved. A copy of the social soundness analysis issued during the past year for AID programing is attached.

The right of women to participate equitably in the economic and social life of their countries is another key right, which is specifically covered in section 113 of the Foreign Assistance Act. The activities of the AID supported Overseas Education Fund (League of Women Voters) in Latin America was especially noteworthy during the past

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year. Among their other activities, they helped the Paraguayan League for Women's Rights.

The right of individual couples to knowledge and medical facilities to plan their family size in accord with their own moral convictions and the latest medical information has also been recognized by Congress. AID's population program is directed toward the promotion of this right. Notable progress is being made in extending family planning services to remote rural areas in Jamaica, Bangladesh, Pakistan, Indonesia, the Philippines, Egypt, and Korea.

Last December, we invited our field missions to advise AID/Washington how AID might support selective new initiatives specifically addressed to human rights concerns, such as programs with leading international or regional institutions; programs designed to help the urban and rural poor to have effective access to the rights and protections which are provided for them under law and under development programs; and sponsorship of studies and conferences regarding human rights problems and their relationship to development. Responses and suggestions, some of them including project or program initiatives, are now under review in Washington. Two summaries of the replies are attached. One, February 23, describes the comments on possible new project and program initiatives. The other, March 26, deals with more general suggestions on the relationship between human rights and development.

The new Foreign Assistance Act amendments include a provision, section 116, which cuts off assistance from governments that engage in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading treatment or prolonged detention without charges, or other flagrant denial of the right to life, liberty, and the security of the person. Immediately upon enactment of the law, all AID Washington offices and field missions were advised of its content. The State Department is collecting and analyzing information on the human rights situation in AID recipient countries, and AID reviewed the programs proposed in our fiscal year 1977 congressional presentation to assure that they comply with the law. A report transmitted to Congress on implementation of section 116 is attached.

[Additional information was supplied to the committee:]

ZAIRE AID PROGRAM

Mr. PASSMAN. Could you please tell the committee what AID did with regard to the program for Zaire in fiscal year 1976 considering the objection of the Senate to this particular program?

Second, has this program been allowed to go forward in fiscal year 1976 and what are your current plans for the remainder of fiscal year 1976 and fiscal year 1977?

Last, I note in an article concerning Zaire that they were having trouble meeting their debt payments. Could you please tell the committee what the situation is on the debts of Zaire, and are they having trouble meeting their repayment schedules?

Mr. SCOTT. As you know, AID originally proposed a fiscal year 1976 program for Zaire using development assistance funding. As it

subsequently became increasingly apparent that Zaire was rapidly descending into the depths of an economic crisis, brought on primarily by a sharp decline in the price of copper, the United States decided to attempt to help Zaire to stabilize the economic situation. The United States put together a package of economic assistance which included a commodity import loan to be administered by AID. Since the purpose of this loan was essentially to promote economic and political stability rather than longer term economic development, it was decided that it should most properly be financed with security supporting assistance funds. Because section 115 of the Foreign Assistance Act provides, in effect, that development assistance and security supporting assistance funds cannot be used in a country in the same fiscal year, it was necessary to switch our AID proposal for fiscal year 1976 to security supporting assistance.

Although we did earlier submit a section 113 notification to Congress that we intended to press forward with the authorization and implementation of the commodity import loan, we have not done so to date since several members of the Senate had expressed their desire that AID not proceed on the loan prior to the normal congressional presentation process. The balance of our proposed fiscal year 1976 program, whether taken in the development assistance or security supporting assistance funding category, is composed entirely of projects designed to promote long-term economic development.

At this time the fiscal year 1976 AID program to Zaire is financed with development assistance funds. However as you know, final congressional approval of the fiscal year 1976 security supporting assistance package, which includes Zaire, is expected shortly. As soon as approval is received and congressional concerns are satisfied, we expect to press forward with the loan.

We have submitted our fiscal year 1977 proposal to Congress for Zaire under the development assistance category of funding. At the time it was prepared, we anticipated that Zaire, assisted at least in part by the special U.S. economic package, would not require additional special assistance in fiscal year 1977. While an IMF stabilization program has been concluded with the Government of Zaire, economic conditions in the country during fiscal year 1976 have, if anything, worsened. We continue to be concerned and are closely following the economic situation; however, at this time we have not altered our plans for fiscal year 1977.

Zaire is indeed having trouble meeting its debt payments. Zaire has now in fact officially requested the International Monetary Fund to assist in a general rescheduling of its debts. The creditors are expected to meet in Paris in late April to consider how such a rescheduling should be done.

SAHEL DEVELOPMENT INVESTMENT FUND

Mr. PASSMAN. Could you please tell the committee if the Sahel Development Investment Fund has been created and has the United States any plans to make any contribution to this fund for drought relief or the solving of the problem of drought in Africa?

If the United States does decide to contribute to this fund, could you tell the committee what amounts you are talking about and what periods of time?

Mr. SCOTT. During the period March 29 to 31, major foreign aid donors and Sahelian African states met in Dakar, Senegal, under the chairmanship of President Ould Daddah of Mauritania, to consider long-term development strategies and requirements for the area. The grouping called Club des Amis du Sahel, friends of the Sahel, appointed working groups to prepare substantive and organizational proposals for an international development investment program for the Sahel. No formal fund or institution has yet been proposed, although this may well be one alternate suggestion for consideration by the Club des Amis.

The United States has been working for over 1 year on a plan for a long-term development program for the Sahel. The strategy for the development of such a plan will be submitted to the Congress on April 30 as required by section 494B of the Foreign Assistance Act and will also be considered by the Club des Amis. The administration presently has under consideration ways in which we might participate in a special multidonor development program for the Sahel and expects to make such a proposal to the Congress in the very near future. In the meantime we are proposing, within our regular fiscal year 1977 budget presentation, a range of projects which will have an effect in improving agriculture, health, and education in the Sahel nations and for solving problems of drought in the area.

FISCAL YEAR 1977 PROGRAM FOR FORMER PORTUGUESE TERRITORIES

Mr. PASSMAN. On page 23 you list $10,778,000 to be programed by AID in fiscal year 1977 for former Portuguese territories. Could you please break these territories down by territory and indicate the amounts that you would program for each?

Mr. SCOTT. Yes, sir. We will be happy to oblige. The $10,778,000 requested in fiscal year 1977 is expected to be allocated as follows:

Angola	$3,000,000
Cape Verde	1,950,000
Guinea-Bissau	600,000
Mozambique	3,700,000
Development training for all Portuguese-speaking African countries	1,528,000
	10,778,000

NIGERIAN PORT CONGESTION

Mr. PASSMAN. Several months ago there appeared an article that over 381 ships were waiting to be unloaded in Nigeria, and about 250 of them were carrying 2½ million tons of cement and were collecting lucrative compensation for idle time. This compensation called demurrage, had cost Nigeria about $18 million since March. Could you please tell the committee if AID was involved in any of this activity whatsoever, and if it cost the U.S. Government any money?

Mr. SCOTT. AID had no involvement in the events leading to the

congestion of Lagos Harbor in Nigeria by cement-laden vessels. None of the cement was AID-financed and no unusual delays or expenses were experienced by AID in unloading other types of shipments financed by AID. However, I should like to add that the port congestion in Lagos has now been significantly reduced: Our latest report indicates only 90 vessels are awaiting berthing space. Some of the methods used to relieve the situation were recommended by a team of experts from the International Executive Service Corps. AID was responsible for arranging this team's visit following a Government of Nigeria request for technical advice on the problem.

GRAIN SPOILAGE IN BANGLADESH

Mr. PASSMAN. There has recently been publicity about grain rotting in Bangladesh because they have not been able to distribute it in the countryside. Could you go into detail with the committee on this particular situation, and indicate how much of this grain is U.S.-supplied grain?

Mr. GARDINER. Mr. Chairman, I assume the publicity referred to in your question pertains to the March 28 Washington Post article written by Mr. Lewis M. Simons. If so, I wish to point out that the Post article cites the spoilage cause as inadequate storage, and not distribution.

The Post article has portrayed a deficient condition in Bangladesh; namely, there is presently inadequate covered storage to accommodate increasing food stocks. As a result of three excellent food grain crops this year and the heavy influx of imported grains, a considerable quantity of domestically produced grain had to be stored in open areas exposed to insects and weather elements. Due to these conditions, some grain has spoiled. We are not aware of any reliable estimate as to how much domestically produced and privately held grain has spoiled.

Our AID staff in Bangladesh has been investigating the matter, and they have verified only two instances where Public Law 480 grains were infested.

In the course of standard field monitoring in late December and early January, the USAID mission found approximately 12,000 tons of U.S. Public Law 480 rice stored since September 1975 had become infested with insects. The subject was raised with the Bangladesh Food Ministry on January 7, the rice was inspected, found fit for human consumption, and immediately distributed. A small volume of this rice did spoil, however.

On February 2, 1976, AID investigators found approximately 360 tons of infested wheat consigned to CARE. Again, immediate action was taken to distribute the bulk of this wheat before spoilage occurred.

The Bangladesh Government is addressing itself to the problems of safeguarding stored grains by engaging in a plan to rehabilitate existing grain storage facilities, as well as increasing countrywide storage capacity. The Deputy Chief of the Martial Law Administration has personally undertaken a major role in determining the dimensions of the storage and spoilage problems and will be instrumental in carrying out the necessary corrective actions. Programs

already underway include a campaign to repair existing warehousing, new inspections of stored grains, a request to the private voluntary organizations for surplus construction materials, discussions with the Canadians and Australians regarding prefabricated warehouses, and the development of plans for the construction of new grain storage facilities in major locations throughout Bangladesh. Both the United States and IBRD are considering organizing survey teams to determine the need for additional storage capacity. We are checking to make sure foodgrains are being fumigated by the Food Ministry to minimize infestation.

As far as shipment of Public Law 480 grains is concerned, when the good news of an excellent rice harvest in Bangladesh was confirmed in November, we decided to postpone decisions on the balance of our program pending a reassessment of the supply situation, inincluding storage capacity. In February of this year, after consulting with our mission on the storage capacity problem, we decided to move forward with the balance of our program in two installments, one in February, the next in March. Shipments have not yet been been approved for the last installment of grain planned for this year's program, and we do not plan to authorize purchase and shipment until receipt of the Bangladesh Government's assurance that port facilities and storage capacity will be adequate for receipt, handling, and storage of commodities.

AID PROGRAM PLANS FOR INDIA IN FISCAL YEAR 1977

Mr. PASSMAN. I notice on page 24 that AID plans a program for India in fiscal year 1977 at an amount of $61,700,000. Could you please tell the committee if this is a firm program or if negotiations are underway to start a program?

Mr. GARDINER. The $61,700,000 for development loans and grants for India contained in our fiscal year 1977 presentation represents our current thinking as to the possible composition of a development assistance program to India if the decision is made to resume a bilateral assistance program to India. We believe that our long run interest and humanitarian concerns dictate that we stand ready to resume a bilateral aid program if conditions change so as to permit the necessary cooperative dialog to occur on the resumption of a bilateral development assistance program. We have not had any further discussions on aid since we advised the government of India that the U.S. Government has decided to postpone talks on economic assistance until fiscal year 1977.

INDIA'S PLANS TO BUILD A COMMUNICATIONS SATELLITE

Mr. PASSMAN. I noticed in a recent paper from the Indian News that India planned to build its own communications satellite. Could you please tell the committee how much this satellite would cost India, and will the United States pay any of these costs?

Mr. GARDINER. We are aware that the government of India is planning to build a communications satellite, but they have not actually implemented these plans to date. We do not have any information

on how much this proposed communications satellite will cost. AID does not have plans to finance any of the costs associated with the building of a communications satellite in India.

INDIA'S DEVELOPMENT NEEDS VS BUILDING OF COMMUNICATIONS SATELLITE

Mr. PASSMAN. Wouldn't you think India would have more pressing developing needs to put their money into instead of building a communications satellite?

Mr. GARDINER. I would agree with you that India has many pressing development needs that will require substantial resources. The Indians are currently evaluating their satellite instructional television experiment. This experiment is being carried out with the ATS–6 communications satellite that is being loaned by NASA to the Indian Government for 1 year. The Indian Government will probably complete its evaluation of this experiment before it makes a final decision on building its own communications satellite.

If the decision is made by India to go forward with the building of a communications satellite, we expect that such a satellite would be primarily used for development purposes, for example, to provide educational television broadcasts in remote rural villages on family planning, agricultural practices, and adult literacy programs. The communications satellite currently on loan to the Indian Government is mainly being used for these same purposes.

BANGLADESH'S POLITICAL SITUATION

Mr. PASSMAN. Could you please tell the committee what the current political situation is in Bangladesh and do they now have a stable government established?

Mr. GARDINER. The Martial Law Administration which now rules Bangladesh is the country's fourth government since August 1975. Bangladesh's President is now the former Chief Justice of the Supreme Court, A. S. M. Sayem. The three military service chiefs, including Major General Ziaur Rahman, Chief of Army Staff and Deputy Chief Martial Law Administrator, have generated a sense of movement on policy and administrative matters, such as population and food grain storage. The excellent harvest and low prices have contributed to a sense of stability and purpose, enabling the Bangladesh Government to function effectively, despite the problems which lie ahead.

Bangladesh faces serious long-term problems, particularly in food production and population growth, and hard decisions must be made. Perhaps the most important determinant of long-term political stability will be the government's capacity effectively to deal with these basic problems.

PAKISTAN RICE EXPORTS

Mr. PASSMAN. I notice in a recent Pakistan affairs bulletin that rice has become a main foreign exchange earner for Pakistan. Could you please tell the committee how much rice Pakistan exported during the last year?

Mr. GARDINER. During fiscal year 1975 Pakistan exported 470,100 tons of rice, with a value of $232.6 million. It is estimated that in fiscal year 1976 the country will export approximately 650,000 tons.

Mr. PASSMAN. If Pakistan is exporting so much rice, why do we plan to have an $83 million Public Law 480 program to this country in fiscal year 1977?

Mr. GARDINER. Even though Pakistan has attained self-sufficiency in rice and is able to meet all domestic demands for this crop and use the surplus production as an export, it is unable to meet the internal demand for wheat and oil, two of the country's food staples. With a trade deficit of over $1 billion this year, Pakistan looks to Public Law 480 purchases to meet some of its import demand for wheat and vegetable oil in fiscal year 1977.

Mr. PASSMAN. Could you please tell the committee the situation so far as nutrition and food supply is in Pakistan at the present time and indicate if people are still starving in the country, why in the world they are exporting all this rice?

Mr. GARDINER. Starvation is not a problem in Pakistan at the present time. The problems of the country are the same as those facing most developing countries; large trade and balance of payments deficits and a need to combat malnutrition in target groups. Pakistan has reached self-sufficiency in rice production and is a rice exporter. The next major agricultural objective is self-sufficiency in wheat production. The overproduction in rice is used to obtain needed foreign exchange for the importation of other foodgrains, principally wheat. The fiscal year 1977 title I program will be carefully reviewed and may be reduced or used to build a reserve to protect Pakistan from the results of natural disasters and emergency situations. The fiscal year 1977 title II program will be integrated into the Government's feeding/nutrition programs designed to reach the most needy of the country's population.

POLITICAL SITUATION IN THE PHILIPPINES

Mr. PASSMAN. Could you please tell the committee what the present political situation is in the Philippines regarding the alleged repression of the Marcos Government?

Mr. GARDINER. Martial law has been in effect in the Philippines since September 1972, and legislative bodies have not functioned since that time. Because of the unsettled conditions which existed prior to its declaration, most of the Philippine people appeared to accept martial law, and, indeed, clearly welcomed some aspects of it (for example, the marked improvement in law and order and in government administration.) Under martial law, the country is governed by President Marcos, assisted by his civilian cabinet, through the issuance of Presidential decrees. The civilian bureaucracy and judicial system function normally in most cases and the Armed Forces of the Philippines is subordinate to civilian control.

On the other hand, there have been numerous arrests and detention of a number of prisoners for over 2 years without trial and the right of habeas corpus is suspended. Some estimates state that there may be from 1,000 to 4,000 "political prisoners" still in prison awaiting trail. There have been charges of torture or mistreatment of prisoners but in

some cases the Philippine Government has already taken remedial steps. We have no evidence that mistreatment of prisoners or torture is either a policy of the Philippine Government or condoned by Philippine leaders. In this regard the Government has already permitted visits to its detention centers by the International Red Cross, a mission of the International Commission of Jurists, and an Amnesty International team and has afforded these groups its fullest cooperation in every aspect of their investigations.

In other areas, human rights have also been curtailed. There is limited freedom of expression. The media exercise self-censorship, which in effect means they carry nothing critical of the government and are essentially controlled. However, the government has not actively abridged freedom of private association, even for many of its outspoken critics, and it has allowed some small opposition rallies and peaceful assemblies to take place. Political parties have been inactive since the inception of martial law, but only the Communist Party is officially banned.

RATIONALE FOR ASSISTANCE TO THAILAND

Mr. PASSMAN. I note AID plans a $10,800,000 program to Thailand in fiscal year 1977. Could you please tell the committee why we are supplying this country with bilateral assistance when they have kicked the U.S. troops out of the country and they have such a large foreign exchange balance?

Mr. GARDINER. Although U.S. military personnel are being withdrawn from Thailand because of the failure of negotiations with respect to the immunities to be held by U.S. military personnel there, this does not change our posture of friendly cooperation with the Thai on matters of mutual concern.

Our rationale for assistance to Thailand is to support the efforts of the fledgling democratic government to design policies and formulate programs and projects which reach "out and down" to the poorest Thai citizens in rural development, health, and population. Our request constitutes a preplanned element in our overall transition toward new forms of development cooperation in Thailand which the executive branch believes we should follow as originally discussed with the Thai several years ago in the process of formulating our development assistance program for Thailand.

The gross foreign exchange balance of $1.84 billion, as of January 1976, is not considered excessive in that it is the equivalent of about 16 months of imports. This reflects a drop from 1972 when reserves equaled over 8 months of imports. The World Bank expects a further decline in the reserves/import ratio in light of rising import requirements and declining terms of trade.

POPULATION GROWTH, FOOD SUPPLY AND EDUCATION

Mr. PASSMAN. On page 2 of Mr. Gardiner's statement, he indicates that despite great efforts to improve the situation over the last 15 years, there are more school children out of school today than there were in 1960. This seems to be a very discouraging situation since we have provided so much bilateral assistance and multilateral assistance

over the years that we are still losing ground. Do you feel that this whole foreign aid program is a hopeless situation or do you think we will ever get on top of the population growth, food supply, and education problems?

Mr. PARKER. I agree that the problems of the developing countries are immense. They are particularly difficult in the eight Asian countries mentioned by Mr. Gardiner. Nevertheless, I do not believe that the situation is hopeless. Although extreme budgetary pressures have prevented many countries from reducing the absolute numbers of school-age children not in school, the absolute numbers and the percentage of school-age children in school have increased, food production has grown rapidly enough to keep pace with population growth, and substantial progress has been made in developing a meaningful commitment to lowering the population growth rate.

The major challenge now, as I indicated, is to increase the rate of growth of food production. According to the FAO, it will be necessary to increase the rate of growth of food production from 2.6 percent per year to 4 percent in order to close the food and nutrition gap. This will be a tremendous task, but I believe that the goal is achievable. The productivity of the average farmer in developing countries is so far below the productivity of the most progressive farmers in these countries that food production can increase relatively rapidly when policies and programs provide adequate incentives and more productive inputs. Most developing countries are devoting increasing attention and resources to the food production policies and programs, and international organizations and donors—including the organizations established as a result of the World Food Conference—are doing likewise.

Greater food production will also contribute directly and indirectly to reduced population growth by increasing incomes and improving nutrition—both of which are associated with smaller family size—and by providing resources for family planning programs. These additional resources could also be used to support expanded education efforts, although there is also scope for making literacy and other basic skills available to more people through lowering the cost of educational activities.

In short, a major key is faster growth of food production. Based on continuing technological advances and the present commitment of developing country governments to increased food production, I submit that the prospects are by no means hopeless. Moreover, the United States can help developing countries achieve their food production potential as well as improve their education and health-population situations, so that they can stay on the positive side of the narrow margin between hope and hopelessness.

OIL REVENUES AND AID PLANS

Mr. PASSMAN. Could you please tell the committee what the oil revenues were for Indonesia in 1975 and how this compares to 1974?

Mr. GARDINER. We do not have figures which correspond exactly to calendar years. For the Indonesian fiscal year (IFY) which ended March 1975, gross receipts from crude oil amounted to $5.15 billion, for IFY ending March 1976 the amount is an estimated $5.20 billion.

Mr. PASSMAN. Does AID plan to scale down its program to Indonesia in light of these increased oil revenues?

Mr. GARDINER. The impact of oil earnings has not been sufficient for Indonesia to plan to achieve its development targets without external assistance. The IBRD estimates that Indonesia will need $14 billion of external capital between 1975–80 and that 75 percent of this amount should be on concessional terms.

Indonesia is not a typical oil exporting country. Over the last 3 years the net increase in per capita income attributable to oil has been about $6. Self-sufficiency is without question an Indonesian goal, but it is easy to overestimate the impact of oil income in providing quick relief from poverty on the scale to be found in Indonesia. The United States is one among many nations that recognize Indonesia's development needs. Our share of total official development assistance commitments to Indonesia has dropped from nearly 30 percent in 1972 to less than 10 percent in 1975. Our assistance relationship in the next few years is intended to support stable development and increased equity for the poorest Indonesians. U.S. aid is likely to be scaled down as Indonesia increases its ability to respond to its development needs with its own resources.

SALE OF INDOCHINA PROGRAM COMMODITIES

Mr. PASSMAN. Could you please tell the committee what the situation is at the present time regarding the surplus material that was diverted from Southeast Asia when that part of the world came under Communist domination?

As I remember, these goods were diverted to Manila, Hong Kong, Singapore, and Bangkok. There was some indication that these goods were sold some times as low as 48 percent of the original value. Could you please tell the committee how much the taxpayer has lost in the way of selling these goods much lower than their actual cost?

Mr. GARDINER. We will not be able to give you the final answer to that question until disposition is made of all commodities, about June 30, 1976. However, I would like to say we took title to commodities which cost approximately $25.5 million FOB, at the loading ports, or approximately $30 million delivered. We have transferred $3,189,685 worth of commodities to other agencies. In addition, we have sold commodities with an original FOB value of $16,565,436 for $7,969,950, or 48 percent of the FOB cost. We are in the process of selling the remaining commodities which have an estimated FOB value of $5.7 million.

We should obtain approximately $2 million for the remaining commodities. Therefore, when all commodities are disposed of, transfers plus estimated sales should total approximately $13.2 million. Therefore, the loss against the delivered cost of the commodities will be about $16.8 million. In a further attempt to minimize our losses, we are currently negotiating claims against shipping lines and insurance companies to recover a portion of the freight and insurance costs since these costs were based upon rates to Vietnam and/or Phnom Penh instead of to the alternate ports to which the cargoes were diverted.

AID PHASEOUT IN BRAZIL

Mr. PASSMAN. Has AID completely phased out its program to Brazil?

Mr. KLEINE. The phaseout of our bilateral assistance program, begun in 1973, is proceeding on schedule. There have been no new loans since that time, and previously committed funds are being disbursed in accordance with the schedule which will permit the USAID Mission in Brasilia to close as a formal office at the end of fiscal year 1977.

It is anticipated that a small nucleus of U.S. and local employees will be required for "mopping-up" operations following the formal phaseout.

Our fiscal year 1977 technical assistance grant request of $461,000 is solely to finance the completion of academic studies of Brazilian participants who began training in the United States in previous years. No technical assistance funds are planned.

CHILE—POLITICAL SITUATION AND DEVELOPMENT ASSISTANCE

Mr. PASSMAN. Could you please tell the committee what the current political situation is in Chile and indicate what the Government is doing with regard to development assistance within her country?

Mr. KLEINE. The military government in Chile seems determined to impose major structural economic and political changes. The economic policy has the objective of reducing inflation and correcting the very serious balance-of-payments deficit.

The Chilean economy is undergoing an austere recovery program designed to rehabilitate it from the near chaos of the Allende period. The civilian economic team has instituted a program which has eliminated the black market, established a single, free exchange rate, and has let prices and wages for the most part find their level in the marketplace. Tariffs have been reduced and the Government has decreed a special code to attract foreign investment. Agricultural production and exports have risen. Industry is undergoing depression conditions. Mining has increased, although the price of copper has fallen causing lower income earnings.

The Chilean Government has a development plan which stresses the role of the private sector. It provides incentives for small farmers, particularly those who have recently received titles under the land reform program. The government and private institutions are engaged in low-cost housing construction in urban and rural areas. It is also attempting to eradicate malnutrition through research and development of low-cost protein fortified foods. Development assistance available from the United States and other institutions is being channeled to support these areas.

ALLEGED REPRESSION IN CHILE

Mr. PASSMAN. There have been many accusations that Chile is very repressive. Would you please comment on the question of repression within Chile?

Mr. KLEINE. Under a legal state of siege, constitutional guarantees remain suspended. The government takes strong measures against

threats of subversion and violence. The country is a major target of international condemnation over human rights violations, especially alleged torture. Some internal criticisms in this regard are heard, but they are muted. The government admits some abuses have occurred but denies that torture is a government policy. Legal measures have been promulgated seeking to assure detainees have civil rights and to give the judiciary greater supervision over arrests and detentions. Present information does not permit us a sound judgment on how fully the government is implementing these new legal measures.

GUATEMALAN RECONSTRUCTION COSTS

Mr. PASSMAN. Could you please tell the committee how much you estimate the reconstruction costs in Guatemala will be as a result of the earthquake?

Mr. KLEINE. Yes, sir. The preliminary estimate by the Government of Guatemala of the total reconstruction costs is $750 million. A breakdown of the total cost by sectors is shown in the table below:

Cost estimates of earthquake damages

[In millions of dollars]

Sector	*Total cost*
Housing	$491
Metropolitan	236
Large towns	74
Smaller towns	104
Miscellaneous (household goods and replacement and rubble removal)	77
Infrastructure	72
Transportation	66
Power and communication	4
Other	2
Social overhead	148
Health and social welfare	54
Education	42
Water and sewerage	12
Government buildings and streets	31
Churches and monuments	9
Productive sectors	39
Agriculture	8
Industry	11
Commerce and services	20
Total	750

U.S. RELIEF ASSISTANCE FOR GUATEMALA

Mr. PASSMAN. How much does the United States plan to contribute to this reconstruction effort?

Mr. KLEINE. AID plans to provide $25 million in grant assistance for relief purposes. This will focus on the priority needs facing

Guatemala including the provision of shelters, community facilities, rubble removal, and opening of road links. AID is also tentatively planning reconstruction loans of another $20 million for municipal services and housing. In addition to the grant and loan assistance, AID intends to further support the Guatemala reconstruction effort with Public Law 480 title II commodities and possibly the provision of housing investment guarantees.

TYPE OF GOVERNMENT OPERATING IN GUYANA

Mr. PASSMAN. Could you please tell the committee what type of government is presently operating in Guyana? Is this a Communist-type government?

Mr. KLEINE. Yes, sir, we will be pleased to do so.

Officially Guyana has a parliamentary form of government with a President as titular Chief of State and a Prime Minister as Head of Government. Prime Minister Forbes Burnham, as the leader of the People's National Congress, was appointed to his position following the election of 1964.

In late 1974, Mr. Burnham began publicly declaring himself a Marxist-Leninist. His political and economic policies appear to be a mixture of his own "cooperative socialism" and ideas borrowed from Cuba and some other Communist countries.

Mr. Burnham has repeatedly stated that he intends to fashion the first "orthodox socialist state" in South America, and that the Guyana Government will utilize Marxist-Leninist principles to move the nation from a capitalist to a socialist economic system. Burnham describes his government's approach as differing from orthodox Marxism in that Guyana is using cooperatives as the mechanism for bringing about socialism rather than focusing exclusively on state ownership.

Since the decisive victory of his People's National Congress (PNC) party in the July 1973 election, Burnham has strengthened the role of his party within the Government. In December 1974, Burnham declared the party is more important than the Government. Many of the changes that Burnham is proposing are expected to be incorporated in Guyana's new constitution, to be unveiled in late May.

Burnham has said publicly that private enterprise has only a limited future in Guyana, and all major segments of the economy have either been or are about to be nationalized. The government also controls the media, with the exception of one opposition newspaper which is, however, Communist.

Burnham defines the cooperatives as an organization in which the consumers own the means of production, which are managed "by direct and indirect representatives of the consumers and producers" in association with the state. In fact, a wide variety of organizations have been created under the loose title "cooperative."

In foreign policy, Guayana maintains friendly ties with the United States and other Western Powers. Guyana, however, has increased its ties with Cuba, the Soviet Union, and the People's Republic of China in recent years.

Development goals of the government of Guyana place heavy emphasis on national self-reliance. High priority is being accorded to

achieving self-sufficiency in food production and in improving education and health services. The government has indicated that the small farmer will play an essential role in the expansion and modernization of the agricultural sector.

Although apparently moving toward more authoritarian models in its pursuit of socialism, the human rights record of the GOG is good.

PHASEOUT OF AID PROGRAM IN COLOMBIA

Mr. PASSMAN. In an interview with a U.S. newspaper, the President of Colombia indicated in October that they had concluded that foreign aid breeds an unhealthy economic dependency and delays and undermines measures that should be taken toward development. If this is their attitude, could you tell the committee why we plan to have a foreign aid program in Colombia in fiscal year 1977?

Mr. KLEINE. The assistance proposed for fiscal year 1977 will consist solely of $840,000 in grant funding for the completion of technical assistance activities initiated in prior years. When President Lopez and President Ford announced the phaseout of the AID bilateral assistance program, they agreed that "as Colombia has become less dependent on concessional external financing, the AID bilateral program could be brought to an orderly phase out, and that appropriate agencies of the two governments would work out a plan for such an orderly termination of AID assistance." The grant funding for fiscal year 1977 is in accord with the phaseout plan subsequently worked out in consultation with the Colombians.

MILITARY ASSISTANCE TO LEBANON

Mr. PASSMAN. Could you please tell the committee what the current situation is in Lebanon?

If we are providing military assistance to Lebanon, could you please tell the committee what sort of equipment is being supplied or delivered from past obligations?

Mr. DUBS. U.S. military assistance at present includes only a small amount of training and does not include equipment of any kind. However, until recently the Defense Department continued to ship nonlethal items—consisting of spare parts, electronic supplies, and training film—based on past orders received from the government of Lebanon. The Lebanese Embassy now has requested that all shipments to our freight forwarder be suspended.

AID TO LEBANON

Mr. PASSMAN. Could you tell the committee if the United States is presently providing any assistance whatsoever to Lebanon including military and economic?

Mr. WHITE. Since November 1975 the United States has provided $1.1 million (including transportation) in medical supplies to Lebanon. These supplies, provided through AID's Foreign Disaster Relief Coordinator's office, have all gone to the American University Hospital in Beirut for use and distribution to some 14 other hospitals

in the country. In addition, AID has approved a grant of $500,000 to the International Committee of the Red Cross in response to an international appeal for funds to provide emergency assistance to Lebanon.

The United States has a small program valued at about $115,000 for training Lebanese military officers in the United States; at least one officer still is in the United States in that program.

In addition we have budgeted $5 million in FMS credits, but have not yet formally offered them to the Lebanese.

FISCAL YEAR 1977 FUNDING FOR SPAIN

Mr. PASSMAN. Do you have any estimate at the present time of what the fiscal year 1977 request will be for Spain?

Mr. WHITE. A new treaty with Spain is now before the Senate Foreign Relations Committee. It will provide $35 million of security supporting assistance over the next 5 years. For fiscal year 1977 we are requesting $7 million for 1 year's funding of this program.

FOREIGN AID AS A PERCENTAGE OF THE TOTAL FEDERAL BUDGET

Mr. PASSMAN. You indicate on page 27 of the justification that the economic assistance program represents 1.15 percent of the total Federal budget. Could you tell the committee what this percentage would be increased to if the military assistance and the multilateral assistance is also counted?

Mr. PARKER. Total budget authority requested for foreign aid in fiscal year 1977 amounts to $5.8 billion and represents 1.4 percent of the total budget authority of $443.4 billion requested for fiscal year 1977.

EFFECTS OF CUTS IN THE APPROPRIATION

Mr. PASSMAN. On page 29, you indicate that in the event that appropriations for functional accounts are less than requested levels, it will be necessary to adjust planned programs for the balance of 1976, the transition quarter, and fiscal year 1977. Could you please tell the committee the meaning of this statement and indicate just what necessary adjustments will be made?

Mr. PARKER. As you know, Mr. Chairman, our A.I.D. Mission Directors must work closely with the governments of recipient countries over a period of time to develop appropriate projects for U.S. financing. In the course of any given fiscal year a number of projects will be at different stages of planning and design. Some will be nearly ready for funding while others will be in preparation for future years. We have proposed certain projects for funding in fiscal 1976, some for the transition quarter and others for fiscal 1977. In the event that the fiscal 1976 appropriation will not permit funding of all projects at proposed levels—and we now know that it will not—we will no doubt decide that at least part of the shortfall should be covered by using funds appropriated for the transition quarter or fiscal 1977 to finance projects that are now fully developed. This will necessitate, in turn, the postponement of projects originally proposed for the later

funding periods. This means that projects we are now proposing for fiscal 1977 would necessarily have to be delayed until fiscal 1978 or cancelled.

TITLE XII

Mr. PASSMAN. Could you please tell the committee what AID is doing with respect to title XII of the authorization bill concerning the famine prevention and freedom from hunger provisions?

Mr. PARKER. All actions necessary for the President to create the Board for International Food and Agricultural Development and appoint its members have been taken. These actions were taken in close coordination with the National Association of State Universities and Land Grant Colleges (NASULGC) and other university associations in order to reflect the interests of the agricultural university community, which these associations represent, in keeping with the spirit of title XII.

Mr. PASSMAN. Could you tell the committee how much you are requesting to carry out this title in fiscal year 1977 and how it compares to fiscal year 1976?

Mr. PARKER. We are not actually requesting appropriations under title XII. Thus far, we can only estimate what proportion of food and nutrition category appropriations would be related to title XII concepts.

Inasmuch as the Board has not yet been constituted, we have focused on continuing ongoing programs related to title XII, restructuring some for possible expansion in line with title XII concepts. Preliminary estimates indicate that title XII activities specified in section 297 of the International Food and Assistance Act of 1975 of institution building in the developing countries and research, including support of international research centers, may utilize $85 million in fiscal year 1976.

Mr. PASSMAN. Could you please tell the committee just what AID's role is with regard to title XII?

Mr. PARKER. Certainly, sir. The legal authorities of AID in carrying out title XII are clean and unambiguous. The right and power of final decision on all title XII matters is vested in the AID Administrator. The Board for International Food and Agricultural Development is technically an advisory committee.

The legislative history, and the wording of title XII place great responsibilities upon the Board and imply its very significant participation in AID activities within its scope—activities which range from planning through implementation to evaluation—going quite beyond the normally understood functions of more conventional advisory committees.

We in AID consider title XII to be a mandate to AID to work more closely with land grant and other eligible agricultural universities to find ways in which they can become more effectively involved with AID in our international programs for increasing food production and improving food distribution and the nutritional quality of food. Where necessary, AID will reshape its programs in such ways that we can intensify the use of the large resource of experience and of

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scientific and technological capabilities available in the U.S. agricultural universities. This may mean expanding some of our efforts in international research, or reshaping some of our research programs toward somewhat different priorities and modes of implementation. AID will reexamine in-country research, extension, education, and other agricultural institutional capabilities in developing countries in order to determine cooperatively with the developing countries and with U.S. universities how the universities can develop and improve these institutional capabilities to achieve increased food production and better nutrition.

AID OPERATING EXPENSES

Mr. PASSMAN. I note that the operating expenses run around 15 percent of the functional programs. Could you please tell the committee why this operating expense constitutes such a large amount of these functional programs?

Mr. PARKER. Attribution of the dollar request to the various programs of the Agency depends upon an analysis of the amount of staff time, both in the field and in Washington, that is devoted to planning and management of each program. The share of operating expenses that is charged to the functional programs, through which we are trying to reach those people in the LDC's who have not been reached before, is proportionately larger than other shares. This reflects the fact that staff time is directly involved in project design, technical planning and implementation including contracting for services, commodity procurement, placing of participants in appropriate training institutions, and other management actions. Other programs, for example, cash grants and program loans, require substantially less management time.

POPULATION GROWTH AND FOOD PRODUCTION

Mr. PASSMAN. On page 45, you paint a rather bleak picture regarding population growth and food production. Could you please tell the committee if countries are trying to curb their population growth and do they actually realize that at some point down the road there is just not going to be enough food to supply the world's hungry?

Mr. PARKER. Yes, sir. Most of the countries of the developing world are beginning to realize that their countries cannot sustain rapid population growth for an unlimited period. As a result of this understanding, 136 countries endorsed the United Nations World Population Plan of Action at Bucharest in 1974. Also, today over 50 developing countries have adopted some form of national family planning program to begin to deal with excessive population growth. As most developing countries have to cope with the problem of fertility rates two or more times higher than those in the developed world, it is not a simple matter to reduce these fertility rates very quickly. The effectiveness of family planning programs varies greatly between countries and tends to reflect the priority placed on this problem and their managerial ability to actually implement an effective population program. Fortunately, some countries like Korea, Egypt, Indonesia, Pakistan, Philippines, and others are fully aware of this problem and

are taking major steps, with our assistance, to limit their population growth and increase their food production. We must continue to urge those nations who have not shown real interest in the population problem to wake up and take effective action before the problem is too great for them or for all of us to handle.

POPULATION EDUCATION FUNDING

Mr. PASSMAN. Could you please tell the committee how much of the $288.6 million proposed for population planning and health in fiscal year 1977 will be used for educational purposes regarding population planning?

Mr. PARKER. Yes, sir. Within the population planning budget for fiscal year 1977, $19.5 million will be used for educational purposes. Of this total, $16.2 million will be applied to providing population and family planning information and education to family planning clients and the general public. The remaining $3.3 million will be used for training family planning counselors. These counselors will learn how to effectively communicate about family planning in the clinics where they work and in the community.

MONEYS FOR POPULATION PLANNING AND HEALTH IN ASIA

Mr. PASSMAN. On page 52, I note that you plan to allocate 25 percent of the money requested for population planning and health in fiscal year 1977 to Asia. Could you please tell the committee why more is not allocated to this area of the world since this is where the problem is the greatest?

Mr. PARKER. The fiscal year 1977 program allocates a far larger share of population program assistance funds to Asia than to the other three regions. This allocation is made both because the need is very great in Asia and because the population/family planning programs in Asia are the most mature and have the most critical and largest requirement for contraceptives at this time.

Of the fiscal year 1977 population program assistance funds proposed for allocation to the bilateral programs in each of the four areas, the largest allocation by far is to the Asian area, as shown below.

FISCAL YEAR 1977 POPULATION ASSISTANCE FUNDS ALLOCATED TO BILATERAL PROGRAMS

Area	Amount (millions)	Percent of total programatic funds
Africa	$7.5	4.9
Latin America	7.1	4.6
Near East	3.1	2.0
Asia	41.8	27.1

In addition to these inputs, a very large proportion of the remaining balance of population program assistance funds which are allocated to the interregional program ($69.6 million) and to the UNFPA ($25 million) also go to support direct in-country population family planning activities in Asia because of the critical need and absorptive capability of the large and growing family planning programs in those countries.

FAMILY PLANNING SERVICES EXPENDITURES

Mr. PASSMAN. On page 53 would you please explain the $35 million you plan to allocate for the family planning services, indicating just what this item is?

Mr. PARKER. Mr. Congressman, this component is in many ways the keystone of the population program, because it goes to the heart of delivering family planning services to the rural poor and their counterparts in urban slums. In essence, this effort is a three-pronged attack on developing, implementing, and improving the management and effectiveness of family planning delivery systems.

The first element budgets $26 million in fiscal and commodity support under grants to private, nonprofit organizations which develop and support projects in family planning education, management, motivation, and direct service to acceptors. In many instances, these private organizations are the only providers of family planning services in situations where host governments are reluctant to accept direct bilateral assistance. The second approach, and one complementary to both the bilateral and private, nonprofit grant routes, relies on distributing information and contraceptives through existing commercial channels. Two contraceptive retail sales programs began last year. Several more are currently being developed. We see this as a very useful way of reaching couples who do not feel comfortable in securing contraceptives via medical clinics, or as a way to extend the reach of the program beyond the health infrastructure. Furthermore, the funds generated by these commercial sales are put back into the program, thereby giving it the potential for becoming wholly or partially self-sustaining. Contraceptive retail sales are programed at $6.7 million.

In order to improve management information for use by host country and AID family planning program officials and in order to specifically improve weak parts in the operation of these systems, we are requesting $2.4 million for management and evaluation support. This component of family planning delivery systems allows us to send technical expertise in such fields as medicine, pharmacology, logistics, communications, management, and delivery systems designs to host country governments and organizations.

AMOUNTS REQUESTED FOR EDUCATION AND HUMAN RESOURCES FOR FISCAL YEAR 1977

Mr. PASSMAN. Of the amounts requested for education and human resources development in fiscal year 1977, could you tell the committee how much will be used to teach vocational skills, how much will be used for elementary education, and how much will be used for higher education and secondary education? Also, how much of the formal education allocation will be actually used for graduate or doctoral work?

Mr. PARKER. Yes, sir. We will be happy to oblige.

[The information follows:]

EDUCATION AND HUMAN RESOURCES DEVELOPMENT PROGRAM PROPOSAL—FISCAL YEAR 1977

(Grants and loans)

	In millions
Africa:	
Primary education	$.85
Vocational education	.65
Higher education (graduate education—6.5)	8.4
Nonformal adult education	8.1
Program support services	.9
Total	18.9
Asia:	
Primary education	10.5
Secondary education	.1
Vocational education	3.4
Higher education (mainly graduate)	7.3
Adult/nonformal education	6.7
Program development and support	.4
Total	28.4
Latin America:	
Primary education	19.3
Secondary education	5.7
Vocational education—including non-formal in various sectors and free labor development (AIFLD—5.7)	23.8
Higher education (graduate level 3.)	9.5
Sector analysis, program development and support	2.0
Total	60.3
Near East:	
Rural primary education	4.2
Non-formal adult education	1.2
Higher education (3.6 to American U. of Beirut undergraduate programs) (graduate programs .1)	3.7
Program development, advisory services	.2
Total	9.3
Worldwide Technical Assistance and Research:	
Nonformal education and educational technology research and support for primary and basic education	4.6
Higher education (special services)	.5
Development administration	.8
Total	5.9
Private and voluntary organizations:	
Vocational education	1.0
Program and management services:	
Nonformal adult education	1.3
Program support services	.2
Total	1.5
Office of Labor Affairs:	
Nonformal adult education	.6
Inspector General of Foreign Assistance:	
Inspection of education projects	.2
Total program	126.1

THE RESEARCH CEILING

Mr. PASSMAN. Could you please tell the committee how much of your fiscal year 1977 request will be used for research?

Mr. PARKER. Yes indeed, if you refer to what we call centrally funded research. As I mentioned to Mr. Coughlin, it is very difficult to disaggregate costs of actual research in the field from its application in the field and from other project components. For example, an agricultural extension project could involve at one time support to a local research institution for a limited amount of research needed to answer a particular question or problem, and at another time, the application of the findings of that research on the farm.

$26.2 million of the fiscal year 1977 request is for centrally funded research: $10.7 million for Food and Nutrition title XII, $10.3 million for Population Planning title X research, $1.8 million for Health, $1.6 million for Education and Human Resources and $1.8 million for Development Activities under section 106.

Mr. PASSMAN. Could you please tell the committee what your research ceiling request is for fiscal year 1977 for section 106(a)(3)?

Mr. PARKER. We did not request a ceiling on research funds for any functional category. The Agency is in fact opposed to such a ceiling because:

> The authorizing legislation makes it clear that research is an essential and integral part of A.I.D.'s mission.
>
> The Congress has legislated a program which requires more rather than less research.
>
> New directions legislated by Congress require a close integration of research with operational assistance programs. A ceiling inhibits such integration.
>
> Historic management concerns about research which resulted in the original ceiling are no longer valid.
>
> It adds additional controls to the valid ones exercised by the separate appropriations for functional assistance under sections 103–105.
>
> The management of such a ceiling would involve the Agency in administrative complexities totally disproportionate to any problem of which we are aware or that the committee has brought to our attention.

Mr. PASSMAN. Did you utilize the entire $15 million that was provided in fiscal year 1976 for section 106 research?

Mr. PARKER. I believe you are referring to the $15 million ceiling placed on section 106 research for the period from July 1, 1975 to September 30, 1976 which is contained in the appropriations bill which has not yet been passed by the Congress. Let me say, Mr. Chairman, that after Counsel looked at that provision closely we concluded that it did not technically cover what we understood to be the committee's intent—all centrally funded research excepting title X and title XII. Nonetheless, we have instructed our people to follow the committee's intent. Even in that framework, however, the answer is that we do not expect to hit that ceiling. So far, we have in process contracts worth $2.6 million for research on selected development problems, $1.5 million on health exclusive of title X and $0.785 million on education and human resources.

U.S. SUPPORT TO THE ORGANIZATION OF AMERICAN STATES

Mr. PASSMAN. Could you please tell the committee what is being done to reduce the U.S. percentage contribution to the Organization of American States which now stands at roughly 66 percent?

Mr. KLEINE. We are seeking ways to reduce the proportion that the United States pays for OAS voluntary programs. We have already informed the member states that the U.S. share should, over time, be lowered, to at most 50 percent, in order to diminish the image of the OAS as a U.S.-dominated organization and because it is unwise for any international organization to be so heavily dependent on the financial support of a single member. A number of countries have informally agreed with this point. However, an abrupt reduction from current levels of support would severely reduce the development assistance programs of the OAS. As a result of discussions with U.S. representatives, the OAS Secretariat is analyzing a number of possible options for lowering the U.S. share. The major points under study are appropriate time schedules and formulas for a decline in the U.S. proportion in such a way that would allow the other countries to increase their share of contributions and adversely affect OAS programs.

We will continue and intensify our efforts to achieve a gradual lowering of the U.S. share of contributions.

PROPORTIONS OF AID TO MOST SERIOUSLY AFFECTED COUNTRIES

Mr. PASSMAN. Can you please tell the committee what percentage of AID's total program for fiscal year 1977 of about $3.3 billion will go to the 42 most seriously affected countries listed on page 71 and what percentage will go to the Middle East countries connected with the Sinai agreement?

Mr. PARKER. More than $1.1 billion or more than one-third of the total fiscal year 1977 proposed AID program level of almost $3.3 billion is proposed directly for the most seriously affected countries. If you exclude the regional and interregional programs and compare only direct country assistance, 47 percent is proposed for the MSA countries. Excluding security supporting assistance and including only development assistance country programs the level proposed for MSA countries is 61 percent or slightly more than three-fifths.

Forty-seven percent of the total proposed fiscal year 1977 AID program level of almost $3.3 billion would go to Egypt and Israel, the parties to the Sinai disengagement agreement. These funds would all be security supporting assistance.

STUDIES IN DISASTER ASSISTANCE ART

Mr. PASSMAN. On page 73 you indicate that an intensive study soon will be initiated to ascertain the full state of the disaster assistance art to be used as a point of departure for future improvements in the international disaster program. Could you please tell the committee why these studies are needed, exactly what the studies will cover, and how much these studies will cost?

Mr. PARKER. AID feels that the full application of 20th century technology in disaster-prone developing nations of the world could significantly mitigate effects of such catastrophies upon the numbers of disaster victims created each year. Disaster assistance is composed of a great number of areas of technical and scientific specialization. For example: Disaster prediction; disaster warning systems; mass care, which includes emergency shelter, sanitation, feeding, water and power supply, and nutrition; communications, both short and long range; assessment employing satellite imagery; and land use and building code applications.

State of the art studies are necessary to determine what has been developed in these areas and what is ready for application having either cost and/or humanitarian benefits. While we plan to obligate $940,000 for such research in fiscal year 1977, it is premature to estimate the actual costs for such endeavors because some of the work will be carried out in indirect ways by AID staff in day-to-day activities.

In terms of current progress, AID is negotiating a task order with the National Academy of Sciences involving five areas of activity, one of which is to assist AID in assessing the state of the art in various scientific and technical fields relating to disaster mitigation, preparedness, relief, and rehabilitation. The cost of the task order for the first year will be about $215,000. In addition, we plan to create an interagency working group of representatives of U.S. Government agencies which have foreign disaster assistance related activities or resources. It is expected that a principal task of this group will be state of the art descriptions of their areas of specialization.

OPERATING EXPENSE PIPELINE

Mr. PASSMAN. On page 80 you list an unliquidated pipeline balance as of September 30, 1976 of $37.7 million for operating expenses. Could you please tell the committee why you have an unliquidated balance for operating expenses?

Mr. PARKER. A large portion of our operating expense pipeline at the end of any fiscal period represents State administrative support costs, the billing for which is generally not received until the next fiscal period. Thus, the operating expense pipeline is reduced by $10 to $15 million within 2 months after the close of the fiscal period. The remainder of the estimated pipeline consists of unliquidated obligations for procurement of supplies and equipment for Agency operations, personnel travel costs, and contractual services.

ISRAEL—DESALINATION PROJECT

Mr. PASSMAN. On the same page I note that you have an unliquidated balance of $17 million as of September 30, 1976 for the prototype desalting plant for Israel. Since these funds were appropriated in 1969 or 1970 could you tell the committee why such a large amount is still in the pipeline?

Could you also explain the status of this project and indicate just what is being done in Israel on construction, et cetera?

Mr. WHITE. While funds for the desalter were originally appropriated in 1970, it was only in fiscal year 1975 that we were in a position to conclude a formal agreement with the Government of Israel. During this period the Israel Government did work on a small-scale prototype desalting project, which provided the basis for design of the much larger, 10 million gallon prototype activity in which we are engaged. At the present time the Israel Desalination Engineering Ltd. (IDE) which is the Israeli Government-owned company responsible for project construction, is preparing the preliminary design of the facility and, concurrently, negotiating with the Government-owned electric company for modifications and new construction that will be required at the Ashdod electric generating plant. AID has executed a Participating Agency Services Agreement with Interior to provide two technical experts. They are expected to arrive in Israel sometime toward the end of May 1976.

Our information is that the current pipeline is $20 million. However, expenditures under the project agreement should begin shortly.

CONTINGENCY FUND PIPELINE

Mr. PASSMAN. You also indicate on page 80 that $15.5 million is in the unliquidated balance pipeline as of September 30, 1976, for the contingency fund. Could you please tell the committee why this pipeline figure is so large?

Mr. PARKER. Our pipeline represents funds obligated but not yet disbursed as of a particular date and is calculated using a formula for disbursements, or outlays, based on percentage factors which are developed from analyses of historic experience for each appropriation account. The analysis for contingency funds indicates that they generally disburse at the rate of 40 percent during the year of obligation and 30 percent in subsequent years. Since we do not know what specific contingencies these funds will be obligated for, we are unable to describe in detail what the pipeline may consist of.

PIPELINE, SEPTEMBER 30, 1976

Mr. PASSMAN. You estimate that as of September 30, 1976 you will have a pipeline of $3,325.8 million. Could you please tell the committee why this pipeline figure is so large?

Mr. PARKER. Yes, sir. Because many economic and security supporting assistance programs extend over several years, funds obligated in 1 year may not be disbursed or liquidated, until goods are delivered and services are performed in subsequent years. Balances of unliquidated obligations are referred to as the "pipeline."

The pipeline of $3.3 billion we estimated for September 30, 1976, was based on our program requests for fiscal 1976 and the transition quarter. Almost 80 percent of that pipeline, or $2.6 billion, is accounted for by development loans and the security supporting assistance programs. The loan program, which requires long-range financing for as much as 3 to 4 years, shows a very low rate of disbursement during the year the funds are obligated—only one-half of 1 percent. The substantial in-

crease in security supporting assistance funds in fiscal year 1976 will create a corresponding substantial increase in the pipeline.

Mr. PASSMAN. Are all these amounts obligated?

Mr. PARKER. Yes. All amounts in our pipeline represent firm, valid obligations.

Mr. PASSMAN. Could you tell the committee what your estimate will be of the funds deobligated from this pipeline in fiscal year 1977?

Mr. PARKER. We have estimated that recoveries from the pipeline will total $74.2 million during fiscal year 1977 as indicated in our budget request.

UNOBLIGATED BALANCE CARRYOVER

Mr. PASSMAN. Do you have any estimates of what your unobligated balance carryover by account will be as of September 30, 1976?

Mr. PARKER. When preparing our budget request, we assume that we will obligate the entire amount of funds available to us. Therefore, there should be no unobligated balance at the end of fiscal year 1976 or the transition quarter.

PUBLIC LAW 480 TITLE I LOANS—TERMS AND INTEREST RATES

Mr. PASSMAN. Could you please tell the committee what the terms and interest rates are of the Public Law 480 title I loans?

Mr. PARKER. Public Law 480 provides that the terms of title I sales may be no less favorable to the United States than those for AID development loans. Such terms provide for repayment within a maximum of 40 years, with a 10-year grace period, 2-percent interest rate during the grace period and 3 percent thereafter. However, many title I agreements provide much less favorable terms to the recipient. For example, the recent title I agreement with Portugal requires payment within 15 years, a 1-year grace period, and 4.5 percent interest rate.

In addition, where appropriate, title I agreements require that the recipient country buy up to 5 percent of the commodities included in the agreement in the United States for dollars—in other words, this amount is not financed under Public Law 480. The agreements may also require an early payment of local currency to help finance official U.S. expenses in the country. Such payments are considered as advance payment of the loan which is otherwise repayable in dollars.

Mr. PASSMAN. Could you please tell the committee how much of the fiscal year 1977 program requests for AID will be used to pay for ocean freight?

Under the Public Law 480 program, does the receiving country pay the ocean freight?

If U.S. carriers are used and the United States is required to pay the differential for this increased cost, is this differential paid by Agriculture or AID?

Could you tell the committee how much of the Public Law 480 program for fiscal year 1977 will be used to pay ocean freight?

Of the amount programed in fiscal year 1977 for ocean freight, could you please break that down and tell the committee how much will be used for Public Law 480 commodities, (title I or title II) and

how much will be used for just other commodities shipped under the AID program?

Mr. PARKER. Under the title I sales program, the receiving country finances ocean freight costs. Under the title II donation program, the United States generally finances the freight costs.

The Department of Agriculture pays the ocean freight differential (if any) on title I shipments for the 50 percent of the cargo required to be shipped on U.S.-flag vessels. In the case of title II, Agriculture pays the full freight differential.

The President's fiscal year 1977 Public Law 480 budget includes an estimated outlay of $1,169 million for Public Law 480. Of this amount, ocean freight costs are estimated at $173.5 million.

The Public Law 480 budget includes $61.5 million for the ocean freight differential under title I and $112 million for ocean freight costs for title II shipments. Based on our experience of the last several years, we would expect that in fiscal year 1977 about $75 million of AID funds will be used for ocean freight costs of commodities shipped under the AID program.

YMCA–AID PROGRAMS

Mr. PASSMAN. Could you please tell the committee what sort of programs the Young Men's Chiristian Association carries out for the AID?

Mr. PARKER. The YMCA is carrying out the following programs for AID:

Self-help agriculture and community development programs in Ethiopia, utilizing indigenous leadership resources, designed to improve income, health and education of the poor.

A mixed farming pilot project (with dairy and poultry farming as important components) for unemployed rural youth from below subsistence families in Sri Lanka.

A model village development project in Northern Sumatra and a pilot vocational training project for underprivileged youths in Jakarta.

AID is also enabling the YMCA to strengthen its capabilities to generate and support social and economic development activities throughout the developing countries. Specific projects include: Health-nutrition-family management; vocational education-job creation activities; and agricultural-community development.

PRIVATE VOLUNTARY ORGANIZATIONS SUPPORTED BY AID—1977

Mr. PASSMAN. Could you please list for the record all the private voluntary organizations that are supported by AID and list the amounts that are programed for each of these organizations in fiscal year 1977?

Mr. PARKER. The accompanying table identifies the agencies and amounts programed for fiscal year 1977. The amounts are $5,826,000 for development program grants and $11 million for general program support. In addition, $10.5 million is programed for ocean

freight reimbursement. It is not possible at this time to give a detailed breakdown of OPG's and other grants and contracts not yet programed. The OPG program is responsive to requests from the private voluntary organizations—and we cannot anticipate which voluntary agencies will make requests. Contracts are awarded on the basis of proposals, and these cannot be anticipated.

[The table follows:]

Private and voluntary organizations supported by AID—fiscal year 1977

	Thousands
Development Program Grants (DPG's):	
American ORT Federation	$250
ACCION International, AITEC Division	100
Agricultural Cooperative Dev. International	215
Catholic Relief Service	400
Christian Medical Commission	100
Community Development Foundation	400
Cooperative League of the U.S.A	270
Coordination in Development	165
Credit Union National Association	300
Direct Relief Foundation	187
Foundation for Cooperative Housing	200
Goodwill Industries of America	122
International Eye Foundation	137
Meals for Millions	177
Medical Assistance Programs, Inc	285
National Council of Negro Women	229
National Rural Elec. Cooperative Association	195
Planning Assistance, Inc	300
Project Concern	200
TECHNOSERVE, Inc	390
U.S. Foundation f/International Scouting	300
Volunteer Development Corps	75
World Education, Inc	225
World Vision Relief Organization	204
Young Men's Christian Association	400
General Program Support:	
Agricultural Cooperative Dev. International	275
Cooperative League of the U.S. T.O. 1	295
Credit Union National Association (CRC)	100
Credit Union National Association T.O. 1	100
Institute for International Development	150
International Exective Service Corps	4,140
International Voluntary Service	350
National Rural Electric Cooperative Association T.O. 1	270
Private Agencies Collaborating Together	1,000
The Asia Foundation	4,000
Volunteer Development Corps	200
Volunteers in Technical Assistance	220
Education and Human Resources: Opportunities Industrialization Centers International	1,000
Special Activities: Technical Assistance Clearing House	300

NOTE: In addition, $10,500,000 is programed in fiscal year 1977 for ocean freight reimbursement.

PUBLIC SAFETY PROGRAMS

Mr. PASSMAN. Is any U.S. assistance of any type being supplied to any country for support of foreign police or prison systems or public safety programs?

Mr. PARKER. No fiscal year 1977 AID funds are programed for any country to support foreign police or prison systems or public safety programs.

INSPECTOR GENERAL OF FOREIGN ASSISTANCE

Mr. PASSMAN. Could you please tell the committee if you feel the Inspector General of Foreign Assistance is doing an effective job or are they just paying personnel to travel around the country?

Mr. PARKER. I feel that the Inspector General of Foreign Assistance performs a useful function in that he is charged with providing the Secretary of State with an independent appraisal of foreign assistance activities. I will mention, however, that in AID's response to the Murphy Commission report (Commission on the Organization of the Government for the Conduct of Foreign Policy), we indicated full agreement with the Commission's recommendation that the Office of the Inspector General of Foreign Assistance be abolished and that its functions be combined with those of the Inspector General of the Foreign Service. We agreed that with the strengthening of other oversight organizations, including AID's Office of the Auditor General, an independent office was no longer necessary. We felt the consolidation of the functions would provide the Secretary a single reporting source, eliminate present functional overlap within the Department and reduce the amount of duplication which now occurs in the inspection of foreign service activities.

Mr. PASSMAN. Could you please list their fiscal year 1977 program for the record, and have them break it down between personnel salaries, travel costs, cost of implementing studies, et cetera?

Mr. PARKER. Because of recent directions received from the Senate-House conference on H.R. 12203 IGA's fiscal year 1977 program is being revised. IGA's revised fiscal year 1976 budget is $1,550,000. Of this amount $1,223,500 (79 percent) is for personnel, $248,000 (16 percent) is for travel, and $78,500 (5 percent) is for support costs. Approximately 40 percent of IGA's fiscal year 1976 efforts have been in the security assistance programs in which AID has no involvement.

Mr. PASSMAN. Also have them list for the record the total reports produced in 1975, 1974, and 1973.

Mr. PARKER. There was a fundamental change in IGA philosophy during fiscal year 1974 which makes comparison of IGA's numerical scorecard for the three cited years misleading. In fiscal year 1973 IGA sent 100 "reports" to the Congress. A third of these were two pages or less, and were in the nature of advisory memoranda and inquiries. Another significant group were more in the nature of observations than fully developed findings. In many cases one inspection yielded several "reports."

In late fiscal year 1974 and early fiscal year 1975, there was a conscious hiatus in reporting while IGA's inspection procedures were revamped. As a result, 34 "reports" were issued in fiscal year 1974 and 23 fully developed inspection reports were issued in fiscal year 1975. Each of the fiscal year 1975 inspections was carefully planned, well-executed and closely reviewed.

In choosing quality over "numbers game" quantity, IGA has not lost its capacity for quick response (such as its inspection of frustrated cargoes resulting from the fall of Vietnam) or for short effective reporting (such as its five-page report on "Demilitarization Policies for Foreign Excess Property" which caused a productive change in DOD policy).

On the other hand some subjects require in-depth coverage to obtain lasting benefits. On November 26, 1975, IGA issued a report on "Selected AID Drought Relief Programs in West Africa (Sahel)." The 62-page report contained 20 substantive recommendations. The period of IGA's involvement was from May 1974 to November 1975—18 months. Three inspection trips were involved, two including the Inspector General. The last trip included two inspection teams and a senior IGA official in a 7-week effort covering five countries. By 1973 standards, a minimum of seven and as many as a dozen "reports" would have been issued, none of which would have been conclusive. The proof of the current IGA approach is the statement of AID's Deputy Administrator on reviewing IGA's Sahel report:

> This final report is the product of many hours of close collaboration by the Inspector General's Office, the Africa Bureau, and the Food for Peace Coordinator. Because of this extraordinary collaboration, the Agency can state that it has no substantive disagreement with the contents and recommendations of the report.
>
> The report can be used as an effective management tool in handling future relief programs of the nature covered.

U.S. FOREIGN ASSISTANCE PROPOSED IN FISCAL YEAR 1977 TO OPEC COUNTRIES

Mr. PASSMAN. Can you please tell the committee if the United States plans to provide any type of foreign assistance to the OPEC countries? If so, would you please list the country and the type and amount of assistance.

Mr. PARKER. Yes, sir. We will provide a table showing that information.

[The table follows:]

U.S. FOREIGN ASSISTANCE PROPOSED IN FISCAL YEAR 1977 TO OPEC COUNTRIES

[In thousands of dollars]

Type of assistance	Algeria	Ecuador	Gabon	Indonesia	Nigeria	Venezuela
Development assistance				49,900		
Peace Corps		1,223	391		24	67
Public Law 480	2,170	541	117	41,561	1,063	
International narcotics control		330		75		
Mutual education and cultural exchange	87	237	43	490	403	262
Military assistance grants (MAP)				19,400		
Foreign military training		900		3,000		700
Foreign military credit sales		10,000		23,100		
Excess defense articles				600		
Total	2,257	13,231	551	138,126	1,490	1,029

FINANCING OF PETROLEUM PRODUCTS

Mr. PASSMAN. Could you please tell the committee if you are requesting any funds in fiscal year 1977 to purchase petroleum products?

Mr. PARKER. Because of the close down of majorAID programs in Indochina, AID does not anticipate financing a significant volume of petroleum products during fiscal year 1977, although it is possible that we will be financing small amounts of lubricating oils and greases.

FINANCING FERTILIZER IN FISCAL YEAR 1977

Mr. PASSMAN. Could you please tell the committee how much you are requesting for fiscal year 1977 to purchase fertilizer?

Could you also list for the record the countries that will receive this fertilizer and the amount that each will receive?

Mr. PARKER. While we can't be certain at this point as to which countries will wish to use AID funds to finance fertilizer in fiscal year 1977, nor the precise amounts and costs which will be involved, the attached table gives our best present estimates.

[The table follows:]

PROJECTED FERTILIZER TO BE FINANCED WITH FISCAL YEAR 1977 FUNDS

Region and country	Metric tons	Estimated cost (FOB)	Estimated freight	Estimated cost (CIF)
Near East	0	0	0	0
Asia:				
Bangladesh	135,000	$18,900,000	$8,100,000	$27,000,000
Pakistan	125,000	17,500,000	7,500,000	25,000,000
Africa:				
Niger	2,200	308,000	352,000	660,000
Upper Volta	660	92,400	107,600	200,000
Latin America (estimated for region)	4,750	665,000	285,000	950,000
Total	267,610	37,465,400	16,344,600	53,810,000

NUCLEAR FUNDING

Mr. PASSMAN. Could you please tell the committee if any of the money requested in fiscal year 1977 from the various foreign aid programs will be used to provide nuclear plants or any sort of nuclear technology or nuclear matters to any country?

Mr. PARKER. A portion of funds requested in fiscal year 1977 for international organizations is allocated as a U.S. contribution to the International Atomic Energy Agency (IAEA) for the transfer of unclassified nuclear information and technology to developing countries for approved technical assistance projects. The fiscal year 1977 contribution is estimated to be $5 million: $1.8 million in funds and the remaining $3.2 million in kind for U.S. technical experts, training and fellowships, and equipment. In addition, the United Nations development program, to which the United States also contributes, transfers relatively small sums annually to IAEA for technical assistance in nuclear technology to developing countries.

PERSONNEL

Mr. PASSMAN. Could you please include in the record a table similar to that which appeared on page 240 of fiscal year 1975 hearings showing the total numbers of people being paid under the entire foreign aid program as of the latest available date?

Mr. PARKER. We will be glad to update it.

[The information follows:]

SUMMARY OF PERSONNEL EMPLOYED DIRECTLY, CERTAIN CONTRACTOR EMPLOYEES, MAN-YEAR EQUIVALENT OF SUPPORTING SERVICES RECEIVED, AND FOREIGN NATIONALS BEING TRAINED

	Actual at Dec. 31, 1975		
	U.S. nationals	Foreign nationals	Tota
Economic and military assistance:			
1. Direct-hire personnel (includes U.S. nationals, foreign nationals paid from appropriated funds, and trust funds):			
Economic	3,706	2,083	5,789
Military [1]	2,221	392	2,613
Total, direct hire	5,927	2,475	8,402
2. Persons participating in program other than direct hire (includes certain contractor employees and man-year equivalent of reimbursable supporting services of other agencies):			
Economic	906	624	1,530
Military	181		181
Total, other than direct hire	1,087	624	1,711
3. Number of foreign national trainees programed during the year (number in training at any given date is approximately half this number): [2]			
Economic		7,788	7,788
Military		5,175	5,175
Total, foreign national trainees programed		12,963	12,963
Total, economic and military assistance	7,014	16,062	23,076
Peace Corps:			
1. Direct-hire personnel	156	406	562
2. Volunteers and trainees:			
Volunteers	5,631		5,631
Trainees	1,053		1,053
Total, volunteers and trainees	6,684		6,684
3. Contractor employees	50	157	207
Total, Peace Corps	6,890	563	7,453

[1] Includes military personnel paid from DOD appropriations.
[2] Represents number of foreign national trainees programed during the year. Foreign nationals receiving training are paid wages or salaries from foreign assistance funds; they are in no sense employees of the U.S. Government. The average period of training per participant is less than 6 months.

ECONOMIC INTERRELATIONSHIP

Mr. PASSMAN. Would you please provide a list for the record showing the countries that we provide aid to as a quid pro quo or helps the United States in other ways, such as providing certain essential raw materials, for example, such as oil?

Mr. PARKER. The interdependence of countries is both highly complex and has increased dramatically in recent years. The interrelationships fall in many areas including trade, capital and investment flows, and political contact, among others. Because of these many and varied ties, it is difficult to quantify on a quid pro quo basis, what the United States gains from a particular country as a result of U.S. economic assistance. An example of the relationship between the United States and AID recipients is reflected by their respective trade flows. In 1974, total U.S. exports to AID recipients were $14 billion, while U.S. imports from these countries totalled $10.7 billion. The United States also receives substantial supplies of essential raw materials from AID recipient countries as is reported in the attached table.

[The table follows:]

Commodity	Percent: U.S. import dependence	Percent: Total imported from LDC's	Specific suppliers who are AID recipients
Bananas	100	100	Honduras, Costa Rica.
Coffee	100	100	Colombia, Ethiopia.
Cocoa	100	90	Ghana, Dominican Republic.
Sugar	50	97	Philippines, Dominican Republic.
Tea	100	90	Sri Lanka, India.
Columbium	100	95	Zaire.
Mica	99	100	India, Malagasy Republic.
Cobalt	98	49	Zaire.
Manganese	98	75	Do.
Chromium	91	33	Philippines.
Tantalum	88	31	Zaire.
Bauxite	88	100	Jamaica.
Tin	86	100	Thailand, Bolivia.
Bismuth	81	66	Peru.
Silver	68	56	Peru, Honduras.
Zinc	61	40	Peru.
Tungsten	60	65	Bolivia, Peru, Thailand.
Antimony	46	63	Bolivia.
Tellurium	41	74	Peru.
Vanadium	40	37	Chile.
Gypsum	37	23	Jamaica.

Source: Council on International Economic Policy, "Special Report: Critical Imported Materials," December 1974.

TOTAL NUMBER OF INDEPENDENT COUNTRIES

Mr. PASSMAN. Mr. Parker, can you tell the committee how many nations are presently in existence throughout the world?

Mr. PARKER. There are currently a total of 157 independent countries.

COUNTRIES RECEIVING FOREIGN ASSISTANCE IN 1977

Mr. PASSMAN. Will you please tell us how many countries in fiscal year 1977 will receive some form of U.S. assistance? Please include all spigots.

Mr. PARKER. Including AID's programs, Public Law 480, the Peace Corps, military assistance, and the international narcotics control program the total is 104 countries and territories. With the addition of the mutual education and cultural exchange program the total becomes 148 countries and territories receiving some form of U.S. assistance.

COUNTRIES RECEIVING PUBLIC LAW 480 AND SECURITY AND ECONOMIC ASSISTANCE UNDER THE FOREIGN ASSISTANCE ACT

Mr. PASSMAN. Will you please update the tables appearing on pages 178 and 179 of last year's hearings, showing the number of countries involved in the foreign aid program?

Mr. PARKER. Yes, sir.

[The information follows:]

FOREIGN SECURITY ASSISTANCE AND ECONOMIC ASSISTANCE - COUNTRIES/TERRITORIES FOR WHICH OBLIGATIONS/LOAN AUTHORIZATIONS ARE PLANNED FOR FISCAL YEAR 1977 AND/OR COUNTRIES FOR WHICH DISBURSEMENTS ARE EXPECTED IN FISCAL YEAR 1977

	Programs in Fiscal Year 1977					Disbursements in Fiscal Year 1977				
	Security Assistance		Economic Assistance		Net	Security Assistance		Economic Assistance		Net
	Military	Suptg. Asst.	FAA	Public Law 480	Total Countries	Military	Suptg. Asst.	FAA	Public Law 480	Total Countries
AFRICA - TOTAL	6	-	22	36	39	6	1	22	37	40
Angola			X		X			X		X
Benin (Dahomey)				X	X				X	X
Botswana				X	X				X	X
Burundi				X	X				X	X
Cameroon			X	X	X			X	X	X
Cape Verde Islands			X	X	X			X	X	X
Central African Rep.			X	X	X			X	X	X
Chad			X	X	X			X	X	X
Congo				X	X				X	X
Ethiopia	X		X	X	X	X		X	X	X
Gabon				X	X				X	X
Gambia				X	X				X	X
Ghana	X		X	X	X	X		X	X	X
Guinea			X	X	X			X	X	X
Guinea - Bissau			X	X	X			X	X	X
Ivory Coast				X	X				X	X
Kenya	X		X	X	X	X		X	X	X
Lesotho				X	X				X	X
Liberia	X		X	X	X	X		X	X	X
Malagasy Republic				X	X				X	X
Malawi									X	X
Mali			X	X	X			X	X	X
Mauritania			X	X	X			X	X	X
Mauritius				X	X				X	X
Mozambique			X		X			X		X
Niger			X	X	X			X	X	X
Nigeria				X	X				X	X
Rwanda			X	X	X			X	X	X
Sao Tome & Principe				X	X				X	X
Senegal	X		X	X	X	X		X	X	X
Seychelles				X	X				X	X
Sierra Leone			X	X	X			X	X	X
Somalia			X		X			X		X
Sudan				X	X				X	X
Swaziland				X	X				X	X
Tanzania			X	X	X			X	X	X
Togo				X	X				X	X
Upper Volta			X	X	X			X	X	X
Zaire	X		X	X	X	X	X	X	X	X
Zambia				X	X				X	X
ASIA - TOTAL	10	-	9	11	15	10	-	10	11	15
Bangladesh			X	X	X			X	X	X
Bhutan				X	X				X	X
Burma			X[a/]		X			X[a/]		X
China, Republic of	X				X	X				X
India	X		X	X	X	X		X	X	X
Indonesia	X		X	X	X	X		X	X	X
Korea	X			X	X	X		X	X	X
Malaysia	X				X	X				X
Maldives				X	X				X	X
Nepal	X		X	X	X	X		X	X	X
Pakistan	X		X	X	X	X		X	X	X
Philippines	X		X	X	X	X		X	X	X
Singapore				X	X				X	X
Sri Lanka	X		X	X	X	X		X	X	X
Thailand	X		X		X	X		X		X
PACIFIC - TOTAL	-	-	-	1	1	-	-	-	1	1
British Solomon Is.				X	X				X	X

	Programs in Fiscal Year 1977					Disbursements in Fiscal Year 1977				
	Security Assistance		Economic Assistance		Net	Security Assistance		Economic Assistance		Net
	Mili-tary	Suptg. Asst.	FAA	Public Law 480	Total Countries	Mili-tary	Suptg. Asst.	FAA	Public Law 480	Total Countries
LATIN AMERICA - TOTAL	17	-	19	18	22	17	-	19	18	22
Argentina	X				X	X				X
Barbados				X	X				X	X
Bolivia	X		X	X	X	X		X	X	X
Brazil	X		X	X	X	X		X	X	X
Chile			X	X	X			X	X	X
Colombia	X		X	X	X	X		X	X	X
Costa Rica			X	X	X			X	X	X
Dominican Republic	X		X	X	X	X		X	X	X
Ecuador	X		X[a/]	X	X	X		X[a/]	X	X
El Salvador	X		X	X	X	X		X	X	X
Guatemala	X		X	X	X	X		X	X	X
Guyana			X	X	X			X	X	X
Haiti	X		X	X	X	X		X	X	X
Honduras	X		X	X	X	X		X	X	X
Jamaica			X	X	X			X	X	X
Mexico	X		X[a/]		X	X		X[a/]		X
Nicaragua	X		X	X	X	X		X	X	X
Panama	X		X	X	X	X		X	X	X
Paraguay	X		X	X	X	X		X	X	X
Peru	X		X	X	X	X		X	X	X
Uruguay	X		X		X	X		X		X
Venezuela	X				X	X				X
NEAR EAST - TOTAL	9	8	4	11	16[b/]	10	9	4	11	17
Afghanistan	X		X	X	X	X		X	X	X
Algeria				X	X				X	X
Bahrain		X			X		X			X
Cyprus		X			X		X			X
Egypt		X		X	X		X		X	X
Greece	X				X	X	X			X
Israel	X	X		X	X	X	X		X	X
Jordan	X	X		X	X	X	X		X	X
Lebanon	X			X	X	X			X	X
Malta		X			X		X			X
Morocco	X		X	X	X	X		X	X	X
Portugal	X	X		X	X	X	X		X	X
Spain					[b/]	X				X
Syria		X		X	X		X		X	X
Tunisia	X		X	X	X	X		X	X	X
Turkey	X				X	X				X
Yemen			X	X	X			X	X	X
EUROPE - TOTAL	2	-	-	-	2	2	-	-	-	2
Austria	X				X	X				X
Finland	X				X	X				X
GRAND TOTAL	44	8	54[a/]	77	95	[b/] 45	9	1[a/] 55	79	97
(Countries)	(44)	(8)	(54)	(75)	(93)	(45)	(9)	(55)	(77)	(95)
(Territories)	(-)	(-)	(-)	(2)	(2)	(-)	(-)	(-)	(2)	(2)

a/ International Narcotics Control Funds only, total of three countries (Burma, Ecuador, Mexico).

b/ Spain is not included at this time as the nature and level of assistance has not been determined.

NUMBER OF PARTICIPANTS PROGRAMED FOR TRAINING IN FISCAL YEAR 1977 COMPARED TO 3 PRIOR YEARS

Mr. PASSMAN. How many participants are programed for this total activity for fiscal year 1977, and how does this compare with the last several fiscal years, and how many of these will be going to a third country?

Mr. PARKER. Assuming that "programed" pertains to new programs during a fiscal year, and based on actual arrivals fiscal year 1974 through February 1976, approximately 3,150 participants will begin new programs in fiscal year 1977. The following table compares fiscal year 1977 expected arrivals with actual programs begun in the United States and third countries during the last 3 years:

A.I.D. PARTICIPANT ARRIVALS

[Fiscal years]

	1974	1975	1976 estimate	1977 estimate
In the United States	4,096	2,996	2,085	2,500
In 3d countries	1,025	865	695	650
Total	5,121	3,861	2,780	3,150

COMPARISON OF PARTICIPANT TRAINING COSTS IN THE UNITED STATES

Mr. PASSMAN. What is the average cost per participant projected for fiscal year 1977 and how does this compare to the last several years?

Mr. PARKER. The average costs per month for participants directly programed by AID for U.S. training are as follows:

AVERAGE MONTHLY COSTS PER PARTICIPANT TRAINING IN THE UNITED STATES

[Fiscal years]

	1974	1975	1976 estimate	1977 estimate
Academic	$630	$600	$715	$750
Nonacademic	1,318	1,995	2,000	2,100

CONSULTANTS AND EXPERTS

Mr. PASSMAN. Would you place in the record the individuals receiving a per day allowance for AID in excess of $100 a day indicating the name of the contracting employee, the term of his employment, the per diem wage, country where employed, contractor and employee's title.

Mr. PARKER. The Comptroller General in a decision (B–90867) dated December 12, 1975, ruled that language currently in the Foreign Assistance Act limits payment of consultants and experts to $100 per day. Accordingly AID has no consultants or experts on its rolls earning in excess of $100 per day.

TERMINATION OF ASSISTANCE TO COUNTRIES PURCHASING SOPHISTICATED WEAPONS

Mr. PASSMAN. Has any economic aid been withheld from any countries purchasing sophisticated military equipment this year?

Mr. PARKER. No. The latest report submitted to the Congress—March 10, 1976—under section 620(s) of the Foreign Assistance Act, which requires the President to report annually on the amounts spent by aid recipient countries for sophisticated weapons, indicates that economic assistance has not been withheld from any country during the last year because of purchases of sophisticated military equipment.

EXPROPRIATION POLICY

Mr. PASSMAN. Could you please tell the committee what countries have nationalized, seized, or expropriated U.S. property during the last fiscal year?

Mr. PARKER. There have been, of course, cases in which U.S. property has been nationalized, seized, or expropriated during fiscal year 1976. However, no recipient of assistance under the Foreign Assistance Act has nationalized, expropriated, or similarly seized U.S. property without providing adequate compensation therefor, or taking appropriate steps leading to compensation. Therefore, we have not terminated or suspended assistance to any country under section 620(e) of the Foreign Assistance Act (the Hickenlooper amendment) during fiscal year 1976. When the Governments of Cambodia and South Vietnam collapsed in the latter part of fiscal year 1975, a great deal of American-owned property was lost. A number of U.S. contractors operating under AID financed contracts were affected, and we are seeking legislative authority to provide equitable compensation for some of these losses. In addition, claims have arisen following the change in Government in Laos. Of course, none of these countries are currently receiving assistance under the Foreign Assistance Act.

SUSPENSION OF ASSISTANCE

Mr. PASSMAN. Could you tell the committee what countries we have suspended aid to for the last 5 years and for what reasons and under what authority?

Mr. PARKER. We have not been compelled to suspend assistance to any country by operation of law, for example, the Hickenlooper amendment, section 5 of the Fisherman's Protective Act, during the past 5 years. We have terminated assistance to some countries (South Vietnam, Cambodia) under section 602(f) of the Foreign Assistance Act, which prohibits the granting of assistance to Communist countries.

DEBT SERVICING

Mr. PASSMAN. Have there been any problems this past year concerning the debt servicing capacity of countries receiving U.S. assistance?

Mr. PARKER. The adjustment of the world economy to increase oil prices, and the accompanying recession in the industrialized coun-

tries, have had a major impact on current debt service prospects. In order to help finance their current account deficits, and thus minimize their immediate impact on development prospects, the nonoil developing countries have increased their external debt substantially. The vast majority of developing countries have, however, managed to fully service their debt to the United States.

Eligibility for debt relief has traditionally been based on a "case-by-case" examination of individual debt problems as they arise. This is normally done in a multilateral framework to insure equal treatment among creditors. The uniqueness of debt rescheduling is evidenced by the fact that during the past 2 years—which were particularly difficult years for most developing countries—the United States participated in multilateral debt renegotiation for only three countries: Chile, Pakistan, and India. In Chile's case, the choices open to the creditors were either to reschedule or to accept default. Chile is currently meeting its 1976 debt obligations to the United States on schedule. Negotiations with Pakistan were the result of the exceptional circumstances that arose from the 1971 war. The United States agreed to reschedule approximately one-third of the 1974 dollar debt service owed by India; subsequently India met fully its debt service to the United States in 1975.

The executive branch is, of course, fully complying with section 4 of the Foreign Disaster Assistance Act of 1974 requiring congressional notification prior to entering into any negotiations with any foreign government regarding renegotiation of debt owed to the United States under the Foreign Assistance Act of 1961.

COUNTRIES RECEIVING AID FROM UNITED STATES AND COMMUNIST COUNTRIES

Mr. PASSMAN. What countries is the United States providing economic or military assistance to in which they are also receiving some type of aid from Communist countries?

Mr. PARKER. The following countries received some type of aid from both the United States and Communist countries in 1975:

AFRICA

Chad
Congo
Ethiopia
Gambia
Malagasy Republic
Mali
Somalia

LATIN AMERICA

Bolivia
Brazil
Ecuador
Guyana

ASIA

Bangladesh
Laos
Nepal
Philippines
Sri Lanka

NEAR EAST

Afghanistan
Algeria
Egypt
Tunisia
Turkey

GRANTS AS A PERCENTAGE OF THE FISCAL YEAR 1977 REQUEST

Mr. PASSMAN. What percentage of your total program request for fiscal year 1977 will be for grants?

Mr. PARKER. Of our total request of $3,244.6 million for fiscal year 1977, $1,428.5 million, or 44 percent will be for grants.

NEW PROJECTS AND TOTAL PROJECTS IN FISCAL YEAR 1977

Mr. PASSMAN. Could you also tell the committee what part of your fiscal year 1977 request will be used to fund new projects?

Mr. PARKER. Funding for new projects during fiscal year 1977 is programed to total $575.9 million.

Mr. PASSMAN. Could you tell the committee how many projects will be funded by AID during fiscal year 1977 and how many of these individual projects will be new projects?

Mr. PARKER. The total to be funded is 605, of these 150 will be new.

DEVELOPMENT LOAN TERMS AND INTEREST RATES

Mr. PASSMAN. What are the present terms and interest rates of the bilateral development loans?

Mr. PARKER. Our standard concessional terms for development loans provide for repayment of principal over a 40-year period commencing after a 10-year grace period with interest at the rate of 2 percent during the grace period and 3 percent thereafter. These are the most concessional terms permitted by the Foreign Assistance Act.

We have recently concluded a comprehensive review of AID's loan terms within the context of the recent changes in the international trade and payments situation. We have established a review process to identify those developing countries where improved economic performance would permit harder loan terms. Taking account of the full range of U.S. interests in the recipient country, if the review of objective economic criteria shows that a country can service its AID loans on harder than standard development loan terms, we may determine that loans to that country will be extended on intermediate terms. These are: 25 years maturity inclusive of a 5-year grace period with 5-percent interest for both grace period and repayment period.

GRANT ELEMENT ON DEVELOPMENT LOANS

Mr. PASSMAN. What do you estimate the subsidy element will be on development loans in the current fiscal year?

Mr. PARKER. Most AID development loans are 40 years in duration carrying a 2-percent interest change in the first 10 years, with principal and 3-percent interest payments due for the next 30 years. This yields a grant element of 64 percent.

Since the terms of U.S. development loans are not standardized, it is not possible to determine precisely the grant element which will result from current fiscal year activity. The figure should, however, be similar to the average grant element of AID lending in 1974 which was 65.8 percent.

LOANS OUTSTANDING AND AMOUNT IN ARREARS AS OF FEBRUARY 29, 1976

Mr. PASSMAN. Could you please tell the committee what bad debt experience you have had with the development loan program since its inception?

Mr. PARKER. Since the inception of the development loan program in September 1961, AID has written off $0.1 million out of a total authorized of $11.76 billion as of February 29, 1976.

Mr. PASSMAN. Could you tell the committee the total loans that you have outstanding and then the amount of loans you presently have in arrears and what this percentage is?

Mr. PARKER. The total amount of development loans outstanding as of February 29, 1976, was $10.08 billion. Principal payments delinquent as of that date amounted to $56 million, or approximately six-tenths of 1 percent of the balance outstanding, and delinquent interest amounted to $47 million. Most of these amounts stem from 127 Pakistan loans totaling $51.3 million in principal and $44.3 million in interest. The loans have been under dispute for various periods ranging from a single billing period to several years. For the most part these loans represent amounts due from Pakistan before that country split in two in 1971. The dispute centered on whether Bangladesh or Pakistan was responsible for the repayment of the loans.

Commencing in 1971 the Government of Pakistan instituted extensive negotiation on its debt problem within an international consortium which included the U.S. Government. The negotiations produced an agreement which was signed on March 4, 1976 between the Government of Pakistan and the United States which resolved the question of what debt Pakistan owed and rescheduled that debt. Repayments made under this agreement during March and adjustments made to the Pakistan balances will reduce the Pakistan delinquencies to $13,000 in interest on 17 loans.

FOREIGN STUDENTS FINANCED BY THE UNITED STATES IN FISCAL YEAR 1976

Mr. PASSMAN. Could you please tell the committee how many foreign students attended U.S. colleges and universities in fiscal year 1976, and were these all financed by the United States?

Mr. PARKER. The number of nonimmigrant foreign students attending U.S. colleges and universities in fiscal year 1976 is approximately 165,000. Out of this total, about 2,300 are being financed by State/CU and 3,000 by AID. This is about 3 percent of the total.

Mr. PASSMAN. Could you please tell the committee if any foreign aid funds had been impounded during the current fiscal year or were ever impounded?

Mr. PARKER. No, sir, foreign aid funds have never been impounded either during this fiscal year or in prior years.

ECONOMIC AID AS PERCENTAGE OF FEDERAL BUDGET IN FISCAL YEAR 1974 AND FISCAL YEAR 1977

Mr. PASSMAN. What percentage did the foreign aid budget represent of the total budget in fiscal year 1974 and how does this percentage compare to 1977?

Mr. PARKER. Economic assistance requested in fiscal year 1974 represented 1.18 percent of the total Federal budget authority request. In fiscal year 1977 economic assistance represents 1.15 percent of the total Federal budget authority request.

PERCENTAGE OF U.S. AND OFFSHORE FINANCING FOR FISCAL YEAR 1977

Mr. PASSMAN. Of your total request for fiscal year 1977 could you tell the committee what percentage will be spent in the United States? Of the remainder that is not going to be spent in the United States, could you tell the committee in what countries these funds will be spent and why we have to go offshore?

Mr. PARKER. Based upon the latest figures available for fiscal year 1976, between 90 percent and 95 percent of dollar expenditures for AID—financed commodities and commodity-related services are being made in the United States, and we expect this situation to continue in fiscal year 1977. Relatively small amounts of offshore procurement may take place in fiscal year 1977 as a result of the policy—going back to Presidential determinations in 1969 and 1970—of making less developed countries eligible sources under most AID loans. Judging from past experience, LDC's which are likely to furnish some commodities under AID—financed loans in fiscal year 1977 include such countries as Korea, the Republic of China, the Philippines, and Brazil.

USE OF U.S. VESSELS

Mr. PASSMAN. Are all the commodities purchased by the U.S. AID program required to be transported in U.S. vessels?

Mr. PARKER. Commodities financed by AID must be moved in accordance with the Cargo Preference Act (P.L. 664) which requires, in general, that at least 50 percent of all cargo must go on U.S.-flag vessels insofar as such vessels are available at fair and reasoanble rates.

AID AND THE U.S. BALANCE OF PAYMENTS

Mr. PASSMAN. Of the programs requested in your fiscal year 1977 budget what will be the effect in fiscal year 1977 on the U.S. balance of payments.

Mr. PARKER. Because of changes in trade and disbursement patterns and relative prices, it is not possible to determine the precise effect of the AID program on the U.S. balance of payments. Estimates indicate, however, that the AID program has over the years had a negligible impact on the U.S. balance of payments. Assuming that fiscal year 1977 conditions are similar to those experienced in fiscal year 1975 and fiscal year 1974, the net outflow from an AID program level of $3.2 billion could be on the order of $300 million, less than 10 percent of the total AID program. This compares to a level of U.S. exports

and imports of over $100 billion and a trade surplus in 1975 of more than $10 billion.

AUDIT REPORTS MENTIONING CARGO PREFERENCE

Mr. PASSMAN. Auditor General Audit Report No. 8–497–76–12 dated September 30, 1975, and Audit Report No. 8–497–76–11 dated September 30, 1975, both cite substantial violations of the U.S. Cargo Preference Law—50 percent of the tonnage of AID-financed project commodities must be shipped on U.S.-flag vessels unless a waiver is obtained. Is enforcement of this statute treated with the seriousness it deserves and, if so, why the apparent confusion and lack of prompt followup corrective action by AID?

Mr. PARKER. Although the cited audit reports called attention to the fact that at the time of the reports considerably less than 50 percent of commodities required for a highway project and for a power project had moved on U.S.-flag ships, it does not follow that there was any violation of the Cargo Preference law. In fact, U.S. vessels were not available for much of the tonnage involved in both projects. For instance, there was no U.S. flag service for most of the equipment going into the Medan power project, located in Northern Sumatra. With regard to the highway project, the great majority of the tonnage consisted of parcels of cement and asphalt moved from Korea, for which there were no suitable U.S.-flag vessels available. These loans, like other AID loans and grants, will be monitored to insure that the 50 percent U.S.-flag requirement is met to the extent that U.S. ships are available.

AID takes its responsibilities for cargo preference compliance very seriously, and is continually trying to improve the timeliness and completeness of its information about the transportation of AID-financed cargoes. It is our policy to take the earliest possible action, based upon all available information, to discover and correct any possible cargo preference violations.

U.S. AID RELIEF AND REHABILITATION GRANT NO. 1
(REHABILITATION OF THE RURAL SECTOR)

Mr. PASSMAN. Auditor General audit report No. 8–388–76–10 dated September 19, 1975, deals primarily with two projects in Bangladesh. These two projects were originally programed at a level of $7 million. Currently revised estimate is slightly more than $2 million. AID should be commended on the savings if all the intended grants had been met. However, it appears to be yet another case of poor planning and execution. In one instance a study contract was let with one organization and it could not be proven that more than two contract personnel had even visited Bangladesh and then AID had no records of how long these two were in the country. Over $250,000 for a final report described as "useless." Could you comment on this, please?

Mr. GARDINER. The audit report notes that seven activities were covered under the grant for an original total of $5 million and subsequently reduced to less than $2 million. The audit report did not fault project planning and concurred in the mission management's actions

decreasing the funding and terminating the subproject. The unanticipated inability of the Bangladesh Government to cope with the time schedules of the various activities combined with commodity shortages and logistic bottlenecks in procurement and shipping were the major reasons for deficient goal achievement.

The AID mission accepted and implemented the audit report's only recommendation that the mission keep a record of arrival and departure dates for all AID-financed contractor personnel working in Bangladesh. While this is helpful to our monitoring function, under Federal and AID procurement regulations it still remains the responsibility of our contractors, not AID, to document their allowable costs with appropriate records, including time and attendance. These records, in turn, are subject to internal and external audit.

The contractor's final report—which cost $25,000 rather than $250,000—provided data and made recommendations for the development of cooperatives. However, the Bangladesh Government and the AID mission both felt the recommendations did not come to grips with the complex issues involved.

ASIA FOUNDATION PROGRAM IN BANGLADESH

Mr. PASSMAN. Auditor General audit report No. 8–388–76–16 dated December 11, 1975, addresses itself to an AID grant to the Asia Foundation for an emergency intellectual and educational rehabilitation program in Bangladesh. Isn't a program of this nature a little premature considering the impoverished and destitute plight of the people of Bangladesh? Second, would you comment on the inference to the total absence of financial control or oversight by U.S. AID/Bangladesh and AID/Washington?

Mr. GARDINER. The nomenclature for the activity appears misleading as the Asia Foundation grant was designed to help rehabilitate medical and paramedical educational institutions in Bangladesh after the 1971 war.

On the second matter, I believe the inference of absence of AID financial control is premature if predicated on audit report 76–16. This audit was based solely on records available in Dacca, though complete and definitive Asia Foundation records are available only in San Francisco. In fact, the Asia Foundation keeps most of the records pertaining to its grant activities at its San Francisco office. The audit report is substantively incomplete. A complementary audit of records in San Francisco is now underway which will supplement the audit report at hand. Although requirements for monitoring AID grants are not as demanding as those for contracts, it should be noted that grant agreements with voluntary agencies are designed for prudent management while at the same time providing for a considerable amount of initiative and independence of action. We obtain prudent management through careful and comprehensive project design and approval procedures as well as through post audits and annual evaluations. In this case we were dealing with an emergency situation compounded by very difficult social, economic, political, and logistical problems in Bangladesh.

COMMODITY DISTRIBUTION UNDER PUBLIC LAW 480

Mr. PASSMAN. Auditor General report No. 8–386–76–13 dated November 17, 1976, discusses the role of the Catholic Relief Service in the distribution of title II, Public Law 480 commodity distribution. Under the agreement between AID and C.R.S., who pays for the in-country storage of undistributed commodities?

Mr. PARKER. On February 10, 1970, AID and Catholic Relief Services executed the "Food for Peace Program Agreement for Distribution and Use of Public Law 480 Title II Food Commodities Outside the United States." That agreement provides inter alia that Catholic Relief Services shall make all necessary arrangements for receiving the commodities and assume full responsibility for storage and maintenance of commodities from time of delivery at port of entry abroad or, in the case of landlocked countries, other designated points of entry abroad agreed upon between Catholic Relief Services and AID. The cost of in-country storage in India may be financed by C.R.S., including proceeds from the sales of containers, by the central and provincial governments, Indian charitable organizations and by the domestic distributing agency.

ETHIOPIA PUBLIC LAW 480 PROGRAM

Mr. PASSMAN. Auditor General audit report No. 3–363–76–15 dated September 19, 1975, deals with Public Law 480 title II programs in Ethiopia. Specifically, a 1974 shipment of wheat valued at $534,000, including ocean freight—2,375 metric tons—was totally unaccounted for once it left port. The Government of Ethiopia claims theft with no subsequent arrests or suspects. How does 2,375 metric tons of wheat disappear? Further, if Ethiopia refused to allow inspection and accountability by our officials, why are we continuing such a large Public Law 480 program there in fiscal year 1976 projected to $6,915,000?

Mr. SCOTT. Since the issuance of Auditor General audit report 3–663–76–15 dated September 19, 1975, concerning the Public Law 480 title II program in Ethiopia, the USAID mission there has verified that the 2,375 metric tons of U.S. Government-donated drought emergency wheat were in fact distributed to and received by the internal provincial warehouse distribution points for which the wheat was destined and the audit recommendation on this matter has been closed. The Government of Ethiopia is no longer claiming that this wheat was stolen, although grain donated from another source in the same time period appears to have been stolen.

Further, the Government of Ethiopia did allow inspection and audit of its records in order to verify the appropriate distribution and receipt was made. As is usual in the supply of drought emergency relief commodities, complete verification of the final end-user receipt of the wheat was not possible because the donation often becomes mixed at the principal internal distribution points with donations from many other sources and is no longer traceable to the original contributor.

As the result of the severe impact of drought in Ethiopia in 1973 and 1974, over the past few years the U.S. Government has provided large quantities of Public Law 480 title II emergency food donations.

However, with the easing of drought conditions as rainfall improved once again, the need for emergency title II donations has been overcome. Nevertheless, for fiscal year 1976 the Ethiopian Government has requested and the United States has approved a 25,000-metric-ton Public Law 480 title I wheat program intended to help alleviate serious shortfalls expected in 1976 in urban food supplies as the result of distribution and marketing dislocations arising from widespread land reform measures. The self-help measures of the proposed agreement with the Ethiopian Government specifically require it to use the proceeds of the sales of the grain to assist economic development projects in the agricultural sector which are consistent with AID economic objectives and strategy for Ethiopia.

KENYA PROGRAM LOAN

Mr. PASSMAN. Auditor General audit report No. 3-685-76-18, October 29, 1975, deals with a commodity import program to Kenya. For almost 18 months after the loan agreement was signed, there was little activity. At that point, a decision was made to buy fertilizer with the remainder of the funds. At the time of the audit, 31 months after the agreement, 93 percent of the $9,300,000 of fertilizer imported remained undistributed. Since one of the initial objectives was to generate currencies from the sale of imports, this project seems to have been a failure or is it normal to project a 3-year leadtime from loan signature until goal realization? If the 31-month leadtime is normal this seems to be a poor method to provide needed help to developing countries.

Mr. SCOTT. Program loans such as the one extended to Kenya are generally made for short-term economic purposes and are usually linked to a particular budget cycle of the borrower. While the delays experienced in utilizing Kenya loan funds and in distributing loan financed fertilizer are regrettable, they are not typical and were the result of specific procedural, delivery, and distribution problems. Once these were overcome, loan funds were utilized rapidly and acceptable progress was registered in the distribution and sale of the fertilizer. Although local currency was not generated as rapidly as originally intended, it is accomplishing its primary objective of supporting the Kenyan development budget.

ETHOPIA RURAL ROADS STANDARDS

Mr. PASSMAN. Auditor general audit report No. 3-663-76-7 dated August 4, 1975, deals with a roads project in Ethiopia. The report alludes to the "minimum standards" to which the roads are being built and the immediate maintenance which will necessarily follow completion. Why are these roads being built to meet minimum standards? If the reason is financial, why not fund one good road instead of four that will be impractical to maintain?

Mr. SCOTT. The purpose of the rural road construction activity mentioned in the audit report is to provide access routes in drought-affected areas of Ethiopia so as to improve the Government's ability to reach affected areas with food and supplies by means other than expensive and limited airdrops. The construction of low-cost, mini-

mum standard roads is considered the most feasible means of providing this required access on a timely basis for recovery and rehabilitation. The fact that this is an urgent drought recovery activity, plus considerations of cost, local capability to undertake construction, and relative ease of continued maintenance are all factors favoring the construction of "minimal standard" roads.

It is important to recognize that the problem in poor countries is considerably different from that of rich countries. In rich countries people are gathered into large urban agglomerations, generating much interurban freight and passenger flows over well defined routes. In the poor countries the population is spread more evenly over the terrain and the demand for transport is both low in magnitude and more diffuse. How then to give these people basic access for purposes of civil administration, national cohesion, disaster relief, and of course the beginnings of economic development? Trucks are extremely ubiquitous vehicles. They can—at a price—negotiate gradients of 10 to 12 percent, ford shallow streams, and drive across open plains during the dry season. The problem then is how to construct and maintain a relatively dense network of low standard, low cost roads, a network that would give minimal threshold access to all parts of the country, allowing trucks and buses to venture wherever someone is willing to pay for the services. This is what we are attempting to do with the Ethiopia rural roads drought recovery program.

ECUADOR: STATUS OF LOANS—033 AND 034

Mr. PASSMAN. Memorandum report of audit report No. 1-518-76-28 dated December 29, 1975, deals with a small business assistance loan program to Ecuador. The loan agreement was executed on May 16, 1972, at a value of $5,100,000. Subsequently, the loan amount was reduced to $4,200,000. As of June 30, 1975, less than 7 percent, $288,367, had been disbursed. The report outlined the problems involved, but it appears that this is another instance of poor project evaluation by AID. Would you please comment? Please comment on the similar situation which seems to exist with loan 518-L-033 also to Ecuador.

Mr. KLEINE. Yes, sir. We will be happy to comment on Ecuador loans 033—agricultural development and diversification—and 034—small enterprise assistance. Subsequent to the May 1972 signing of loan agreements for both projects, implementation suffered from recurring, complete turnovers of key counterpart personnel, including changes in the Ministers of Agriculture and Industry, respectively.

Major implementation delays were also experienced in the period 1972-74 when the Government revised the financial mechanism which had been established for implementing these projects. The new mechanism contains broader responsibilities to accommodate new, development-oriented initiatives—such as levying portfolio distribution requirements on private banks. Conversion to the new financing mechanism required full-scale revision of both projects' operating procedures; caused the projects to lose most of their counterpart technical personnel; and fragmented implementation responsibility among various governmental entities. The evolution from the trust fund to the financing mechanism was extremely complex and time-consuming and effectively halted normal loan implementation. By the time all

necessary adjustments had been negotiated with the Government's implementing agents, and put into effect, the terminal disbursement dates of both projects were approaching. In addition, in May 1975, it was decided to extend loans 033 and 034 based on an analysis of key bottlenecks and a remedial restructuring program.

This joint analytical effort was undertaken by AID and the Government and was well underway at the time of the audit to which you refer. The Mission-Government recommendations for restructuring loans 033 and 034 were submitted, and reviewed by AID/W in December 1975. Since the only thing the projects have in common is the rediscounting mechanism, different problems were identified, and different solutions proposed, for each loan. For example, loan 034 implementation is to be streamlined by removal of the Ministry of Industry from the subloan approval process. Under loan 033, however, joint Ministry of Agriculture-National Development Bank responsibility for subloan approvals was considered necessary. However, for loan 033, administrative bottlenecks impeding approval of subprojects and rediscounting are being eliminated primarily through increased technical advice to National Development Bank branches throughout Ecuador.

The restructuring proposals were approved on December 18, 1975; and the terminal disbursement dates for the two loans were extended to June 30—loan 034—and September 30—loan 033—1977. Semiannual disbursement targets were established for each loan. Any shortfall from these targets will be deobligated automatically. As a further demonstration of intent to execute these restructured and extended projects, the Government agreed to an increase in the postgrace interest rate of 5 percent.

According to Mission reports, a total of $700,000 in subloans has already been identified as eligible for loan 033 funds; and $400,000 has been identified as eligible under loan 034. This early information suggests that the first semiannual disbursement targets—set for June 30, 1976—will be met, and possibly exceeded.

In summary, we do not believe past delays in implementation represent "poor project evaluation by AID." Rather, these delays were due to factors which could not be foreseen, such as Government initiatives in development financing. Possible implementation bottlenecks, such as the ones described in audit report No. 1-518-76-28, have been identified and remedial action is underway. As indicated, a substantial increase in subloans identified as eligible for funding under both projects has already occurred; and both projects appear to be firmly on track.

Mr. PASSMAN. Dr. Long?

SITUATION IN INDIA

Mr. LONG. On the matter of India, if you have read my additional views India, "The Strange Case of Wasted Billions," you know I documented that for the great mass of Indians there has been almost no economic progress in 10 years. Depending on the year you compare, you can even show a decline in per capita consumption and production.

I have an article here by Ved Mehta, a very distinguished Indian, very distinguished, who is writing in the New Yorker magazine—an absolutely devastating article on India's so-called economic progress which says virtually the same thing that I have said, pointing out the country has been run entirely for the benefit of the city people, the bureaucracy, military and so on, that the great masses have never had anything to say about the running of the country. This has been true historically.

All the democracy you ever had was within the ruling group. Now Mrs. Gandhi has suspended democracy even for that group.

Later, I am going to insert passages from this article which point out that Mrs. Gandhi is moving faster and faster toward a total tyrannical state. That of course is the story of all of those suspensions of liberties. The head of the state starts off with a moderate suspension, but then he is faced with enemies, and to make sure nobody assassinates or otherwise deposes him, he moves more and more toward absolute power. That seems to be the story in India.

I think most sophisticated people realize the money was being wasted. There was a vast waste. Corruption is beyond belief. In fact, they even call the party "the syndicate," which I think is very revealing as to the kind of rule the country has.

AID TO INDIA

Now that democracy has gone and India is moving toward totalitarianism, why should we continue to feed that sort of a system? If you are going to give out foreign aid, aren't there better places to put it where we would get a better return?

Mr. PARKER. Mr. Chairman, taking a broad look at the population of 614 million people, as you indicated, the vast majority really live outside both the economic system and the political system.

The kind of program we have been working on within AID that we worked out with the Congress to reach the poor people directly, if we were to reinstitute this type of program—and we haven't yet—our programs would in fact reach those people and help to improve their position both in the sense of economic participation and hopefully political participation.

Mr. LONG. But isn't it true, Mr. Parker, that we cannot improve the living standards of the poor there if their ruling groups don't want it?

Mr. PARKER. We would seek agreement on projects which would provide benefits to the poor. Let me——

Mr. LONG. In fact, Mr. Parker, if Indira Gandhi really undertook to live up to her promises, isn't very unlikely that the ruling classes of which she is the leader would let her keep her power?

Mr. PARKER. That is conjecture.

Mr. LONG. Perhaps.

Mr. PARKER. The U.S. voluntary agency programs that we support in India through title II, Public Law 480 contributions, I think do an admirable job in getting to the people in need and helping them improve their lot.

Mr. LONG. I have been to India twice. I don't see how anybody can say our money has been well spent in India. For a while we were told

we were doing it for political reasons to keep a democracy alive, but here is a country that is no longer making a pretense of being a democracy, is moving toward totalitarianism, and is in fact close to the Soviet Union in many, many different ways—economically, politically, and so on. They are not really in our general orbit. Why do we want to give them anything at all?

Mr. PARKER. Again I would simply go back to the fact that the majority of the population is in need, and we won't have programs there unless we can in fact be able to reach those people.

AID TO COUNTRIES OTHER THAN INDIA

Mr. LONG. The point is this, we don't have enough resources to help all the poor in the world. No matter what we do there are people at the end of the line who won't get help. Aren't there many places in the world where our foreign aid would offer a better gamble for helping the poor than India?

Mr. PARKER. Talking about bilateral programs, Dr. Long?

Mr. LONG. Sure.

Mr. PARKER. We can utilize, I believe, with good effect the full amount of funds appropriated to us.

Mr. LONG. We don't have enough to help all the deserving people in the world. Why should we put any of it into a country that politically is completely undeserving and has proved itself to be so?

Mr. PARKER. But if we bypass the politics, Dr. Long, and have programs that can actually reach the people, I think that we are serving the better interest because——

Mr. LONG. You mean make India a better country?

Mr. PARKER. Hopefully improve the ability of the people to participate within their own society both economically and politically.

Mr. LONG. Do you really believe that offers very much of a chance? Remember now you have a country in which you could put the entire gross national product of the United States above what we need for our own subsistence and hardly make a dent.

Mr. PARKER. It is a Herculean task, I believe.

Mr. LONG. Consequently the chances are very unlikely you are going to be able to move in that country against the will of the government or of its upper classes and so change the country that you make it a better country in spite of itself.

Aren't there other places in the world where the chances for making a good investment of our scarce resources are better?

Mr. PARKER. I would agree that there are many, many other unmet needs around the world.

Mr. LONG. Why not take that $70 million that you are proposing to give to India and give it someplace else where it offers a better chance of doing good?

Mr. PARKER. We think that we can have meaningful accomplishment if we can come to agreement on programs. If we cannot agree on a suitable program we certainly would not put that money in, and then we would find other places where we could utilize it.

INDIA'S MILITARY EXPENDITURES

Mr. LONG. Mr. Parker, we have been through this now for a great many years. In the last 10 years or so I believe virtually a score of billions of dollars have been put into India by us and by multilateral institutions, and the Indians have spent far more than that on their military, and I think we are entitled to a suspicion that the more we put into India, the more resources we enable them to transfer to their military and to frighten Pakistan next door, to say nothing of perhaps raising problems with other countries, Bangladesh among them.

INDIA AS A FOREIGN AID RISK

Isn't India a poor risk for our foreign aid? Hasn't India proved itself for 20 years to be a rotten risk? Why should we not have learned a lesson and say we are going to put it somewhere else for awhile?

Mr. PARKER. In effect, Dr. Long, if we can agree on projects that meet the new criteria I think it would not be a poor risk; it would be a worthwhile endeavor if the programs meet the new requirements. I am not commenting on the past practices and what the past programs have been.

Mr. LONG. It would be different if India were actually moving in a different direction politically, but what prospect do you see in a country which has had such a wretched experience, which has taken so many score of billions of dollars and diverted them to the military and has made no attempt, no pretense even, of helping its poor while it was a so-called democracy?

What hope do you have of doing it now that it is obviously moving, without anybody really disputing this, toward totalitarianism?

How can you hope to change it now?

NEW DIRECTIONS AND INDIA

Mr. PARKER. I think that again I would have to go back to the definitions that have been laid down in our authorizing legislation and we won't have a program in India unless they do meet those requirements and if we do——

Mr. LONG. How long has that language been in there?

Mr. PARKER. In the authorization act of 1973, passed in December of 1973.

Mr. LONG. What is the language you are referring to?

Mr. PARKER. It is basically that our aid should get to the poor majority in the three priority categories of food, nutrition and population.

Mr. LONG. Wasn't that the intention at the very beginning?

Mr. PARKER. No; I believe in many ways the foreign aid po'icies of the United States and other principal donors were based upon overall economic development, and assuming that the benefits would trickle down throughout the entire population. This was not in fact a viable policy nor an assumption for a number of reasons, many of which you have touched on and know well indeed. It didn't work. This is why the new thrust in the foreign assistance act.

Mr. LONG. You have been in the job long enough to know it is one thing to write language and another thing to carry it out.

Mr. PARKER. Indeed, and this has been no small administrative task to the agency to change the program, but I think we are going to be quite successful.

Mr. LONG. Anything is possible, but wouldn't you have to admit by this time that India is a poor risk country from the standpoint of foreign aid when you look at all the economic and political aspects?

Mr. PARKER. No.

Mr. LONG. Don't you think we ought to redline it, as they say in financing?

Mr. PARKER. No; I think this reflects I am a determined optimist, Dr. Long——

Mr. LONG. I am not sure you would be that optimistic with your own money; you are a shrewd businessman.

Mr. PARKER. I think there is great potential to improve India because frankly the problem is so great that anything we can do to begin to solve it will bring good payoffs.

AID TO BANGLADESH VERSUS INDIA

Mr. LONG. Why not take all of this money and give it to Bangladesh?

Mr. PARKER. We have calculated what we think is appropriate for Bangladesh.

Mr. LONG. If you want to talk about poverty, Bangladesh is even poorer.

Mr. PARKER. Although in many sectors of India the poor are just as poor. I think there are great opportunities, for example, in the program in which you have expressed very significant interest——

INDIA'S DEFENSE BUDGET

Mr. LONG. What is India's projected defense budget in the current year?

Mr. PARKER. It is about 21 percent of their 1975–76 budget and about 3.6 percent of their 1974–75 GNP at market prices.

Mr. LONG. It was $3 billion last year. Isn't this greater than any amount of economic aid that anyone proposes to put into India?

Mr. PARKER. The total dollar figure I don't have, Dr. Long, I am sorry.

Mr. LONG. India now has nuclear weapons capability, or at least has detonated a nuclear explosive. It has by far the largest army in that part of the world. Why on Earth is it that India has to spend so much money on the military when they have this vast ocean of poverty?

Aren't we really in a sense saying to India, you go ahead and spend as much money as you want to on your military, and we are more interested in your problem of poverty than you are? Isn't that what we are really saying, Mr. Parker?

Mr. PARKER. No, I don't interpret it that way, Dr. Long.

Mr. LONG. Couldn't India cut back slightly on its military budget and finance the aid we are providing?

Mr. PARKER. Of course we hope that military expenditures are reduced anywhere and we hope they disappear someday. I am a firm believer in swords into plowshares.

Mr. LONG. But we are in the position of financing both sides of the Pakistan-India conflict so we are the escalators, we are the people

that are going to have to provide it on both sides. How can it disappear?

Mr. PARKER. I don't believe we are playing that role. Again, that is a matter of difference of opinion.

AID TO INDIA

Mr. LONG. In other words, you do intend to go on giving aid to India?

Mr. PARKER. We are proposing that we be given the authority as we have in the authorization bill. We would like to see the appropriation of funds subject to the ability to develop what we consider to be mutually beneficial plans.

LEGISLATING ON INDIA

Mr. LONG. Are we out of order if we pass legislation that proposes no help for India?

What would your objections be against our doing that in this committee?

Mr. PARKER. I would have two broad objections, Dr. Long. One is the principle, the matter of either earmarking something to be——

Mr. LONG. Why shouldn't Congress determine its policy? Why shouldn't we say we have had it, we just don't think this is a good thing to do, and why shouldn't we make that decision?

Mr. PARKER. Obviously, Dr. Long, it is certainly within the prerogative of Congress to make such a decision. You ask my opinion on it. I am giving my opinion, that in principle I think the Executive is in a better position to manage foreign policy on specific issues.

Mr. LONG. You think the Executive has demonstrated that by past performance in either party, Democratic or Republican Party, just so we don't get into partisan polictics? Do you think either the Democratic or Republican Party in the White House has demonstrated it knows how to conduct our foreign economic policy very capably?

Mr. PARKER. I believe the balance between the two branches has demonstrated the viability of our system, Dr. Long.

Mr. LONG. I want to try to get some of the material we have had on technology in the record at 1 o'clock.

We will adjourn until 1 o'clock.

RAW MATERIALS FROM CDC'S

Mr. LONG. The committee will come to order. I will call on Mr. Shriver, our distinguished colleague from Kansas, a ranking member of this committee.

Mr. SHRIVER. Mr. Chairman, I will continue questioning the Director. Later on I will get into some of these regional statements.

There is a drawing on page 5 of the summary book showing that raw materials from developing countries are important to the U.S. industry. I would suggest that you put that in table form into the record.

Mr. PARKER. Yes, Mr. Shriver. We can even expand a bit on that. We can identify the countries if you would like to have it.

Mr. SHRIVER. All right.

Mr. PARKER. Be pleased to do that.

[The information follows:]

RAW MATERIALS FROM DEVELOPING COUNTRIES
ARE IMPORTANT TO U. S. INDUSTRY*

	U. S. 1974 Imports from Developing Countries as a Percent of U. S. Consumption	U. S. 1974 Exports to Major Countries ($ Millions)
Bauxite	93%	
Major Countries		
Jamaica	46%	$ 336
Surinam	19%	73
Guinea	10%	14
Dominican Republic	8%	410
Guyana	7%	66
Haiti	3%	125
Tin	76%	
Major Countries		
Malaysia	40%	$ 377
Bolivia	14%	105
Thailand	11%	369
Indonesia	8%	530
Brazil	2%	3,089
Nigeria	1%	286
Natural Rubber	100%	
Major Countries		
Indonesia	45%	$ 530
Malaysia	32%	377
Liberia	9%	70
Singapore	6%	988
Thailand	3%	369
All Other	5%	-
Cobalt	40%	
Major Countries		
Zaire	40%	$ 145
Silver	35%	
Major Countries		
Mexico	21%	$4,855
Peru	10%	647
Honduras	1%	159
Chile	1%	452
All Other	2%	-

RAW MATERIALS FROM DEVELOPING COUNTRIES ARE IMPORTANT TO U. S. INDUSTRY*

	U. S. 1974 Imports from Developing Countries as a Percent of U. S. Consumption	U. S. 1974 Exports to Major Countries ($ Millions)
Petroleum & Petroleum Products	29%	
Major Countries		
Venezuela	6%	$1,768
Nigeria	4%	286
Netherlands Antilles	3%	193
Iran	3%	1,734
Saudi Arabia	3%	835
All Other	10%	-
Chromite	51%	
Major Countries		
Philippines	9%	$ 747
Rhodesia	8%	1
Turkey	6%	463
Brazil	1%	3,089
All Other	2%	-
Copper	15%	
Major Countries		
Chile	9%	$ 452
Peru	4%	647
Mexico	1%	4,855
All Other	1%	-
Iron Ore	20%	
Major Countries		
Venezuela	11%	$1,768
Brazil	5%	3,089
Liberia	2%	70
Peru	1%	647
All Other	1%	-
Mercury	42%	
Major Countries		
Mexico	19%	$4,855
Algeria	19%	315
Peru	2%	647
Turkey	1%	463
All Other	1%	-

RAW MATERIALS FROM DEVELOPING COUNTRIES
ARE IMPORTANT TO U. S. INDUSTRY*

	U. S. 1974 Imports from Developing Countries as a Percent of U. S. Consumption	U. S. 1974 Exports to Major Countries ($ Millions)
Tungsten	42%	
Major Countries		
Bolivia	13%	$ 105
Thailand	9%	369
Peru	8%	647
Rwanda	2%	2
Argentina	2%	597
Brazil	2%	3,089
All Other	6%	-
Manganese Ore	51%	
Major Countries		
Brazil	26%	$3,089
Gabon	17%	33
Morocco	3%	184
Zaire	3%	145
Mexico	2%	4,885

*Data based on imports from non-communist developing countries

SOURCE: U. S. Bureau of Mines & U. S. Dept of Commerce

FOREIGN AID AS PERCENT OF BUDGET AND GNP

Mr. SHRIVER. The United States gives approximately 1.15 percent of the Federal budget to these various development aid programs, including the various banks. I believe that is about correct, is it not?

Mr. PARKER. I think if you total all official development assistance it would come to about 1.1 percent of the budget, the total Federal budget.

Mr. SHRIVER. Yes.

I said 1.15 percent of the Federal budget.

Mr. PARKER. Yes, sir.

Mr. SHRIVER. How does this work out relative to our gross national product?

Mr. PARKER. It is about 0.23 percent.

AID TO CHILE

Mr. SHRIVER. Is there any money in this request for Chile?

Mr. PARKER. Yes, there is.

Mr. SHRIVER. How much?

Mr. PARKER. $11.3 million.

Mr. SHRIVER. What is it for?

Mr. PARKER. $11.395 million. $11 million in loans under the food and nutrition account, a grant of $320,000 in the food and nutrition account, and a grant of $75,000 under the selected development problems account.

If you would like, I would be glad to have Mr. Kleine expand on that program.

Mr. SHRIVER. All right.

Mr. KLEINE. As Mr. Parker has indicated, our program is focused almost exclusively in the agriculture area and the loan program that we have proposed for the consideration of the committee is made up of three loans.

One is for intermediate farm technology of $2 million.

Second, again $2 million for financial mangement training. This is to provide management capability to organized groups of small farmer beneficiaries who have just recently obtained title to their land under the land reform program of Chile.

And the third loan is for on-farm irrigation for $7 million. The technical assistance program is primarily supportive of the loan program.

Mr. SHRIVER. All those that you mentioned are along the lines of Mr. Long's interest as far as intermediate technology is concerned.

ABORTION PROHIBITION

None of the population control funds can be used for abortions; is that correct?

Mr. PARKER. That is correct.

Mr. SHRIVER. Is there language in the authorizing legislation?

Mr. PARKER. Yes, in 1974, and we responded with an agency policy definition which was promulgated at that time which has a virtually complete prohibition on abortion activities in any way. The only exception is that certain educational programs for gynecologists, doctors, those portions of the university programs can be permitted but only if the student wants them to be done.

Mr. SHRIVER. But that wouldn't be abortions, would it?

Mr. PARKER. No; but as I understand it, Mr. Shriver, in the normal course of gynecological and obstetrical training this is a standard component of the curriculum to prepare students in the event that such procedures are needed for purposes of saving lives. We have not insisted that the training program for developing country students be altered from that which the U.S. doctors and students would get.

PVO OCEAN FREIGHT REIMBURSEMENT

Mr. SHRIVER. Including this request, $30 million will be used under section 106 for ocean freight reimbursement to private voluntary agencies. How does that compare with the requests for such funds from these agencies?

Mr. PARKER. Well, their needs are first of all, Mr. Shriver, very difficult to project because this is paying the ocean freight for donated goods. The public donates goods in response to a number of different motivations.

On occasion it can be a disaster which would stimulate a public outpouring of goods. So, in the first place it is difficult for the voluntary agencies to project this with any accuracy.

In our discussions with them we have tried to reach as accurate an estimate as possible. It is tight. It is very tight.

In the fiscal 1976 appropriation we have, we understand, been cut by some $9 million in this account and this is going to present us some very serious problems.

Mr. SHRIVER. You mean it is $9 million under your request?

Mr. PARKER. Yes, sir, but the request was already at a tightly calculated level.

Mr. SHRIVER. But you can adjust these accounts a little bit, can't you?

Mr. PARKER. Yes; and I think we will probably have to but it obviously will come at the expense of something else, which goes without saying, of course. We do believe that the other programs as well are important.

LIST OF PVO'S

Mr. SHRIVER. You have a long list of these voluntary agencies. Would you put the list into the record?

Mr. PARKER. With pleasure. There are some 94 agencies that are registered with AID at the present time.

[The information follows:]

REGISTERED VOLUNTARY AGENCIES BY CITY AND STATE

ARKANSAS

Heifer Project
P.O. Box 808
Little Rock, 72203

ARIZONA

Esperanca, Inc.
5901 West Indian School Road
Phoenix, 85033

CALIFORNIA

Summer Institute of Linguistics
Huntington Beach, 92648

World Vision Relief Organization
919 West Huntington Drive
Monrovia, 91016

Direct Relief Foundation
P.O. Box 1319
27 East Cannon Perdido Street
Santa Barbara, 93102

Project Concern/Americans for Children's Relief
P.O. Box 81123
3802 Houston Street
San Diego, 92138

American National Committee to Aid Homeless Armenians
240 Stockton Street, 4th Floor
San Francisco, 94108

The Asia Foundation
550 Kearny Street
San Francisco, 94110

Thomas A. Dooley Foundation
442 Post Street
San Francisco, 94102

Meals for Millions Foundation
1800 Olympic Boulevard
P.O. Box 1666
Santa Monica, 90406

CONNECTICUT

Friends of Children
14 Brookside Road
Darien, 06820

Community Development Foundation/Save the Children Federation
48 Wilton Road
Westport, 06880

COLORADO

DOCARE International
885 South Colorado Boulevard
Denver, 80222

Friends of Children of Vietnam
600 Gilpin Street
Denver, 80218

DELAWARE

Aid for International Medicine
1411 North Van Buren Street
Wilmington, 19806

DISTRICT OF COLUMBIA

American Freedom from Humger Foundation
1100 17th Street, N.W., Suite 701
20036

American Institute for Free Labor Development
1925 K Street, N.W.
20006

American Near East Refugee Aid
900 Woodward Bldg.
733 - 15th Street, N.W.
20005

Asian-American Free Labor Institute
815 - 16th Street, N.W., Room 406
20006

Cooperative League Fund
1828 L Street, N.W.
20036

International Eye Foundation
Sibley Memorial Hospital
20016

DISTRCT OF COLUMBIA (cont'd)

International Voluntary Services
1555 Connecticut Avenue, N.W.
20036

National Association of the Partners of the Alliance
2001 S Street, N.W.
20009

Pan American Development Foundation
1725 K Street, N.W., Suite 1409
20006

People-to-People Health Foundation
2233 Wisconsin Avenue, N.W.
20007

Seventh-Day Adventist World Service
6840 Eastern Avenue, N.W.
20012

ILLINOIS

United Lithuanian Relief Fund of America
2606 West 63rd Street
Chicago, 60629

Medical Assistance Programs
P.O. Box 50
Wheaton, 60187

MASSACHUSETTS

Oxfam-America
302 Columbus Avenue
Boston, 02116

Pathfinder Fund
1330 Boylston Street
Boston (Chestnut Hill), 02167

Unitarian Universalist Service Committee
78 Beacon Street
Boston, 02108

ACCION International/AITEC
10 C Mount Auburn Street
Cambridge, 02138

MARYLAND

Volunteers in Technical Assistance (VITA)
3706 Rhode Island Avenue
Mt. Rainier, 20822

MICHIGAN

Christian Reformed World Relief Committee
2850 Kalamazoo Avenue
Grand Rapids, 49508

MINNESOTA

Operation Bootstrap, Tanzania
Law Office Bldg.
110 N. Mill Street
Fergus Falls, 56537

MISSISSIPPI

Agricultural Missions Foundation, Ltd.
P.O. Box 388
Yazoo City, 39194

MISSOURI

Missions Health Foundation
P.O. Box 89
1235 West Lexington
Independence, 64051

Assemblies of God-Foreign Service Committee
1445 Boonville Avenue
Springfield, 65802

NEW JERSEY

U.S. Foundation for International Scouting
North Brunswick, 08902

American Mission to Greeks
801 Broad Avenue
Ridgefield, 07657

NEW YORK

American Dentists for Foreign Service
619 Church Avenue
Brooklyn, 11218

International Development Foundation
175 Clearbrook Road
Elmsford, 10523

American Bureau for Medical Aid to China
1790 Broadway
New York City, 10019

NEW YORK (cont'd)

American Committee for Shaare Zedek Hospital in Jerusalem
6 East 46th Street
New York City, 10017

American Foundation for Overseas Blind
22 West 17th Street
New York City. 10011

American Fund for Czechoslovak Refugees
1790 Broadway, Room 513
New York City, 10019

American Jewish Joint Distribution Committee
60 East 42nd Street, Suite 1915
New York City, 10017

American-Korean Foundation
345 East 46th Street
New York City, 10017

American Mizrachi Women
817 Broadway
New York City, 10003

American ORT Federation
817 Broadway
New York City, 10003

Boy's Towns of Italy
24 West 57th Street
New York City, 10019

Catholic Relief Services-USCC
1011 First Avenue
New York City, 10022

Children's Medical Relief International
230 East 48th Street
New York City, 10017

Church World Service
475 Riverside Drive
New York City, 10027

CARE
660 First Avenue
New York City, 10016

Coordination in Development (CODEL)
79 Madison Avenue
New York City, 10016

NEW YORK (cont'd)

Foundation for the Peoples of the South Pacific
158 West 57th Street
New York City, 10019

Franklin Book Programs
1221 Avenue of Americas
New York City, 10020

HADASSAH
65 East 52nd Street
New York City, 10022

International Educational Development
34 West 33rd Street
New York City, 10001

International Institute of Rural Reconstruction
1775 Broadway
New York City, 10019

International Rescue Committee
386 Park Avenue South
New York City, 10016

Lutheran World Relief
315 Park Avenue South, Suite 1940
New York City, 10010

Near East Foundation
54 East 64th Street
New York City, 10021

Operation Crossroads Africa
150 Fifth Avenue
New York City, 10011

Polish American Immigration and Relief Committee
17 Irving Place
New York City, 10003

Refuge des Petits
30 Broad Street, 47th Floor
New York City, 10004

Salvation Army - National Headquarters
120-130 West 14th Street
New York City, 10011

NEW YORK (cont'd)

Albert Schweitzer Fellowship
866 United Nations Plaza
New York City, 10017

Shoeshine Boys Foundation
1460 Broadway, 17th Floor
New York City, 10036

Tolstoy Foundation
250 West 57th Street, Room 1004
New York City, 10019

Traveler's Aid - International Social Service of America
345 East 46th Street
New York City, 10017

United HIAS Service
200 Park Avenue South
New York City, 10003

United Israel Appeal
515 Park Avenue
New York City, 10022

World Education
1414 - 6th Avenue
New York City, 10019

World University Service
20 West 40th Street
New York City, 10018

YMCA - International Committee
291 Broadway
New York City, 10007

World Relations Unit, Nat'l. Board of the YWCA of the U.S.A.
600 Lexington Avenue
New York City, 10022

Laubach Literacy
1011 Harrison Street
P.O. Box 131
Syracuse, 13210

OHIO

Stelios M. Stelson Foundation
P.O. Box 8535
State Street Station
Columbus, 43215

OKLAHOMA

World Neighbors
5116 North Portland Avenue
Oklahoma City, 73112

OREGON

Holt Adoption Program
P.O. Box 2420
Eugene, 97402

PENNSYLVANIA

Mennonite Central Committee
21 South 12th Street
Akron, 17501

American Friends Service Committee
1501 Cherry Street
Philadelphia, 19102

United Ukrainian American Relief Committee
1321 West Lindley Avenue
Philadelphia, 19141

World Relief Commission, N.A.E.
P.O. Box 44
Valley Forge, 19481

RHODE ISLAND

Foster Parents Plan
P.O. Box 400
170 Service Avenue
Warwick, 02886

TEXAS

Volunteer Border Relief
P.O. Box 981
Harlingen, 78550

VIRIGINIA

Christian Children's Fund
P.O. Box 26511
Richmond, 23261

WISCONSIN

Dr. Jose P. Rizal-Gen. Douglas Mac Arthur Memorial Foundation
611 North Broadway, Room 208
Milwaukee, 53202

70-219 O - 76 - 21

AIDS TO THE MIDDLE EAST

Mr. SHRIVER. About $1.8 billion of this request, more than half, is for the Middle East. Rather than ask you at this time to delineate this, will you put into the record what progress has been made in that area in the past year towards a lasting peace, particularly in connection with the use of these funds?

Mr. PARKER. Yes, sir.

If I may, on that latter point, just to clarify the request, Mr. Shriver, I would like to put in some of the listing of the developmental projects because I think it is important to clarify that supporting assistance funds are not just used for budget support.

It may have that effect, but it is AID's and the administration's objective to utilize these funds to develop the economy in ways that can then help to bring stability through increased productivity and expanded employment opportunities.

[The information was provided.]

DEVELOPMENT PROJECTS UNDER SUPPORTING ASSISTANCE

Mr. SHRIVER. What would be an example of development projects in connection with the Middle East?

Mr. PARKER. There are quite a number.

For example, in Jordan we have been shifting more and more from budget support into development and there are projects in the Jordan River Valley, irrigation projects, housing projects, the development of farm-to-market infrastructure; down further south in Jordan the development of grain farming areas and research.

In Egypt it is the reconstruction of port cities in the Suez area. We have gone on to help Egypt in building facilities for storage of agricultural products, vegetable oil, grains, power distribution into the rural areas, and again Dr. Long would be interested, small agricultural equipment, and then support of an industrial development bank, manpower training, a whole group of things like this.

I won't take your time now but would be glad to submit them for the record.

Mr. SHRIVER. All right, fine.

[The information follows:]

MIDDLE EAST DEVELOPMENT PROJECTS

The following tables illustrate proposed FY 1977 development projects for the Middle East countries of Egypt, Syria, Jordan and Israel and the respective funding for each:

FY 77 Development Projects in Middle East Countries
Security Supporting Assistance
($000)

EGYPT

Water and Sewage Systems II	$ 60,000
Cargo Handling and Port Maintenance Equipment II	20,000
Technology Transfer and Manpower Development III	1,000
Technology and Feasibility Studies II	2,000
Water Use and Management	800
Improvement of Rural Health Services	2,100
Development of Rural Villages	[illegible]500
Integrated Social Work Training Centers	1,000
Small Scale Mechanization of Agriculture	600
Family Planning	1,000
Suez Electric Power Plant	100,000
Food Grain and Vegetable Oil Storage	95,000
Electric Power Distribution	80,000
Small Scale Agricultural Equipment	15,000
Irrigation Canal Maintenance Equipment	26,000
Industrial Credit (Bank of Alexandria)	40,000
Synthetic Fiber Production	15,000
Synthetic Material Production (DMT)	40,000
TOTAL	$ 500,000

SYRIA

Agriculture Development Research and Production	150
General Participant Training	1,250
English Language	175
Development of Health/Family Planning/Nutrition Services	175
Feasibility Studies and Project Development III	1,250
Rural Electrification	60,000
Agricultural Machinery and Production Inputs III	27,000
TOTAL	$ 90,000

JORDAN

Development Administration Training	$ 300
Faculty of Agriculture Research and Development	450
Telecommunications Management	200
Dryland Cereal Production	200
Technical Services and Feasibility Studies	1,500
Farm Cooperative Development	200
Jordan Valley Agriculture Development	150
Road Construction and Improvement	5,000
Rural Water Supply	3,000
Karak Rural Electrification	4,000
Yarmouk - Dead Sea Road	1,000
Zarqa Triangle Irrigation Project	2,000
East Ghor Canal Extension	2,500
Jordan Valley Agriculture and Rural Development	3,000
Maqarin Dam Design	4,000
TOTAL	$ 27,500

Mr. SHRIVER. You mentioned the AID Agency has contributed towards the building of warehouses and/or grainaries for commodity storage.

Mr. PARKER. Yes; storage facilities.

Mr. SHRIVER. Does the average Egyptian realize that AID is doing that kind of thing in their country? How does the United States benefit from the standpoint of relations with the people of that country?

Mr. PARKER. Let us take the case of Egypt.

It is broadly known by the Egyptian public that the United States has taken the lead among Western countries in enabling Egypt to break its dependence upon support from the Soviet Union.

Therefore, I think there is a general feeling that progress which is achieved in a productive and peaceful way is in some significant measure attributable to the United States.

As to specific individual donor identification, we have to bear in mind that some of the Arab partners of Egypt, partner nations, are in fact larger contributors by far than we to economic support.

These are not so much in the area of specific development projects as ours are. They are mainly in budget support.

Mr. SHRIVER. To repeat my question, does the Egyptian citizen know that we are doing anything to help him?

Mr. PARKER. I think it would be difficult to say that and I wouldn't want to claim that, for example, an Egyptian small farmer would necessarily know that the irrigation water he is getting is directly attributable to a loan from the United States?

Mr. SHRIVER. Why not? Why wouldn't it be well for this country if that individual knew that he was being helped by the generosity of the American people?

Mr. PARKER. I think in an overall way it is identified, but in terms of a specific linkage I don't think I would lay claim to that, but I think they do know and my understanding is that President Sadat has made it very clear to the Egyptian public that the United States is, in fact, leading in support.

Mr. SHRIVER. If you build, say, a warehouse to store commodities, grain and what not, would there be anything on that storage container to indicate to anybody who might be passing by that the United States had made a contribution?

Mr. PARKER. Yes; there is an identification on such as——

Mr. LONG. Would the gentleman yield?

Mr. SHRIVER. Yes.

Mr. LONG. I think the gentleman from Kansas concern is a very real one and I am not satisfied at all with the general statement that they do know. I found myself not long ago helping to dedicate a hospital facility in my district and listened to all the local officials brag how they had gotten all this money and the State had provided so much, and I asked my assistant, "Does the Federal Government have any money in this project?" and finally managed to find out that the largest contributor was the Federal Government. They were determined not to give the Federal Government any credit for that, because obviously they wanted it for themselves.

I think you are going to find this story true all over the world. They have a genuine interest in claiming credit themselves and unless we make a real effort to make sure that they know that the United States

has provided it they are not going to find out. I found this to be true in country after country, in project after project, that a lot of people don't know it comes from the United States.

I thank the gentleman for yielding.

Mr. SHRIVER. That is the point I wanted to make. I think we lose a great opportunity of spreading goodwill, at least having the people of the world know that we are interested and it is because of the generous, humanitarian Americans that certain things have happened.

Mr. PARKER. I am sensitive to this as well and I agree with the thrust of what you say and I would point out, for example, that all of our commodities are provided with the AID symbol and that equipment likewise is emblazoned with these symbols. We will certainly be mindful of the thrust of your objective. I agree and we will augment this in whatever way we can.

COOPERATION WITH OTHER NATIONS

In some instances we join together, of course, with other donor countries in supporting projects and then it is more than difficult to claim U.S. sponsorship.

Mr. SHIVER. Of course when you are doing that you get in the same situation that we are in with the various multilateral banks when our identity is lost.

Mr. PARKER. Yes; in that one sense.

Mr. SHRIVER. If you look at it materially, and I think we have to because I think the people of the world look at it that way.

Mr. PARKER. Looking at it also materially, where we do this in a bilateral program more often than not we are the ones that have taken the initiative in getting the project underway, but by sharing we have gotten other countries to share the cost with us and thus of economizing in the use of our funds.

U.S. EXPORTS AND FOREIGN INVESTMENT

Mr. SHRIVER. I asked earlier for a table showing raw materials that we get from the developing countries. Would you also prepare something showing whether or not these recipient countries are good customers for U.S. goods? You can include that in the same table.

Mr. PARKER. I would like very much to do that.

Mr. SHRIVER. Then show current U.S. investments in those countries.

Mr. PARKER. Yes, indeed. These are very significant figures, Mr. Shriver.

Mr. SHRIVER. I think we need those kinds of figures to help us when we go to the floor.

Mr. PARKER. If I may just cite last year's figures, the U.S. exports to the developing world were identified as being $28.5 billion. This excludes, by the way, the OPEC countries.

These are the developing countries. Our imports were $22.2 billion. So we had a favorable balance of trade with the developing countries of $6.3 billion. This is almost two-thirds of the trade account favorable balance that the United States had in calendar year 1975. This is almost too good in terms of having a favorable balance of trade because they are buying quite a bit more, but I would like to take advantage of the opportunity of submitting some detail in support of this.

Mr. SHRIVER. If you would.

[The information follows:]

U.S. DIRECT INVESTMENT POSITION ABROAD AT YEAREND—1974
(Millions of dollars)

By Country	All Industries	Mining	Petroleum	Manufacturing	Transport, Communications, Utilities	Trade	Finance, and Insurance	Other Industries
DEVELOPING COUNTRIES	28,479	2,100	8,261	9,122	691	2,619	3,718	1,970
Latin America	19,620	1,439	3,557	7,487	474	1,987	3,410	1,255
Latin American Republics ..	14,704	1,037	2,036	6,996	398	1,713	1,480	1,043
Argentina	1,155	50	146	772	11	67	55	68
Brazil	3,658	84	243	2,502	18	350	282	164
Chile	600	343	(d)	43	129	27	(*)	(d)
Colombia	629	17	58	375	15	53	94	16
Mexico	2,825	84	17	2,146	34	400	65	76
Panama	1,549	-1	55	115	43	440	629	267
Peru	895	411	239	159	-2	52	9	30
Venezuela	1,772	21	659	609	31	245	125	87
Other Central America ...	681	22	(d)	174	68	41	53	(d)
Other	940	5	447	101	51	38	167	119
Other Western Hemisphere ..	4,916	402	1,521	491	76	273	1,930	223
Bahamas	721	4	175	87	11	86	214	142
Bermuda	2,311	0	(d)	136	19	133	1,676	(d)
Jamaica	612	284	(d)	217	(d)	7	7	26
Other	1,272	114	992	50	(d)	48	33	(d)

Continued

U.S. DIRECT INVESTMENT POSITION ABROAD AT YEAREND—1974
(Millions of dollars)

By Country	All Industries	Mining	Petroleum	Manufacturing	Transport, Communications, Utilities	Trade	Finance, and Insurance	Other Industries
Other Africa	2,223	442	1,340	160	42	73	53	113
Liberia	258	19	103	2	31	7	34	61
Libya	542	0	534	(*)	(*)	2	1	5
Nigeria	238	(*)	209	20	2	14	(d)	(d)
Other	1,185	423	493	140	9	49	(d)	(d)
Middle East	2,129	3	1,618	130	12	38	70	259
Iran	-576	(*)	-622	50	3	5	13	-25
Other	2,705	3	2,240	80	8	33	57	284
Other Asia and Pacific	4,507	216	1,746	1,344	163	521	185	332
India	345	(*)	85	234	(*)	5	7	14
Indonesia	705	(d)	408	72	(d)	-1	6	35
Philippines	727	(d)	135	340	(d)	97	56	60
Other	2,729	22	1,118	699	132	420	115	223

* - Less than $500,000.
NOTE: Details may not add to totals because of rounding.
d - Suppressed to avoid disclosure of data of individual companies.

Source: U.S. Department of Commerce.

ASSISTANCE TO PVO'S

One of the most popular parts of the section 106 program, both within the Agency and here in the Congress, is the assistance to the private and the voluntary agencies. Why not separate that out as a new line item for your presentation?

Mr. PARKER. Yes; we can do that. We have in the past 2 years developed two new types of grant programs that have considerably stimulated the activities of the private and voluntary agencies. These programs began in 1975 with $11.1 million. In 1976 we expect them to be $17.1 million, the transition quarter $7.4 million, and with the funds we are requesting now it would rise to $25.7 million. These two new programs are development program grants and operational programs grants, but what they are intended to do, Mr. Shriver, is to enable these voluntary agencies who want to get into foreign aid to develop the staff capability to do so and thus to be able to respond to their constituents in providing the voluntary support and the participation to do this.

According to the figures we have, this will result in a very substantial increase in the amount of the public's voluntary contribution to programs in behalf of these agencies.

HIGHER EDUCATION

Mr. SHRIVER. As you know, the Senate report on the 1976 bill was critical of the AID's expenditures in the area of higher education and graduate education. Would you comment on that, and tell us how you might improve that program?

Mr. PARKER. First, as to the number of participants coming into conventional academic training, we have begun to reduce this and the number is down by about 40 percent from 3 years ago. We are increasing the proportion of those going into nonformal training and we think that these will focus more upon the new directions that the Congress enacted in the Foreign Assistance Act of 1973. Nonetheless, though, I would like to say a word in defense of the programs of the past and in those that we will continue.

The leaders in many countries now are those that have had U.S. academic training and many of them are just now beginning to rise into the upper levels of authority, and we believe that this is greatly to the advantage of the United States in terms of the functional relationships with them, the fact that they have had the experience of living in the United States and that their education has been gained here.

If you would like either actually now or for the record I would like to ask my regional assistant administrators to give further examples.

Mr. SHRIVER. Why don't you let them place in the record some further examples without taking the time here.

[The information follows:]

Participant Training Program—Success Examples

NICARAGUA

USAID/Nicaragua has reported that former participant Mrs. Alba Rivera de Vallejos has been appointed vice-minister of Education. She was sponsored by AID for two short training programs: A seminar for rural leaders in the United States, and a seminar on scientific study of population in Colombia.

PAKISTAN

USAID/Pakistan has reported that Mr. Iftikhar Ahmed Bajwa has been promoted to inspecting assistant commissioner, income tax department, Lahore. His first promotion upon his return to Lahore from the United States was to appellate assisant commissioner. During his training in the United States, Mr. Bajwa attended the 11-month international tax program at Harvard.

KOREA

Mr. Sah Myung Hong earned a master's degree in educational administration at the University of Massachusetts and returned to fill the position for which he was trained. He is the only researcher in school personnel development in the Office of Planning and Coordination, Korean Education Development Institute. The institute was created by the Korean Ministry of Education to provide research which assists implementation of the elementary-middle school project, an ROKG/USAID loan project of $7.5 million.

DOMINICAN REPUBLIC

Since Mr. Manuel de Jesus Vinas Caceres returned from Texas A. & M. with a degree in agricultural sciencies, he has served in various official capacities including director of the Dominican Agrarian Institute, president of the National Agricultural Council, and a member of the National Development Commission. In August 1975, he was nominated Secretary of State for Agriculture.

GUYANA

A small-scale farmer, Bernard Young, was trained at the University of Florida in swine production for 1 month in 1972. With a Government loan, he constructed modern buildings. With good management, he increased his herd from 3 to 423. His success was accomplished by reduction of the formerly high mortality rate of piglets through ear-notching, recordkeeping, and other modern practices. His farm is a source of breeding stock for the district and used as a demonstration for both farmers and agricultural students. Mr. Young has won prizes on county and national levels. A film was recently made which shows his management practices; plans for countrywide use are being drawn. The outreach of a 1-month program to a needy segment of a population by one energetic small-scale farmer seems incredible.

LIBERIA

When Mrs. Mary Bropleh of Liberia left for participant training in 1970, she was a nursing arts instructor, School of Nursing, Tubman National Institute of Medical Arts. Upon her return in 1972 with a bachelor's degree in nursing education from the University of Oregon, she became assistant director of her school. In 1975, she was appointed the director.

Before his U.S. training as an AID participant, Dominic Tarpeh was a junior research officer, Liberian Ministry of Economic Affairs. Upon his return with an MBA degree from the University of Pittsburgh, Mr. Tarpeh was named a senior staff member and deputy director of the newly organized Liberia Institute of Public Administration. During the past 3 years, his work as a management trainer has contributed to the success achieved by the institute during its first few years of existence.

AFGHANISTAN

Several returned participants received new appointments in 1975. In the Ministry of Finance, Mir Zya-uddin was named president of land reclamation; Zir-Gul, president of the revenue department; and Abdul Wahid Najim, president of cooperatives for civil servants and wage earners. The new Deputy Minister of Frontiers Affairs is Mohammad Osman Wahidi. Two new Ministers are Abdul Kayum (education) and Abdul Tawab Assifi (mines and industries).

DEVELOPMENT AND NATIONAL CULTURES

Mr. SHRIVER. In your statement you mentioned that some leaders in the developing world are trying to get back to development methods which better reflect their own traditions and their own cultures. Will you tell us in which countries this is being tried and what the Agency is doing to encourage it?

Mr. PARKER. Yes. This again is a complex matter. When you contrast with the former development assistance policies which were aimed at overall economic development, these did not necessarily reflect, nor did they need to necessarily reflect, the traditional mores and patterns of society. As we move in our new directions now we are working in areas that require a high degree of cultural adaptation to local customs and traditions. We respect the desire on the part of developing country leaders to preserve their traditions and to work out programs that will express their national spirit and not just imitate what has been done in the West.

So we have been working more and more closely with the developing country leadership to make these programs compatible and effective.

Mr. SHRIVER. Perhaps in the past we have tried to mold them from their way of life into that of the developed countries, like our own.

Mr. PARKER. Yes. I think you are quite right on that, Mr. Shriver. I think our whole objective is to see them develop according to their own ways but along the lines of principles which we share in common.

AID AS A FOREIGN POLICY TOOL

Mr. SHRIVER. We continually hear that foreign aid is used by every President, every Secretary of State, as a tool in the operation of the U.S. foreign policy. I have heard that now for 16 years.

Mr. LONG. We have made a lot of friends that way, haven't we?

Mr. SHRIVER. I want you as the Director of this agency, a very successful director. to expand on that concept of foreign aid as one tool to be used by the President in the operation of our foreign policy. You might include some examples of successful use of this tool on behalf of the best interests of the Nation. After all, this is what it is all about.

Mr. PARKER. Well, I think to speak of foreign aid as a tool, Mr. Shriver, tends to overly simplify this. I think development assistance first of all is premised upon interdependence and interdependence is increasingly more and more tangible to us. It is less and less an abstract philosophical concept. Now, it enables us to give tangible meaning to a relationship that has mutuality of interest. As we look now in response to your questions and interest on the matter of interdependence of raw materials, interdependence in terms of trade and

investment, I think foreign aid is greatly to our advantage. It is a tool in the sense that it seems to enhance the bilateral relationships that we have with developing countries on whom we depend for vital materials. But I think we need also to put it into a broader perspective which recognizes that our interests are served basically by promoting stability and reducing the risks of hostility of a regional nature which can escalate very seriously. We attempt to use this program for that purpose by helping the countries involved focus on their own principal self-interest which is their own development.

In this way, I think, Mr. Shriver, the President of the United States can utilize these resources and this program in furthering the objective of achieving peace and stability and mutual development throughout the world.

Mr. SHRIVER. If there is anything you want to add to that feel free to.

Mr. PARKER. Thank you. I would like to add to it.

[The information follows:]

AID AS A FOREIGN POLICY TOOL

Foreign aid is an expression of the American people's desire to assist their less forunate neighbors overcome the basic human problems of hunger, disease, illiteracy, and poverty, and achieve our common aspirations for a world of peace, justice, and a better life for all. At the same time, foreign aid is an investment in the creation of a stable, prosperous international order based on cooperation rather than conflict. In an interdependent world no country can stand aloof. Our national security and our economic well-being are dependent on international political stability and an expanding world economy. The less developed countries comprise 70 percent of the world's population. They account for nearly one-third of U.S. exports and over one-fourth of U.S. imports. They are the source of 50 to 100 percent of essential raw materials such as tin, nickel, manganese, mercury, chrome, cobalt, and bauxite. If we fail to respond to the basic economic and social needs of the less developed countries we cannot expect that our own country, its values and its prosperity will remain secure.

Foreign aid, by helping to accelerate social and economic development in less-developed countries, and by helping to maintain an attitude of constructive cooperation on international problems, is an investment which directly contributes to overall U.S. foreign policy objectives. It is an investment whose returns are not always tangible and not always immediate. And in some cases the relationship between U.S. foreign aid and foreign policy objectives are more obvious than in others.

The utility of aid as a foreign policy tool is particularly obvious in the case of development assistance for food production. As we have discovered in recent years, developments in world grain production translate rapidly into changes in U.S. grain prices. Unless we can help bring the growth of food production and population into better balance through increased agricultural output and reduced population growth in less-developed countries, world grain markets will become subject to wider and more violent fluctuations. This would have unfortunate consequences for the U.S. consumer. U.S. assistance for food production in the low-income countries has been effective in the past and I am optimistic that it will be even more so in the future. I regard our assistance in this area as a particularly good example of the successful use of the foreign aid tool on behalf of the best interest of the country.

The relationship between U.S. foreign policy and foreign aid is perhaps even more direct and obvious in the case of our security supporting assistance in the Middle East. The Middle Eastern situation is still far from stable, but the fact that there has been no major war since 1973, and that there is still room for negotiation, is largely attributable to the efforts of the United States in bringing the parties to various agreements. These agreements would probably not have been possible in the absence of foreign aid. Here again aid has been used as a valuable foreign policy tool to serve U.S. interests.

Mr. SHRIVER. I would like to hear more about how the land-grant universities will play a larger role in 1977 in the foreign aid program.

Mr. PARKER. We have always looked to them with great respect and we have utilized——

Mr. SHRIVER. Are they going to come to you with proposals or will you go to them?

Mr. PARKER. As a consequence of the new title XII with the board that we have and the subordinate bodies to that board there is going to be an even closer mutual working relationship where we will begin to identify some of the problems and some of the opportunities. We will have now the mechanism to share our ideas as as a consequence I think that we can integrate their perspectives into our planning at an earlier time and likewise I think that we can get our objectives perceived by them. Hopefully they can begin to plan their domestic programs with an eye to our international responsibilities as well as our own needs and that they can then pass on knowledge and technology of value to the developing world through this new title XII system.

This is a two-way street, incidentally. Certain varieties of sorghum were found in Ethiopia through our activities there that have been used to improve substantially our domestic sorghum varieties. These are going to be in commercial production in the United States in the not distant future.

So we are hoping to be able to bring back to the United States some new knowledge as well.

LAND-GRANT COLLEGES' CONTRIBUTION

Mr. SHRIVER. Do you consider that the land-grant colleges have made a contribution to the work of AID down through the years?

Mr. PARKER. Oh, indeed. There was a vital period, Mr. Shriver, when the land-grant colleges and the State universities joined the Agency in developing sister institutions throughout the world.

Mr. SHRIVER. Yes.

When you were discussing India with Mr. Long, for instance, my own recollection is that some of the universities were very successful in increasing the food supply in India, and that Government recognized a tremendous increase in the production of food supplies because of that.

Mr. PARKER. Yes; you are quite right. When you look in absolute terms, taking as a base period the years 1961 to 1965, total agricultural production in the developing countries had increased 40 percent by 1975 in contrast to the developed countries which increased by only 24 percent. The problem, of course, is when you get to a per capita basis where the increase for developing countries was only 4 percent while the advanced countries were up by 11 percent. The fact that the developing countries were able to increase their agricultural production by 40 percent, I think, is due in large measure to the fact that the U.S. academic community, the land-grant colleges and State universities, have participated in these programs.

Mr. LONG. Would the gentleman yield?

Mr. SHRIVER. Yes.

CAUSES OF INCREASED PRODUCTION

Mr. LONG. The fact that the developing countries increased their production, which of course no one denies, cannot be necessarily ascribed overwhelmingly to technology; the fact that everyone of that increased population has a back and two arms and two legs and he is working to produce that extra amount certainly enters in.

Mr. PARKER. In the developing countries.

Mr. LONG. Yes; of course, and when you consider the fact that population has increased so much, the population of workers, their arms as well as their mouths, and that this increase in output has only kept slightly ahead of the number of mouths, you see that technology has not really been able to produce food much faster than the number of people who are out there working.

Mr. PARKER. No, indeed. That was one of the points I was making, that in spite of the fact in gross terms, absolute terms, it was a considerable increase, on a per capita basis it was a very narrow margin.

Mr. SHRIVER. Look what it would have been if you hadn't had that technological help.

Mr. PARKER. That is right.

Mr. LONG. But you can't necessarily argue that the increased production was due to the technology. The people are working. Of course, you have to offset the law of diminishing returns, the fact that there are more people working on the same amount of land, but at the same time you do have to keep count of the fact there are a lot more people working to produce that extra product and all of the credit can't go to the technology.

Mr. PARKER. No, no, and a great deal of it depends on the weather.

Mr. LONG. Of course.

There, of course, you get different results for India, for example, depending on what years you compare.

Mr. PARKER. You can look at the figures and in 1970, as a matter of fact, the per capita increase was the same as it was in 1975. The total available food per capita was the same. It slipped after 1970 down by 3 percentage points, down to a factor of index of 101.

Mr. SHRIVER. I remember one day going to one of those universities in northern India where the University of Illinois had a team for a number of years. It was an extension program for Indian people, and they had tremendous results from their effort.

Kansas State University was involved for a number of years in another one of those agricultural universities in India. I have never been to that one, but I have read of their results so I don't think it is a waste as you all were arguing a little earlier. Maybe it didn't solve the problem, but the problem is enormous.

GETTING KNOWLEDGE TO THE FARMER

Mr. LONG. The great problem, if the gentleman will yield, in agricultural production is not, of course, what takes place in the laboratory or in the universities, but it is what you can get done out in the field and there is the great problem that you have to face, where I think our great failure has been in the underdeveloped world. We went at it differently in the United States.

Somewhere along the 19th century I remember reading some sort of a statement by an agricultural magazine that all the scientific development that had occurred had never resulted in one extra bushel of grain produced in the United States.

That was sometime in the 19th century, but that changed with the development of all the agricultural extension services and so on, which got the science out to the farmer. That you have to do. That is what we have to do in the underdeveloped world.

Mr. PARKER. That is what we have been trying to do. We expect that title XII will provide major new impetus being to be able to do this. We have been assisting in the development of in-country research centers to enable developing countries to take prompt advantage of the work being done at the international research centers and to adapt it to local conditions. That is one vital stage, to link into this international network, to adapt the new and better varieties.

Now, we are going to move from those into even greater extension toward the individual farmer, toward the small communities, and we are going to give great emphasis to that because there is great importance to the utilization of the new higher yielding varieties. But it is not as easy as it was in this country to get the local farmers to utilize them because, first of all, our farmers had education and then they had access to the logistical system, the credit system, that would enable them to be able to finance the utilization of these new improvements as they were developed and made available through extension service.

We have to help create that extension capability, and I hesitate to use that word because when we get into rural farms it is going to be so much different than the extension system we have here.

It would possibly be misleading to call it extension.

DEVELOPMENT OF COOPERATIVES

Mr. SHRIVER. How much are you planning to actually use in 1976 and 1977 for the development of cooperatives?

Mr. PARKER. We have been directed in the authorizing legislation to utilize something like $20 million. It is going to probably be about $25 million. But, again, I don't want to mislead you, Mr. Shriver. It is difficult in some cases to identify whether it really is the addition of new type of involvement in cooperatives or whether it is an extension and an enlargement.

I don't want to argue that this would be all totally new. We have had a very successful series of meetings, one just about 10 days or 2 weeks ago, with a cooperative group.

LESS-DEVELOPED OIL PRODUCING COUNTRIES

Mr. SHRIVER. The book states that the new Development Coordination Committee has discussed U.S. policy toward less-developed oil producing countries.

What did they come up with?

Mr. PARKER. That is one of several topics and in this particular case the objective has been helping them in their development by actually selling them development services and technology.

I think you have to look at OPEC as a group by analyzing them and putting them into different categories. While they are oil producers and members of the group, some are really quite poor. Those that do have adequate resources, however, we have been approaching them under the provisions of section 607 and section 661 and have been helping them to utilize the capital resources that they have in their own development.

REIMBURSABLE TECHNICAL ASSISTANCE

Mr. SHRIVER. That committee is now planning to find ways for the United States to continue to be involved in the development process of countries in which the concessional bilateral assistance has ended or is being phased out.

Why should we continue to play such a role?

Mr. PARKER. We are doing it on a reimbursable basis, No. 1.

No. 2, they are still less developed in terms of social considerations, in terms of their own economy other than the oil sector and they have legitimate aspirations to develop.

Mr. SHRIVER. In other words, they are actually paying the aid agency?

Mr. PARKER. That is right.

Mr. SHRIVER. How do you determine that price?

Mr. PARKER. On the basis of the full cost of services plus an overhead allocation. In fiscal 1975 we added something like 22 new contracts to some 40-some we had developed in the previous period. We have basically arranged contracts for other U.S. Government agencies or the private sector wherever possible, and I would be glad to submit for the record the ones that we do have. It is a fairly extensive list. You can total up the actual payments received—let me correct my figures.

During calendar year 1975, 31 new 607 determinations involving 21 countries were approved, and work under 8 was completed. We end up now with a total of 46 active projects.

The range of activities and the agencies include not only AID but the Department of Agriculture, the Bureau of Reclamation, Coast Guard, Customs, Corps of Engineers, Federal Aviation Administration, the whole range really. The list also includes the Internal Revenue Service, which I think is a vital one and I am glad to help with these services because it does assist in the developing country's budget to be able to raise their taxes.

Mr. SHRIVER. They are also going to look at the impact on the U.S. domestic labor force of U.S. development policies. Will they be issuing a report on that?

Mr. PARKER. Yes.

Mr. SHRIVER. When do you anticipate that?

Mr. PARKER. I just went over the galley proof of it. I have forgotten the due date but it is within the next few weeks.

Mr. SHRIVER. Will we get that?

Mr. PARKER. Yes, Mr. Shriver.

RESUMPTION OF AID TALKS WITH INDIA

Mr. SHRIVER. Mr. Gardiner, more than 25 percent of the proposed loan activity for this region is slated for India, that is if talks resume between the Indian Government and ours regarding aid programs. Those talks are not now in progress, are they?

Mr. GARDINER. You are correct. Talks on aid have not been held with the Government of India since we advised them earlier this year that the U.S. Government had decided not to carry out a program in fiscal year 1976, and to postpone talks on economic assistance until fiscal year 1977.

Mr. SHRIVER. Then why include $60 million in this request? Why not wait at least until talks begin?

Mr. GARDINER. At the time we prepared our budget projections for fiscal year 1977 late last year, there was a possibility that discussions with the Government of India would lead to a program in both fiscal years 1976 and 1977. Even though the fiscal year 1976 program has since been cancelled, the fiscal year 1977 program remains a possibility, and we believe it is prudent management to retain the proposed $61.7 million for India in our request.

Mr. SHRIVER. If this money is not needed for India, what will happen to it?

Mr. GARDINER. In the Asia region alone, we have over $63 million of additional program requirements which cannot be met with our current request. They are for new projects in Bangladesh, Pakistan, Indonesia, and the Philippines. If a program is not initiated in fiscal year 1977 for India, we would want to use some of these funds to meet these requirements.

OTHER DONOR ASSISTANCE

Mr. SHRIVER. Would you indicate for the record the amount of foreign assistance each of these eight countries has been receiving from other sources.

Mr. GARDINER. Yes, sir.

[The information follows:]

70-219 O - 76 - 22

Bangladesh

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	107.1	328.8	674.0
IBRD - World Bank	-	54.9	54.9
Int'l. Dev. Association	74.1	181.0	468.0
Asian Dev. Bank	17.3	82.1	115.2
UN Development Program	2.1	1.4	3.6
Other UN	13.6	9.4	32.3

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	170.5	241.7	542.2
Canada	54.9	48.6	129.9
Germany	53.9	55.2	119.8
Japan	29.0	21.3	67.6
Sweden	10.2	19.2	56.7
Australia	4.1	31.9	47.1
Netherlands	2.5	18.2	28.8
U.K.	6.5	15.1	27.9
Other	9.4	32.2	64.4

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	54	56	413
USSR	28	46	300
Eastern Europe	26	10	102
China, People's Rep. of	-	-	11

India

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	501.9	853.3	5,150.1
IBRD - World Bank	52.0	209.0	1,436.5
Int'l. Finance Corp.	-	9.5	45.5
Int'l. Dev. Association	390.0	631.3	3,428.1
UN Development Program	3.1	3.5	110.8
Other UN	56.8	-	129.2

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	603.7	689.4	5,664.3
U.K.	121.1	176.5	1,547.8
Germany	167.7	141.9	1,490.1
Canada	59.7	109.2	1,001.8
Japan	126.5	120.0	845.4
Netherlands	26.8	34.7	154.2
France	34.0	22.4	132.9
Other	67.9	84.7	492.1

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	-	-	2,430
USSR	-	-	1,943
Eastern Europe	-	-	487

Nepal

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1968-75
TOTAL	12.6	14.0	107.7
Int'l. Dev. Association	7.8	6.0	32.7
Asian Dev. Bank	3.0	-	40.7
UN Development Program	1.8	2.9	23.7
Other UN	-	5.1	10.6

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1969-74
TOTAL	15.3	14.8	71.3
U.K.	5.5	7.4	33.9
Germany	5.0	2.6	16.5
Switzerland	0.8	1.2	5.5
Japan	1.3	1.5	5.0
Other	2.7	2.1	10.4

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	-	80	199
China, People's Rep. of	-	80	179
USSR	-	-	20

Indonesia

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1968-75
TOTAL	153.6	444.9	1,269.5
IBRD - World Bank	48.0	310.5	358.5
Int'l. Finance Corp.	13.3	-	37.8
Int'l. Dev. Association	54.0	30.0	561.8
Asian Dev. Bank	33.3	91.3	202.2
UN Development Program	2.8	5.7	56.4
Other UN	2.2	7.4	32.8

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1969-74
TOTAL	439.8	498.1	3,032.5
Japan	201.8	232.6	1,395.4
Netherlands	70.9	59.7	462.0
Germany	54.8	69.7	459.3
France	26.6	32.8	179.8
Italy	2.0	*	168.2
Australia	26.5	32.1	144.7
U.K.	20.0	20.7	88.8
Canada	17.5	27.8	70.5
Other	13.7	22.5	63.8

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	-	-	482
Eastern Europe	-	-	263
USSR	-	-	114
China, People's Rep. of	-	-	105

Pakistan

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	197.7	218.9	1,570.8
IBRD - World Bank	60.0	60.0	672.0
Int'l. Finance Corp.	-	*	20.6
Int'l. Dev. Association	53.0	82.0	549.4
Asian Dev. Bank	82.4	70.5	219.3
UN Development Program	2.3	2.3	63.9
Other UN	-	4.1	45.6

B. O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	156.6	228.0	2,071.1
Germany	13.9	90.0	618.4
Canada	21.8	30.8	376.5
Japan	38.2	29.6	373.8
U.K.	10.8	70.3	161.7
Italy	23.0	0.3	108.7
Other	48.9	57.0	232.0

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	216	-	1,131
USSR	216	-	652
China, People's Rep. of	-	-	405
Eastern Europe	-	-	74

Philippines

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	229.3	314.0	1,079.4
IBRD - World Bank	155.6	208.0	642.0
Int'l. Finance Corp.	4.7	7.0	75.7
Int'l. Dev. Association	9.5	-	32.2
Asian Dev. Bank	58.8	94.3	278.1
UN Development Program	0.2	2.5	35.0
Other UN	0.5	2.2	16.4

B. O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	214.8	111.1	1,076.1
Japan	173.1	74.2	887.0
Germany	32.2	16.4	102.6
Canada	2.2	6.9	49.5
Australia	1.3	5.5	11.8
Other	6.0	8.1	25.2

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	9	59	68
China, People's Rep. of	9	28	37
Eastern Europe	-	31	31

Sri Lanka

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	1.3	34.0	206.8
IBRD - World Bank	-	-	73.5
Int'l. Dev. Association	-	28.5	54.1
Asian Dev. Bank	-	2.5	40.6
UN Development Program	1.3	2.2	32.4
Other UN	-	0.8	6.2

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	41.4	56.2	394.4
Germany	12.4	21.4	110.7
U.K.	5.1	3.6	91.4
Canada	4.8	6.1	69.9
Japan	6.8	12.0	68.6
Australia	2.3	4.5	16.2
Other	10.0	8.6	37.6

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	11	57	323
China, People's Rep. of	-	-	155
USSR	-	57	95
Eastern Europe	11	-	73

Thailand

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	212.8	67.6	923.0
IBRD - World Bank	142.0	-	613.3
Int'l. Finance Corp.	-	-	22.8
Int'l. Dev. Association	7.0	-	32.0
Asian Dev. Bank	59.6	66.7	196.7
UN Development Program	0.3	0.9	41.3
Other UN	3.9	-	16.9

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	41.2	51.9	518.5
Japan	22.1	19.0	304.7
Germany	5.1	6.2	101.3
Australia	3.9	5.2	36.4
U.K.	2.8	6.2	18.0
France	3.0	9.7	12.7
Other	4.3	5.6	45.4

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL			

NO PROGRAMS

CHILDREN IN SCHOOL AND EDUCATION AID

Mr. SHRIVER. You say in the Asia region, there are now more children out of school today than in 1960. Are there also more people in school?

Mr. GARDINER. Yes, there are. In absolute terms and also—despite a large increase in population—as a percentage of total school age population, there are significantly more children in school in Asia today than there were in 1960. In 1975 an estimated 45 percent of school age children were in school as compared to 32 percent in 1960.

Mr. SHRIVER. How much has the United States spent for education aid to the region since 1960?

Mr. GARDINER. AID spent approximately $352 million for education aid to Asia from fiscal year 1960 through fiscal year 1975.

Mr. SHRIVER. How about the multilateral agencies and other donors?

Mr. GARDINER. The World Bank and the International Development Association provided $253 million in education assistance to Asia between 1963 and 1974. Other international agencies and bilateral donors also have contributed substantially to the development of education in Asia, but the figures available to us on the value of this aid are incomplete.

CLEANING UP IRRIGATION FACILITIES IN BANGLADESH

Mr. SHRIVER. I read recently that Bangladesh was beginning to turn its agricultural production around, mostly because of better weather, I am sure, but also because they have been cleaning out some old irrigation facilities to get better water distribution. Do you know anything about that?

Mr. GARDINER. The Government of Bangladesh, in cooperation with the World Food program, AID and CARE have embarked upon a large Food for Work program. The program provides foodgrain as payment to the poorest for their work on hundreds of labor-intensive rural earthworks, such as cleaning out silt in irrigation canals, building flood control embankments, land reclamation, and so forth. Up to 2 million Bangladeshese may be working in the program at any point in the dry season. Approximately 200,000 metric tons of wheat will be applied to these projects in fiscal year 1976, of which 50,000 tons will be reimbursed by foodgrain provided under Public Law 480 title II-funded AID/CARE food for work projects.

The projects will contribute significantly to agricultural production in the long term, particularly by expanding irrigated acreage in the dry season.

ASIAN AGRICULTURAL IMPORTS

Mr. SHRIVER. Would you furnish for the record the sources and amounts of the agriculture commodity imports and the fertilizer imports for these eight countries for the last year that is available? And tell what those commodities were.

Mr. GARDINER. We have figures for 1973 for all countries except Nepal, which show they imported about $2.9 billion in agricultural products and about $400 million in fertilizer. The principal products were cereals ($1.7 billion), textile fibers ($0.4 billion), sugar ($150

million), and dairy products ($132 million). Though we do not have source detail for these commodities, total imports by the 7 countries were distributed as follows: 19 percent from the United States, 22 percent from Japan, 15 percent from other Asian countries, and 44 percent from the rest of the world.

MALARIA IN SRI LANKA

Mr. SHRIVER. Why is Sri Lanka having such a problem with malaria? Is that expected to spread to other areas?

Mr. GARDINER. The reasons for the spread of malaria in Sri Lanka are DDT-resistant mosquitos, very dry weather conditions leading to increased mosquito densities, population movements to malarious jungle areas, the emergence of cerebral malaria which kills, and inadequate antimalaria drug administration. Malaria is spreading throughout the island and through the 24-mile island chain to India. There is a general resurgence of malaria throughout Asia.

COUNTRIES' OWN DEVELOPMENT INPUTS

Mr. SHRIVER. You point out that these eight countries actually provide 82 percent of their own development input, while all foreign aid donors and institutions furnish the other 18 percent. Would you expand on that, and tell us what types of things they are doing for themselves?

Mr. GARDINER. The national development budgets for 1975 of five Asian countries—Bangladesh, Indonesia, Pakistan, Philippines, and Thailand—typify the region's priorities. On a percentage basis, their development expenditures break down as follows:

	Percent
Agriculture, food production, and water resources	40.0
Education and human resources development	23.3
Health, family planning, and nutrition	17.8
Industrial and mining development	12.5
Transport development	3.6
Miscellaneous	1.8
Total	100.0

UNITED STATES MULTILATERAL AND PUBLIC LAW 480 AID TO INDIA

Mr. SHRIVER. Going back to those loans for India, one is for the handling and storage of grain. Would that include U.S. equipment?

Mr. GARDINER. Yes; it would. We currently estimate that $5 million of the proposed loan of $30 million would finance imported equipment and material of U.S. source and origin needed for bulk handling and storage facilities.

Mr. SHRIVER. You mention that we are still supporting the Indian Government through the World Bank, the Asian Development Bank, and Public Law 480. Give us the U.S. figures on those items.

Mr. GARDINER. In fiscal year 1975 the World Bank committed $209 million to India, and the International Development Association (IDA), a member of the World Bank group, committed $631.3 mil-

lion. As of June 30, 1975, U.S. subscriptions to the capital stock of the World Bank accounted for 25.3 percent of the total, and the U.S. share of total subscriptions and supplementary resources to IDA totaled 37.1 percent. However, subscriptions to the two institutions are not allocated to specific loans or loan recipients. Moreover, the World Bank group has other sources of funds, such as recycling of loan amortizations and interest, and sales of bonds.

The Asian Development Bank has not had an active program in India in recent years.

Following is our actual and programed Public Law 480 assistance to India for fiscal year 1974 through fiscal year 1977:

[Dollar amounts in millions; fiscal years]

	1974 actual	1975 actual	1976 programed	1977 proposed
Title I		$103.1	$118.8	$61.1
Title II	$60.3	101.8	112.5	74.4
Total	60.3	204.9	231.3	135.5

EXPANDED COMMERCIAL AGRICULTURE SALES TO INDONESIA

Mr. SHRIVER. Those of us who try to defend this program in Congress are pressed sometimes to come up with success stories in terms of how this aid helps our own national interests. That is why I was happy to see you mention how Indonesia has cooperated with us in the matters of Vietnam, the Sinai peace force, and its refusal to participate in the oil embargo.

You mention the possibility of expanded commercial agricultural sales to Indonesia. Tell us more about that.

Mr. GARDINER. For 1975–76 Indonesia has been extended a line of credit by the Commodity Credit Corporation (CCC) to purchase $30 million of cotton and $40 million of wheat. The latter amount is about twice the level of 1974–75. In addition, all available evidence indicates that Indonesia will be a net importer of agricultural commodities until at least 1985. Based on the United States-Indonesia trade relationship in the recent past, the prospects for Indonesia as a continuing market for U.S. agricultural exports appears good.

U.S. INTERESTS IN NEPAL

Mr. SHRIVER. What are the U.S. national interests in Nepal?

Mr. GARDINER. U.S. interests in Nepal derive from our larger interests in peace, stability, and economic development in South Asia. We support the indepedence, sovereignty, and territorial integrity of Nepal and we value the good relations we have enjoyed for many years. We appreciate its moderate voice and independent judgment in international fora. We also have a strong developmental and humanitarian interest in the economic growth of one of the poorest countries in the world.

PAKISTAN AGRICULTURAL PRODUCTION

Mr. SHRIVER. Would you say in general that with the return of better weather and other factors, we might see the return of something

like the Green Revolution in some of these countries in the next few years, especially in Pakistan?

Mr. GARDINER. Yes; we could see the return of something like the Green Revolution in Pakistan. However, this will depend not only on the continued use of high yielding varieties, but also on increased use of fertilizer and greater efficiency in the use of water resources. Pakistan has improved its composition of these factors and agricultural production should therefore improve.

Mr. SHRIVER. The Indus Basin project will have a pretty big impact on this, will it not?

Mr. GARDINER. Yes, indeed. Tarbela Dam, as part of the Indus Basin project, will provide as much as 9.3 million acre-feet of water for the next cropping season, enough to irrigate approximately 2.3 million crop acres.

PAKISTAN POPULATION PLANNING

Mr. SHRIVER. On the other hand, Pakistan still has serious population problems. I believe the information you cite indicates they have something like 1 family planning worker in the field for 8,000 people. All of those aren't potential parents, of course, but that is still a large order, is it not?

Mr. GARDINER. It is indeed, but permit me to clarify the numbers we used. The Government of Pakistan has placed in the field over 8,000 family planning field workers whose task it is to contact some 9 million fertile couples on a regular basis (approximately quarterly). On this basis each worker is responsible for about 1,120 fertile couples. This number is an imposing target, but complementing the field motivation and delivery workers are approximately 780 family welfare clinics staffed by lady welfare visitors trained in family planning.

Outside of the government's delivery system personnel, the Family Planning Organization also has established supply points for contraceptives in more than 30,000 shops.

PHILIPPINES RURAL ELECTRIFICATION PROGRAM

Mr. SHRIVER. The rural electrification program was, of course, very instrumental in this country for development. Would you describe further your efforts along this line in the Philippines?

Mr. GARDINER. The goal of AID financial and technical assistance to the Philippine rural electrification program is to improve the standard of living of the rural population. To this end, AID funds are being spent on assisting the Philippines establish 75 initial rural electrification projects—primarily backbone distribution systems—in the 72 provinces. These 75 initial co-op projects are designed to encourage a major expansion of rural electrification throughout the country.

AID has also made grants and loans to the Philippine Government to study rural electrification feasibility throughout the islands, to design rural electrification projects and to train and assist the Philippine National Electrification Administration and individual rural electric cooperatives develop and administer economically viable distribution systems.

The results of the AID grants and loans to the Philippine Rural Electrification Project are easily identifiable. As I have mentioned, over half of the initial rural electric projects are complete. Approxi-

mately 350,000 houses have been connected now serving 2.6 million people. House connections are currently proceeding at a rate of 15,000–20,000 a month and are exceeding previous expectations for electrical hookup acceptance.

The training programs that were initiated to bolster the National Electrification Administration (NEA) and the rural electric cooperatives have now trained over 15,000 people in such areas as midlevel management and skill level positions. The strength of the NEA and the rural electric cooperatives has also exceeded original expectations. As a result of the progress of the Philippine rural electrification program, training programs modeled after the Philippine example will be conducted for other developing nations at the Philippine National Training Center.

The feasibility studies which are being completed with AID funding are being utilized as the basis for requests to other international financing agencies for assistance.

Mr. SHRIVER. You say it will lead to $1 billion in Philippine investment over the next decade. What will that entail?

Mr. GARDINER. It will entail increasing total expenditures over the next 10 years for new backbone power distribution systems by to-be-formed rural electrification co-ops, and for extensions to existing rural systems by established co-ops. About half of this billion dollars equivalent will be for foreign exchange expenditures—to be financed almost totally by non-U.S. lenders—and half for local currency costs. In addition, this program will stimulate significant additional investments in many types of agriculture production, processing, and marketing facilities as well as investments in related supporting facilities, all in these rural areas.

U.S. INTERESTS IN SRI LANKA

Mr. SHRIVER. What are the U.S. national interests in Sri Lanka?

Mr. GARDINER. U.S. interests in Sri Lanka spring from our broader objectives in South Asia and the Indian Ocean region. These include our interest in peace, stability, and economic growth in South Asia with each country in the region, including Sri Lanka, achieving national development within a framework of political stability and economic viability. In the case of Sri Lanka we also feel a special affinity because of our common adherence to democratic principles of government. Our interest also lies in a genuinely nonaligned Sri Lanka which seeks balanced relations with its neighbors and with all external powers including the United States. This parallels our interest in seeing South Asia work out its own destiny free from undue reliance or dependence on others. Finally, U.S. interests in Sri Lanka encompass its important role as a leader of the nonaligned Third World countries. We seek to evolve with Sri Lanka, as with other countries, a constructive dialogue on a wide range of multilateral problems.

TWO-WHEEL TRACTORS IN SRI LANKA

Mr. SHRIVER. One of the policy changes you cite for Sri Lanka is the elimination of import duties on two-wheel tractors. What's a two-wheel tractor?

Mr. GARDINER. A two-wheel tractor is a 3 to 12 horsepower tilling implement which the farmer walks behind and steers as he would a horse-drawn plow. They are made in Japan, India, and other Asian countries and are designed for working small plots where four-wheel tractors could not be used. They are usually about the size of U.S.-manufactured garden tractors. These machines can also be fitted with supplemental equiment for harrowing, harvesting, and other farm activities such as fertilizer spreading and pesticide spraying. By eliminating import duties on this type of tractor, the Government has made it easier for small and medium-scale farmers, individually or through farmer cooperatives, to afford mechanized equipment which will enable them to increase farming efficiency and productivity.

PHASEOUT OF CONCESSIONAL AID TO THAILAND

Mr. SHRIVER. You are phasing out your concessional aid to Thailand, is that right?

Mr. GARDINER. That is right; we are phasing out concessional AID assistance to Thailand. Fiscal year 1977 is expected to be the last year for "fresh starts" or new obligations for development loans and grants. The population and narcotics programs will require additional funding to bring those programs to an orderly termination.

OTHER SOURCES OF SUPPORT FOR REGIONAL PROGRAMS

Mr. SHRIVER. Would you show for the record the other sources of support for the regional programs in this request?

Mr. GARDINER. Our support for the Agriculture Development Council Fellowship program meets about 60 percent of the costs of the Asian students. The Ford Foundation, the Rockefeller Foundation, and the Canadian Government are the principal contributors of the remaining 40 percent of the costs. The cholera research project in Bangladesh receives both cash and in-kind support from the host government as well as technical assistance from Australia and the United Kingdom. Our contributions to the regional education centers of the Southeast Asian Ministers of Education Organization (SEAMEO) are matched during their initial 5-year operational period by support from the host countries, other member countries, associate members Australia, France and New Zealand, and by other donor countries, organizations, foundations, and corporations. The regional scholarship program augments scholarship funds available to students from countries within the region to attend selected established regional institutions whose major operational costs are provided by the host country and/or other non-U.S. Government sources of budgetary support. Local contributions to the Asian-American Free Labor Institute amount to about 10 percent of the individual country program. All proposals approved under the private and voluntary organizations project must have at least 25 percent of total proposal funds from non-U.S. Government sources. The one regional project which does not have significant support from other sources is the program development and support project. This is because most of the funds are used to hire consultants to design new projects. Local governments, however, do provide in-country travel and per diem costs.

U.S. TRADE WITH LATIN AMERICA

Mr. SHRIVER. Mr. Kleine, you mentioned that the United States has a trade surplus of almost a billion dollars with Latin America in 1975, as compared with a trade deficit of $2.7 billion the year before. What were the reasons for that?

Mr. KLEINE. The large share of our trade turnaround with Latin America in 1975 was on the import side. U.S. imports from the region dropped by $2.35 billion, and lower petroleum imports accounted for over half of this reduction. U.S. imports of two other important products from the region—cooper and sugar—were also down by over $300 million each, due mainly to lower prices in 1975. Sales of other Latin American products also suffered to a lesser degree as a result of the generally lower demand in the United States. On the export side, almost the entire $1.3 billion U.S. gain was recorded in the first half of the year, before the economic slowdown took firm hold in some of the major Latin American economies. U.S. exports increased in most broad categories of machinery and manufactured products.

IMPORTANT U.S. EXPORTS TO LATIN AMERICA

Mr. SHRIVER. These Latin American countries are our best customers except for Canada for farm tractors, automobiles, and trucks. Would you furnish the figures on those items for the last year that would be available?

Mr. KLEINE. The most recent year in which we have published figures from the Bureau of the Census is 1974. These follow:

	Value of U.S. Exports, 1974
Tractors (except road and industrial):	
Canada	$ 308,885,524
Latin America	196,098,851
Western Europe	70,276,007
Communist areas in Europe	8,132,858
Asia	131,939,674
Australia and Oceania	61,648,625
Africa	77,645,654
Total	854,627,193
Passenger cars, trucks, etc.:	
Canada	2,625,871,315
Latin America	532,137,062
Western Europe	223,481,837
Communist countries in Europe	4,286,654
Asia	476,801,457
Australia and Oceania	26,675,781
Africa	87,559,491
Not categorized	43,968,507
Total	4,020,782,104

LATIN AMERICAN EXPORT EARNINGS

Mr. SHRIVER. While our trade surplus with them has been improving, their export earnings from all sources have been declining, is that correct? Why?

Mr. KLEINE. Although data showing 1975 Latin American export earnings, country by country, are not yet available, a preliminary

World Bank estimate predicts a decline in the region's earnings in 1975 from 1974. As Latin America's major market (38 percent in 1974), a 13-percent drop in Latin American exports to the United States in 1975 makes this result almost inevitable. Declining prices for some Latin American products and the generally lower demand situation in Western Europe, which absorbed 24 percent of Latin America's exports in 1974, also contributed to the region's export slump last year.

DEBT SERVICE

Mr. SHRIVER. You mentioned the problem of debt service. Have any of these countries requested renegotiation of U.S. obligations?

Mr. KLEINE. Following Chile's request for rescheduling of their debt in early 1975, the United States agreed to reschedule $96 million of some $185 million due from Chile in calendar year 1975. The bilateral agreement between the United States and Chile was signed July 3, 1975, and sent to Congress on July 29, 1975, for a 30-day review period and became effective September 9, 1975. The rescheduling includes $16.1 million in debt due to AID.

The Government of Chile has announced that it will not seek rescheduling in 1976.

Mr. SHRIVER. Are any of them getting to the point where they might have to do this?

Mr. KLEINE. The Secretary of the Treasury in his debt situation report to the House, as required by section 634(g) of the Foreign Assistance Act of 1961, as amended, characterizes Bolivia, Chile, Peru, and Uruguay, among other countries, as having high debt service ratios and some special debt problems. The report indicates that while developments in these countries need to be watched very closely, more favorable external developments can be expected and in the absence of any internal setbacks, the countries should be able to manage their deficits in 1976 and avoid debt servicing problems.

LATIN AMERICA'S NEED FOR EXTERNAL RESOURCES

Mr. SHRIVER. You say the IDB says the gap between resources and financial needs of these countries will go up nearly 50 percent in the next 4 years. How did they identify that gap? What factors went into that calculation?

Mr. KLEINE. Identifying the gap between resources and financial need follows from estimates of certain factors. Such estimates include projections for future years of internal resources likely to be available, the total resources needed by the Latin American countries if they are to grow at rates comparable to those achieved since the mid-1960's and, finally, the external resources which must be harnessed if the gap is to be filled. The figures cited represent expert judgments as to how, in the present world economic juncture and given no unforeseen change in the world's economies, the gap may develop. The data referred to in the aggregate to the entire Latin American region. The situation would be different for any particular country.

PROPOSED EXPANSION OF INTERNATIONAL FINANCE CORPORATION

Mr. SHRIVER. In proposing an alternative to help Latin America, Secretary Kissinger has supported a major expansion of the World

Bank's International Finance Corporation. Does that require additional U.S. funds? How would that work?

Mr. KLEINE. Secretary Kissinger in his speech to the Seventh Special Session proposed a fourfold capital replenishment of the IFC. We expect it to be adopted by the Board in the near future. This replenishment will represent for the United States, authorization of $125 million to be paid-in. We plan to seek appropriations as follows: $42 million in fiscal year 1977, $42 million in fiscal year 1978, and $41 million in fiscal year 1979. The U.S. share of this replenishment will fall to about 25 percent from the 32 percent which we contributed to the initial IFC capitalization.

AID PHASEOUT IN BRAZIL, ECUADOR, AND COLOMBIA

Mr. SHRIVER. When do you expect to phase out your programs in Brazil, Ecuador, and Colombia?

Mr. KLEINE. The AID Mission in Brasilia is scheduled to close as a formal office at the end of fiscal year 1977. It is anticipated that a small nucleus of U.S. and local employees will be required for mopping-up operations following the formal phaseout.

Bilateral AID programs in Ecuador should be completely terminated by the end of 1977. No new obligations have been made since the end of fiscal year 1975 and final disbursement on the last active loan is scheduled for September 1977. Ecuador will still remain eligible to participate in regional and interregional projects financed by AID when such participation is appropriate and we expect to continue a narcotics control program.

Fiscal year 1977 will be the final year of new AID assistance to Colombia. We anticipate that disbursement of existing loan and grant funds will be completed in approximately 3 years.

HIRC STAFF SURVEY OF LATIN AMERICA

Mr. SHRIVER. You quote a staff report put out by the authorizing committee in the House as saying a substantial amount of U.S. aid to four countries in Latin America is "visibly reaching the poor." Would you tell us what projects they looked at to come up with that conclusion?

Mr. KLEINE. House International Relations Committee staff members visited Colombia, Bolivia, Guatemala, and the Dominican Republic. The survey mission focused on functional sectors rather than on discrete projects, and based its findings on evaluations of AID-assisted programs past, ongoing, and proposed. Upon their return the committee issued a report entitled "New Directions" in Development Assistance: Implementation in Four Latin American Countries." The following list of projects reviewed by the mission is taken from that report.

COLOMBIA

Agriculture and rural development

Marketing of agricultural products—the Corabastos market in Bogotá.

Agricultural research—the ICA Research Station at Tibaitatá. Specifically, the team evaluated development of no-tillage corn tech-

niques and agricultural technology appropriate to small, labor-intensive farming.

Labor-intensive roadbuilding—the pick and shovel road program.

Pilot integrated rural development program—Santander de Quilichao.

Health, population planning and nutrition

Colombian health sector program.

The primops project (rural health research).

Health sector loans I and II.

Family planning programs.

Nutrition—Proposed $6 million AID loan to develop a national nutrition policy, produce, and market fortified foods, and establish supplementary feeding programs.

Education and human resource development

Comprehensive secondary education—A joint World Bank/AID/Colombian Government project to provide high school training for some 80,000 students who would not otherwise have the opportunity.

Education by radio—Acción cultural popular (ACPO).

Section 106 development activities

Small and medium industry development loan.

Block technical assistance grant.

Program development fund, to finance small pilot projects.

BOLIVIA

Agricultural and rural development

Technical assistance—new grant project complementing agriculture sector loan.

Agriculture sector loan.

Basic food production loan.

Subtropical lands development loan.

Rural development (community development and rural electrification).

Community development and cooperative organization.

Health, population planning and nutrition

Hospital ship—partly supported by AID funds.

Small pilot project in rural area to test decentralization of government health delivery systems. Possible precursor to AID loan.

Education and human resource development

Educational management and development—loan and technical assistance project.

Rural education loan.

Rural teacher training loan.

GUATEMALA

Agriculture and rural development

Rural development loan.

Technical assistance for agricultural development.

Cooperative development loan and technical assistance.
Small municipalities development loan and technical assistance.
Proposed small-farmer development loan and technical assistance project.

Health, population planning and nutrition

Health—two AID loans financing a four-level program for training various categories of rural health paramedical workers, equipping health centers and health posts, and aiding national hospitals and health institutes.

Nutriton—AID-supported private voluntary agency programs in school feeding and maternal and child health.

Education

Rural primary education—the PEMEP program.
Basic rural education by radio.

DOMINICAN REPUBLIC

Agriculture and rural development

Agricultural sector loan I.
The Dominican Development Foundation (DDF).
Superior Institute of Agriculture in Santiago.
Agriculture sector loan II.

Health, population planning, and Nutrition

Committee visited two AID-supported health facilities: the Moscoso Puello Hospital and a rural health clinic at Villa Mella.

Family planning clinics established by the National Council on Population and the Family with the help of an AID loan.

Education

Nonformal secondary education (IDEI).

FISCAL YEAR 1977 LATIN AMERICA REQUEST COMPARED WITH FISCAL YEAR 1976 REQUEST

Mr. SHRIVER. Your program request for Latin America is down some $57 million below your original 1976 request. Why?

Mr. KLEINE. While inevitably there are a variety of reasons for a shift of this type, it mainly reflects cyclical variations in our country program levels which do not necessarily signify long-term trends. For example, we are requesting $2.7 million of assistance to the Dominican Republic for fiscal year 1977 while our fiscal year 1976 request was $12.8 million. This is because loan assistance will not be required during fiscal year 1977 for our major sectors of concentration in that country—agriculture and health. We do expect loan assistance to be required for these sectors in future years, however, and therefore we expect future requests to be more in line with the fiscal year 1976 level. One case which does reflect a long-term change is in Colombia where we have begun to phaseout our program. I might add that our request for the three poorest countries in Latin America— Haiti, Bolivia, and Honduras—have gone up between fiscal year 1976 and fiscal year 1977.

Mr. SHRIVER. What programs are affected most by this lower request?

Mr. KLEINE. The biggest change is in Colombia where our request has gone from $22.6 million in fiscal year 1976 to $0.8 million in fiscal year 1977 because of the phaseout I mentioned earlier. Cyclical variations in the Dominican Republic, Peru, Costa Rica, and Nicaragua account for an additional shift of over $32 million. The Chile request has also been reduced by $11.5 million.

AID SUPPORT FOR COOPERATIVES IN LATIN AMERICA

Mr. SHRIVER. How much in dollar terms are you supporting cooperatives in this region?

Mr. KLEINE. The following figures illustrate the approximate level of our support (both loan and grant) for cooperative development in Latin America over the past few years and currently.

Fiscal year:	
1973	$7,000,000
1974	28,000,000
1975	57,000,000
1976	[1] 40,000,000
1977	[1] 10,000,000

[1] Estimated.

You will notice that there was a sharp buildup of support during the period fiscal year 1973—fiscal year 1975 and that there is also a noticeable decline in the current period. The projected decline, which may well be reversed in future years, is a reflection primarily of two major factors.

(*a*) The majority of the cooperative delivery systems with which we work are now fully funded. Absorptive capacity is temporarily saturated. We are in a period of high project implementation activity as opposed to new project development.

(*b*) The international donors, especially the IDB, are now assuming a much greater share of the funding burden for the development of cooperative systems in Latin America than previously. Witness recently approved IDB loans for regional ($8 million for the Latin America Confederation of Credit Unions) and national development programs in Guatamala and El Salvador (a combined total of $30 million, approximately $14 million of which will be for credit and agricultural cooperatives).

ARGENTINA AND BRAZIL: SURPLUS CEREAL PRODUCTION AND FOOD AID

Mr. SHRIVER. Do either Argentina or Brazil now have a surplus of cereal production? If so, are either providing food aid to their neighbors, especially those in Central America?

Mr. KLEINE. Latest information on the 1976 harvest, consumption, and estimated exportable surplus of the three basic cereal crops of Argentina and Brazil is presented in the table below:

[Amounts in tons]

	Argentina	Brazil
Wheat:		
Production	8,000,000	1,800,000
Consumption	4,400,000	4,900,000
Difference	+3,600,000	−3,100,000
Corn:		
Production	7,700,000	15,000,000
Consumption	3,900,000	14,300,000
Difference	+3,800,000	+700,000
Rice (milled):		
Production	228,000	4,420,000
Consumption	135,000	4,350,000
Difference	+93,000	+70,000

Source: Economic Research Service, USDA.

The above information indicates that Argentina is a surplus producer of wheat and corn. Because of losses, which are always incurred, the available product for export could be as much as 10 percent less than the figures shown in the table. Argentina's available rice exports would thus be of little significance. Brazil is shown to have had a net deficiency in cereal grain production. Although it did produce a small surplus of corn in 1975, rice production scarcely exceeded consumption requirements and imports of wheat would have to exceed 3 million tons if the domestic demand were to be met.

Neither Argentina nor Brazil provide food aid to their neighbors in South or Central America on a sustained basis. Both countries have, however, provided emergency aid during periods of crisis.** During Guatemala's recent disaster Argentina provided 23,100 pounds of food and clothing and Brazil provided 45,000 pounds of food and medical supplies.

CHILE—NUTRITION LOANS

Mr. SHRIVER. You mentioned two nutrition loans to Chile which were authorized in fiscal years 1975 and 1976. Has there been a cutoff of loans to that country since then?

If so, why continue to channel funds through these two?

Mr. KLEINE. One nutrition loan was authorized in fiscal year 1975—$5 million to develop a comprehensive planning system for improving nutritional wellbeing in Chile. There is none planned for fiscal year 1976. There has been no cutoff of loans to Chile. They are being developed and authorized within the overall limitations set by Congress and are directed at helping the needy sectors of Chilean society.

RANGE OF NONFORMAL EDUCATION PROGRAMS

Mr. SHRIVER. In the field of education you are turning to what you describe as a wide range of nonformal programs. Tell us about some of these.

**This information which was obtained by the AID Office of Disaster Relief, from the Argentine and Brazilian Embassies in Washington, could not be broken down into specific categories.

Mr. KLEINE. Yes, sir. In response to increasing interest among the countries of the region for practical low-cost alternatives to traditional schooling, almost all of the education human-resources development programs included in the 1977 Congressional Presentation for the Latin America Bureau contain major elements of a nonformal education approach. Each of the AID grant or loan-supported projects addresses one or more of the following major problems of traditional education programs in the region:

First. Little relevance of the school programs to individual or societal needs.

Second. High wastage rate—drop-out, lock-out, and repetition—which produces high unit costs.

Third. Large numbers not attending school—in spite of heroic efforts among the countries of the region which doubled primary school enrollment from 1960–70 and tripled secondary school enrollment during that same period, the number out of school is greater now than in 1960.

Fourth. Education budgets at maximum levels. Most countries of the region have reached very high budget levels for education—some as high as 30 percent of national government expenditures. It is apparent that continuous linear expansion of the existing system is no longer the appropriate response.

Fifth. Traditional education supports the status quo. The traditional schooling in the region tends to favor the "haves" as against the "have nots" and results in continuation of present patterns of income distribution and employment.

The AID grant or loan-supported projects in the region deal with these problems within the classroom and in out-of-school programs. The following are examples:

First. The basic rural education grant project (520–11–670–228) and the nonformal rural education loan project (521–11–740–079) in Guatemala are based on the research results carried out over the last 3 years under the Latin American Bureau regional experimental basic village education (BVE) project which has demonstrated that: (*a*) illiterate and semiliterate rural people will listen to education radio broadcasts—100 percent of the families in the experimental area now listen to radio Quezada; (*b*) radio broadcasts and nonverbal illustrated materials produce significant changes in knowledge, attitudes, and practices among the families in the experimental area; and (*c*) these changes continue through second and third crop cycles with reenforcement from the broadcasts and materials.

The new grant and loan projects will expand the BVE project to the entire Nation for a wide range of information, education, and communication activities. Many of these will also support programs of the Ministries of Agriculture and Health.

Parenthetically, the BVE experimental project staff assembled in the BVE Center the morning after the earthquake on February 4, even though many of the Government staff had lost their homes. They were able to provide the various Government agencies with radio broadcasting services and printed materials for the disaster area within hours after the first shock.

Second. AID will provide grant and loan funds to assist the Government of Honduras to provide information, education, and com-

munication services for adults based on the Guatemala BVE model to improve the quality and relevance of rural primary education through the design, production, distribution, and use of supplementary highly crafted, empirically validated, low-cost teaching/learning materials related to actual and felt needs of the rural population. Some of these materials will be used to train teachers and paraprofessionals and others will serve as self-teaching materials for primary school children.

3. There is also a series of regionally funded efforts to adapt—to the Latin American context—innovative nonformal techniques which have proven successful in the United States and other developed areas. Each of these is designed to provide cost-effective learning experiences to the poor of the region. Several of these projects are listed below.

a. Home instructional early intervention—No. 598–15–690–572—is a project to develop home learning methodologies which will enlist the efforts of parents from the rural—and urban—poor to provide lessons at home for their children, beyond the level of knowledge which the parents themselves possess. This technique has developed in working with U.S. minority groups, and in special education. The technique and variations on it look to low-cost/high-output early-childhood programs as a possible key to breaking through the cycle of misery of the most impoverished families.

b. Another regionally funded project, self-instructional materials—No. 598–15–690–571—will design and test low-cost self-instructional materials to provide practical learning experiences for agricultural families and workers. This is a variation on the validated technique of programed instruction, where an individual is able to progress at his or her own speed in learning new skills, with that learning reinforced by provision of specially designed materials. If successful, this technique may lead to provision of extremely beneficial, low-cost methods for encouraging greater productivity and improvement in living conditions among Latin America's isolated rural poor.

c. Another project based on similarly proven innovative elements is the regionally funded learning resources center based community education—No. 598–15–670–573. This project is designed to utilize the total sum of resources which a given rural or semiurban community can muster to help provide relevant learning to people of all ages. A learning resources center, located in a combination community center/community school, focuses resources and provides a much greater range of educational impacts and experiences than any single formal educational institution can do. Utilization of a variety of educational techniques already associated with learning resources centers, but adapted to Latin America's situation, should provide highly effective ways of assuring relevant learning of practical subjects by people of all ages with lower unit costs than under traditional systems.

d. An attempt will also be made to reach a highly neglected segment of that sector of the poor majority, the rural and semiurban woman, in the nonformal education project on motivational media for low income women—No. 598–15–690–574. This project will use a wide range of radio treatments from soap opera to radio "magazines" for motivating women both to increase their roles in community activities and to better prepare themselves for dealing with life situations.

HAITI DEVELOPMENT FINANCE CORPORATION

Mr. SHRIVER. Haiti is about the poorest country in this region, is it not? Tell us about that $3 million loan to help Haiti set up a Development Finance Corporation. Will that get down to the people?

Mr. KLEINE. Given the fact that Haiti is a nation of small farmers, we anticipate that a major portion of the Development Finance Corporation's investments will be in agribusiness enterprises which are based on the production of Haitian small farmers. Such investments could have a significant impact on small farmer production, productivity, and incomes by increasing and stabilizing the markets for small farmer products and increasing the productive resources—credit and inputs—available to small farmers. In addition to creating on-farm employment, DFC investments in small labor-intensive enterprises, both agribusiness and other, will create additional employment opportunities for the unskilled rural and urban workers who now comprise the majority of Haiti's unemployed and underemployed.

AID's ultimate objective in providing assistance to a private DFC in Haiti is therefore the potential impact which such an institution may have on Haiti's poor majority. Viewed in the context of Haiti's current state of development we believe the creation of the proposed DFC is necessary, appropriate, and timely. Other AID programs are aimed at increasing agricultural production and nutrition and to improving health services. There is a need to seek greater participation from the private sector in the development process. The DFC should contribute significantly to the mobilization of private sector financial and management resources. These resources will in turn be invested in private sector projects which have a developmental impact.

To the extent that DFC investments permit the exploitation of export market opportunities, such investments will also contribute to Haiti's foreign exchange earning power.

We are now in the process of initiating a feasibility study which will, in addition to determining the financial viablity of the DFC, provide the basis for assessing the potential contribution of the institution to AID's development objectives.

U.S. INTERESTS

Mr. SHRIVER. Mr. White, perhaps the most visible question in regard to U.S. assistance to the four countries for which you are testifying is why. What are the U.S. interests which cause you to request $43 million for 1977? You take separately for each country: Afghanistan; Yemen; Morocco; Tunisia.

Mr. WHITE. Both Afghanistan and Yemen are among the poorest and least developed countries in the world. The lack of human and capital development resources are so acute that we believe there is a strong humanitarian case to be made for U.S. assistance. Both governments place the highest priority on development, and especially on improving the quality of life of its people. We are therefore associated in a cooperative effort with these governments to support one of their most significant objectives. Our assistance to Afghanistan contributes to the maintenance of regional stability by helping that country preserve its independence and nonalignment. Our assistance to Yemen contributes to the stability of the Arabian Peninsula.

Morocco and Tunisia are, of course, more developed than Yemen and Afghanistan. Both have done relatively well economically in recent years, but they are still far from fully developed. While we have been phasing down the size of our programs in these countries, we continue to believe assistance in key areas such as agriculture, family planning, and rural development will be appropriate for the period ahead. The Governments of Morocco and Tunisia face difficult development problems in these areas which they want our help with. Both countries have adopted moderate attitudes toward the Arab-Israel problem. Both seek to develop close relations with the United States.

SOVIET AID TO AFGHANISTAN

Mr. SHRIVER. Is the Soviet Union still furnishing aid to Afghanistan? Is that both economic and military, or just economic? Give us the figures on that.

Mr. WHITE. Yes, sir, the Soviet Union is the principal donor of both economic and military aid to Afghanistan. The Soviets concluded an agreement last year for economic assistance activities amounting to roughly $410 million and also agreed to about $135 million in debt servicing relief, which will be spread over a 6-year period, 1975–80. During the past 20 years the total value of Soviet military assistance to Afghanistan is estimated to exceed $400 million.

ARAB OIL

Mr. SHRIVER. How much are Yemen's Arab neighbors doing in terms of aid? You might furnish that for the record.

Mr. WHITE. Arab States have become Yemen's major source of foreign assistance. In recent years, the following assistance has been promised or provided:

Saudi Arabia—$272.6 million assistance package announced in August 1975; $81.6 million in budgetary support. The remainder in project assistance.

Kuwait—Numerous schools and hospitals; $18 million in other project support.

Kuwait Fund and Abu Dhabi Fund—$31.2 million in cooperation with World Bank sponsored projects.

U.S. ASSISTANCE TO AFGHANISTAN AND YEMEN

Mr. SHRIVER. You describe Afghanistan and Yemen as two of the poorest countries in the world. You are proposing $12 million for the first and $14 million for the second. Isn't that just a drop in the bucket when you look at their poverty?

Mr. WHITE. Both countries are fortunate to receive considerable assistance from other donors so our aid is not expected to do the whole job. We think our aid represents a significant level of effort and is making an important contribution to development in both countries by helping to combine American technical and capital assistance and helping the governments organize more effectively to achieve their development objectives. In Afghanistan, we are helping to build and staff rural school and health systems, and organize to undertake small-scale rural works. In Yemen, we are trying to improve small farmer

production as well as helping Yemen provide potable water to its villages and small towns.

MULTILATERAL ASSISTANCE

Mr. SHRIVER. How much is the UNDP spending in these countries? How about other multilateral organizations, such as IDA?

Mr. WHITE. In fiscal year 1975, the last year for which we have complete statistics for all the concerned countries, the UNDP spent:

	Millions
Afghanistan	$1.5
Morocco	4.9
Tunisia	1.0
Yemen	4.7

The World Bank made loans totaling:

Afghanistan	$22.0
Morocco	62.5
Tunisia	72.3
Yemen	27.1

In the case of Afghanistan and Yemen these were principally at IDA terms, whereas in Morocco and Tunisia they were at regular IBRD or IFC terms.

TRAINING IN THE WATER SECTOR

Mr. SHRIVER. You are supporting the installation of water systems in Yemen, and then you are training them to run them. I recall a system we gave to South Vietnam years ago which required many years' training. I'm not sure they ever learned how to run it. Is the same thing going to happen here?

Mr. WHITE. The technology involved in the water systems which we are installing in Yemen is the least complex available. We are also training Yemeni to operate and maintain each system. Previous experience in Yemen, both in the 1960's and more recently, has shown that Yemeni can operate and maintain these systems when they are properly trained.

RURAL ASSOCIATION—LOCAL DEVELOPMENT BOARDS

Mr. SHRIVER. Describe for us these "rural associations" which you are working with in Yemen. You say they first emerged during civil strife in the 1960's. Are they political in nature?

Mr. WHITE. These Rural Associations, the "local development boards" are indigenous organizations whose leadership is chosen by the village people from the local citizenry. Their principle function is to carry out development projects in their area. These projects have traditionally included roads, wells, schools, et cetera. They are political to the extent that they are elected and are a locus of power because of their ability to undertake public works projects.

SPANISH SAHARA

Mr. SHRIVER. What is the status of Morocco's attempts to take over Spanish Sahara?

Do you have any estimate as to how much that might be costing them? That is money which could better be used for development, I assume.

Mr. DUBS. Together Morocco and Mauritania now occupy all of what was formerly the Spanish Sahara, controlling all of the population centers. We have no information concerning what the cost of the occupation has been for Morocco, but can assume some of this money could have been spent on development.

FRENCH ECONOMIC ASSISTANCE

Mr. SHRIVER. You mention the close economic association with France which is enjoyed by Morocco and Tunisia. Does France furnish either of those countries with concessional aid? If so, how much and on what terms?

Mr. WHITE. Regarding Tunisia, France has been one of the major donors in economic assistance with a mix of grants and loans on a concessional basis. For calendar years 1973 and 1974 bilateral aid from France was $58 million and $68 million, respectively, with an aggregate total of $385 million for the period calendar year 1960 to calendar year 1974. For the loans tendered to Tunisia during this period the average terms have been as follows:

1. Average interest rate is 3.63 percent.
2. Average grace period is 4.3 years.
3. Average maturity is 20.4 years.

As for Morocco, from 1974 through June of 1975, the latest period for which we have statistics, France provided Morocco $125 million in loans and grants to finance development projects. Loan terms during this period varied from project to project but an average would be similar to those in Tunisia.

AMERICAN UNIVERSITY OF BEIRUT (AUB)

Mr. SHRIVER. Under the regional program, you support training at the American University of Beirut, a fine institution, but one in trouble at this time. Your statement indicates it is operating now. Is that correct? Including funds provided under the American schools and hospitals abroad program, how much does the United States furnish that institution when you add these regional funds? Answer that for the American University of Cairo, too.

Mr. WHITE. Because of renewed fighting in Lebanon, the American University of Beirut suspended classes again. Our latest information from the officials of the American University of Beirut indicates that they hope to resume classes on April 19. Approximately 288 AID participants of the 390 who began the semester have remained at the uni-

versity. The university received $6 million in fiscal year 1975 from the American schools and hospitals abroad program and has requested $6 million for fiscal year 1976, of which $4.5 million has been granted to date. Under the regional training grant, AID provided $2.7 million in fiscal year 1975 and plans $3.1 million in fiscal year 1976 for tuition and expenses of AID-sponsored students. AID support in fiscal year 1976 to the American University of Cairo consists of $250,000 in grants for the Family Planning Research in the Middle East project. No funds under the American schools and hospitals abroad program have been requested.

PRIVATE VOLUNTARY ORGANIZATIONS

Mr. SHRIVER. Which private voluntary organizations are to be supported with this request?

Mr. WHITE. While final plans will depend upon specific proposals received from the private voluntary agencies, at this time, we plan continued support to Catholic relief services' work in Morocco in nutrition education and in Yemen where they are carrying out rural self-help projects, technical training and health activities, and to CARE in Tunisia which is assisting in making potable water available to rural families.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. LONG. Mr. Coughlin?

FUNDS FOR RESEARCH

Mr. COUGHLIN. Mr. Chairman, do we intend to go into the regional programs?

Mr. LONG. This afternoon I believe is the only remaining time we spend on aid so this is your opportunity.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Following some of the earlier line of questioning, it has always been of concern to me how much of this money goes for study and how much of it actually goes for application out in the field. Of the $1.1 billion in your functional development assistance program, can you tell me how much goes to studies conducted in U.S. universities?

Mr. PARKER. Some of this, but perhaps some of my colleagues can assist me in becoming more precise. We have to disaggregate this according to the category. Under title XII there will be a considerable amount expended for study by U.S. universities but it may well be in conjunction with a project taking place in the field. Thus it would be difficult for me to allocate that which is taking place only in the United States as contrasted to that being done in the field. I don't know whether I am being responsive.

Mr. COUGHLIN. If you take the $636 million, for example, for the food production, nutrition, is a considerable portion of that for studies in U.S. universities, or can you identify how much goes into studies?

Mr. PARKER. Again under the provisions of the new title XII, we are trying to build a system that will reach into this already existing

and constantly growing body of knowledge about agriculture, science, and technology and be able to take that and apply it to the small farmers—all the way down to the small farmers.

As I indicated in this morning's session, there is an estimated $1 billion worth of agricultural research being conducted in the United States.

Mr. COUGHLIN. Can you tell me how much of the $636 billion would be going into studies?

Mr. PARKER. We have $50.5 million for agricultural research and technology but some of that, Mr. Coughlin, is actually going into the field; it is not necessarily being done in the United States.

We are providing approximately 25 percent of the support of the system of international agricultural research centers and again that is part of that $50 million.

Mr. COUGHLIN. I was trying to get some idea of how much has been contracted out in American universities.

Mr. PARKER. We can total it. I don't have the total for the contracts to and with U.S. universities as a separate figure. I can get that information.

Mr. COUGHLIN. Would you provide that for the record?

Mr. PARKER. Yes.

[The information follows:]

FISCAL YEAR 1977 ESTIMATE OF CONTRACTS AND GRANTS WITH U.S. UNIVERSITIES

	Number	Value for fiscal year 1977 (millions)
Contracts	175	$51
Grants	44	17
Total	219	68

Mr. PARKER. But that is not necessarily going to reveal whether all that expense is being incurred in this country or in the developing country where they are under contract.

Mr. COUGHLIN. I guess the hard thing to try to develop into is whether we are in the process of reinventing the wheel in many of these cases and we overstudy projects. The subcommittee is trying to appropriate substantial amounts of money, and there is a question on what the money will actually go for.

Mr. PARKER. In this concern I can assure you one of the principal objectives of title XII is to obviate the reinventing of the wheel and to focus upon those new things, get them into the system, to share knowledge so that something that is successful in one area can be replicated and adapted in other areas without having to go through the tedious part of rediscovering things.

PARTICIPANT TRAINING

Mr. COUGHLIN. On the reverse end of it, if we just stick with the $636 million for food and nutrition, for example, how much of that

would go toward bringing students from other countries to the United States to study? Do you have a figure on that?

Mr. PARKER. Unfortunately again without going back into accounts that I don't have here, in a category that we call extension and training it is about $23 million.

Mr. COUGHLIN. Out of $636 million?

Mr. PARKER. Yes. Some of that—that will be training inclusive of this country, the third country and our country, and right now I am sorry, Mr. Coughlin, I don't have that detail.

Mr. COUGHLIN. Could you provide for the record the amount in each one of your functional categories that go into training, and if possible could you provide for the record a listing by country of the number of students from that country studying in this country? Is that possible to do?

Mr. PARKER. Yes.

Mr. COUGHLIN. I happen to think that is very important.

Mr. PARKER. I think we can also give you a total by country because one of the things that we believe is very important is to assure, No. 1, that those students actually go back to their country, and we have a very high rate of return and I think successful record in getting them back.

We also believe it is important once they go back they stay in the field in which they were trained to enable maximum utilization of their experience.

The statistics indicate that probably something like 80 to 85 percent of them have stayed within their field. Now in some cases this gets a little difficult to track because in some of the earlier program years these people have moved up, and they become a cabinet minister in a different ministry than their basic professional training, but I think the record is pretty good, and we would be glad to submit extended information on this.

[The information follows:]

Participant training (amounts by functional categories)

Listed below are the amounts by functional category that go into training. A listing by country of the number of fiscal year 1975 students studying in this country is attached on the next page.

Food and nutrition	$1,838,000
Population	1,394,000
Education	8,664,000
Selected development activities	120,000
Total	12,016,000

Participants in-training in United States (fiscal year 1975)

The following table shows the number of participants (by regional area and country of origin) who were in training in the United States during fiscal year 1975:

(The participants listed in the attached table from Europe and AID graduate countries were funded from non-AID sources. They are reported in AID statistics only because their training was programed by AID).

AID participants in-training in the United States by regional area and country of origin—fiscal year 1975

All areas—Total	6,473
Africa	1,361
Asia	2,011
Near East	591
Latin America	2,470
Europe	40
Africa—Total	1,361
Botswana	17
Cameroon	73
Central Africa Republic	4
Chad	6
Dahomey	1
Ethiopia	217
Gambia	4
Ghana	200
Ivory Coast	36
Kenya	85
Lesotho	21
Liberia	93
Malagasy	15
Malawi	21
Mali	11
Mauritania	1
Mauritius	3
Miscellanious British Africa	2
Niger	5
Nigeria	181
Rwanda	1
Senegal	18
Sierra Leone	28
Somali Republic	2
Sudan	14
Swaziland	26
Tanzania	86
Togo	8
Uganda	44
Upper Volta	11
Zaire, Republic of	99
Zambia	28
Asia—Total	2,011
Bangladesh	59
Burma	28
Cambodia	3
China	78
Hong Kong	2
India	35
Indonesia	421
Korea	151
Laos	41
Malaysia	8
Nepal	45
Pakistan	65
Philippines	165
Singapore	1
Sri Lanka (Ceylon)	5
Thailand	430
Vietnam (South), Republic of	474
Near East—Total	591
Afghanistan	184
Algeria	1
Iran	12
Jordan	77
Lebanon	10
Morocco	20
Saudia Arabia	15
Tunisia	76
Turkey	160
United Arab Republic	9
Yemen	27
Latin America—Total	2,470
Antigua	4
Argentina	30
Bahamas	9
Barbados	6
Bermuda	2
Bolivia	154
Brazil	724
British Honduras	6
Chile	97
Colombia	333
Costa Rica	53
Dominica	2
Dominican Republic	64
Ecuador	90
El Salvador	54
Grenada	2
Guatemala	66
Guyana	11
Haiti	3
Honduras	69
Jamaica	33
Mexico	76
Netherland Antilles	5
Nicaragua	69
Panama	86
Paraguay	110
Peru	194
St. Christopher	2
St. Lucia	1
St. Vincent	5
Surinam	1
Trinidad and Tobago	11
Uruguay	48
Venezuela	50
Europe—Total	40
Belgium	3
Denmark	1
France	3
Italy	19
Netherlands	3
Spain	11

AID TO INDONESIA

Mr. COUGHLIN. I have a few questions on some of your other country programs. Perhaps it has been asked before but it does come up every year. You have a substantial amount, $49,900,000 in aid funds for Indonesia.

Mr. PARKER. Yes. Basically Indonesia is an extremely poor country, and first of all if you take a look at what their increased revenue is as a consequence of oil and then subtract from that the increased prices they have had to pay because of inflation, the net per capita benefit to Indonesians is about $6 per capita per annum from their increased oil earnings.

In fact, if you take out the deduction of increased prices it is still only about $20, or less than $20 per capita.

M. LONG. Will the gentleman yield?

Mr. COUGHLIN. Yes.

Mr. LONG. Are you talking about prices paid internally or externally?

Mr. PARKER. The prices paid externally for needed imports.

Mr. LONG. The higher prices paid to people within Indonesia?

Mr. PARKER. The total cost of Indonesia imports versus the improvement in their export position due to oil prices.

Mr. LONG. External higher prices of their imports is not due to their own discovery of oil?

Mr. PARKER. No, no. I didn't mean to link it in that way.

In the case of Indonesia, per capita income is still only about $100, meaning the country is still very poor. The Indonesians have been more moderate in their oil price increases, and the significant part of their petroleum production comes to the United States, therefore we are pleased that they are moderate.

When the OPEC members voted a 10 percent price increase, Indonesia increased hers by only about 1.6 percent. The U.S. private sector has negotiated for a supply of liquefied natural gas at a wellhead price of $1.25 per million Btus, a price that is lower than had been set for other consuming nations.

Mr. COUGHLIN. The program in Indonesia is primarily in food and nutrition?

FOOD AND NUTRITION, AND POPULATION

Mr. PARKER. Yes, and population as well.

Mr. COUGHLIN. Population is still down around 10 million.

Mr. PARKER. There is an interesting thing there, Mr. Coughlin. We are intending to move some of the population program activities to loan instead of grant which has been the practice in the past. This is the case in Indonesia.

LOAN/GRANT BREAKDOWN

Mr. COUGHLIN. How much of the total Indonesia $49 million program is in loans?

Mr. PARKER. $43 million in loans and $6.9 million in grants. That is out of the total, all categories.

Indonesian need for external capital, Mr. Coughlin, the IMF and World Bank reports, issued in late 1975, that for quite a number of

years Indonesia is going to have a substantial need for external capital.

It is estimated in the 5-year period, 1975 to 1980, that they are going to need to borrow $14 billion in foreign capital. That is a very substantial need above and beyond what they are expected to earn from oil and other exports.

Now that could be reduced to a small extent by improvement in the prices of some of the other main exports that they have such as copper which is, you know, way down in price.

The World Bank and the IMF recommended that about three-quarters of that $14 billion in new borrowing on some kind of concessional terms, not necessarily at the maximum, but with some degree of concessionality.

Mr. LONG. Will the gentleman yield?

INDONESIA INCOME DISTRIBUTION

The gentleman has raised some very interesting questions on this so-called oil-rich country of Indonesia. I have heard considerable criticism that this oil wealth is being very badly distributed, going to a relatively small number of people and that the story of Sukarno is almost being repeated all over again.

If that is true, then the wealth is accumulating in the hands of small numbers of people. I would like to know where that wealth goes. Is it being invested internally or are these people simply shipping their money out to Swiss banks as a hedge against future Communist revolution and leaving it to countries like the United States and others to put money into Indonesia?

Mr. PARKER. May I answer generally and then ask Mr. Gardiner to elaborate on it if you would permit?

Mr. LONG. I think this is one of the things that concerns probably the gentleman from Pennsylvania.

Mr. PARKER. Let me focus initially on the funds we propose. By our requirements and by your monitoring as well as the design of the projects, our funds will get to the people, and they will actually do some direct good for the people.

In the broader sense concerning the adequacy of Indonesian economic and fiscal policies, our impression is that in general they are utilizing their resources effectively toward their own development.

Mr. LONG. You feel the criticisms are unwarranted?

Mr. PARKER. I would not say that Indonesian performance has been perfect nor would I deny that some people in the society have benefited in a disproportionate way. But I think Mr. Gardiner can indicate, for example the proportion of their Federal budget which goes into development.

INDONESIA DEVELOPMENT EXPENDITURES

Mr. GARDINER. For the fiscal year that ended on March 30, 1976—and these are estimates—of the total Indonesian budget expenditures of approximately $6.5 billion, about $3.3 billion, or over 50 percent of total outlays, was dedicated to their development program. In terms of governmental policy decisions, it is very clear that they see their development as a major social objective.

That obviously does not answer another part of the question which is whether there isn't a group of people who are getting rich in Indonesia. There are some very wealthy people in Indonesia. One of the major themes of our development assistance strategy there is to help the Indonesians develop increased competence in governmental administration through our training programs. That is one of our major thrusts. This will in turn create the capability for both more effective tax administration and more aggressive development programs for delivery of services to the poor.

AID TO SYRIA

Mr. COUGHLIN. This is another country. Mr. Conte spoke earlier about the program for Syria. Will the $90 million for Syria be given regardless of what happens or do we then cut back if they aren't cooperative, or how do we use to try to encourage cooperation from Syria?

Mr. PARKER. First of all, Mr. Coughlin, I would like to emphasize that this is not budget support funding; it is for the most part project funding. This means that it is paying for the Syrians to come to the United States for training. It is assisting them in the form of loans to develop water systems, irrigation, and so on. These projects take time, and thus the reimbursement we make takes place over time. It has built in an incentive for cooperation because if the situation were to deteriorate, obviously there would be a discontinuation of our support of these projects. Basically the funds that we are providing are intended to pay for work performed and services delivered.

DEVELOPMENT PROJECTS UNDER SUPPORTING ASSISTANCE

Mr. COUGHLIN. All security assistance? Security supporting assistance does go for projects as such?

Mr. PARKER. Yes. I think this is an unfortunate misunderstanding and I think we haven't really clarified it adequately. We do attempt to get the greatest amount of development out of supporting assistance funds that is possible. It is not simply handing out blank checks. We actually want to see development projects undertaken.

The objective is to take a country where our interest in the first instance is of a security nature and to enable them to have additional resources to focus attention on positive and constructive development programs rather than the negative side of international and domestic relations. Generally these will take the form of projects wherever possible.

STUDIES AND PROJECT IMPLEMENTATION

Mr. COUGHLIN. Looking at the grant activity summary on page 80 of the detailed justification I notice that you have projects in agricultural development research and production feasibility studies in project development 1, feasibility in project development 2, English language training, development of health, family planning, feasibility studies in project development 3. Are those all just studies or are they actual projects?

Mr. PARKER. I would like to have Mr. White amplify this, but generally they are a combination of feasibility and design studies leading

to the actual implementation of projects. Mr. White is here and could amplify.

Mr. WHITE. That is exactly right. These studies enable a systematic look at particular problems, and they are expected to lead to specific investment projects at the conclusion of the study.

SYRIA PROJECT EVALUATION

Mr. COUGHLIN. Do we have to have personnel in Syria who are evaluating projects?

Mr. WHITE. Yes, sir.

Mr. COUGHLIN. How many personnel do we have?

Mr. WHITE. There are 7 there now but they have been supplemented by consultants, temporary duty AID staff and so on.

Mr. COUGHLIN. Most of the $90 million will go towards studies?

PROPORTION OF BUDGET REQUEST FOR STUDIES

Mr. WHITE. No; just a small fraction of our request would go toward studies. The principal funds would be used for a rural electrification project and for imports of agriculture production machinery, about $87 million would go for those two purposes. About a million dollars will go for participant training, and then a million or so will go for feasibility and design studies of project possibilities. That is the only way at this point that we can identify where investments should be made.

Mr. PARKER. I think that probably about $1.25 million that is shown in technical services and feasibility services would be the amount that you would call studies. The balance of it would be in actual loan for projects.

PROJECTS FOR SYRIA

Mr. COUGHLIN. I see only two projects in the justification. One is $60 million for rural electrification and one for water supply of $48 million.

Mr. WHITE. In terms of the fiscal 1977 program, we are proposing $60 million in financing for rural electrification, $27 million in financing for agricultural machinery and production imports. Those both would be loans.

Then we have a number of grant projects, and those would include an agricultural development project of $150,000, participant training in which we are sending about 100 Syrians a year, and that would cost $1,250,000.

We propose to finance an English language training project for $175,000, and health, nutrition and family planning project, which would involve about $175,000 in fiscal 1977.

In addition to that we would have the feasibility study project which you have identified and we have discussed. So there are a number of activities that we would be carrying out.

AID TO HONDURAS

Mr. COUGHLIN. Let me then turn to another area of the world very briefly and I am not going to go around the whole world, I assure you.

As you know, I feel very strongly about the programs in Latin America. In connection with Honduras, which has a very tragic history, is the program we have going there adequate in your judgment to try to alleviate the great distress that country experienced?

Mr. PARKER. I will just make a couple of general comments and to the extent you would like Mr. Kleine can amplify.

Honduras, having suffered the hurricane and flood, has a lot of catching up to do because a lot of the productive area in the north was damaged and it is costly to bring it back into being productive. So we have really both a recovery program and a continuing development program.

Mr. Kleine can get into the specifics of the projects. I would say that probably for the present time these are adequate. In almost every case we do have a number of projects that if we were to have additional funding we are prepared to undertake.

Mr. KLEINE. We feel that the level of assistance that we have proposed and indeed have been providing these past few years for Honduras is adequate in terms of what can be absorbed effectively. It is not adequate in terms of the need. We are talking about one of the poorest countries in Latin America.

In terms of our proposed fiscal year 1977 assistance, it ranks very high on a per capita basis. It is the third highest per capita aid recipient.

Mr. COUGHLIN. Which other two are higher?

Mr. KLEINE. We have only Panama and Nicaragua receiving higher per capita amounts of AID assistance in fiscal year 1977.

MULTILATERAL AID TO HONDURAS

We are but one participant in the developing process in Honduras. Throughout Latin America we are relying very heavily on the international lending institutions, the Inter-American Development Bank and the World Bank. The Inter-American Development Bank is more suitable for Honduras because its terms are more concessional than those of normal World Bank lending.

There is also the regional institution within the Central American area, the Central American Bank for Economic Integration (CABEI). That is an institution which we support and which in turn has been and is making available significant resources to Honduras.

It is very interesting that immediately after the hurricane one of the most significant contributors to the recovery process in Honduras was Cabei, the Central American regional bank. It was the first real opportunity that it had, based on where it stood in its institutional development to make a contribution in a situation such as that. We anticipate similar contributions by CABEI, for example, in the post-earthquake situation in Guatemala.

But a brief answer is that we think our assistance is as adequate as can be considering the circumstances: (*a*) the country's absorptive capacity and (*b*) what others are providing to Honduras.

HAITI AND BOLIVIA

Mr. COUGHLIN. You have indicated in your detailed justification that it is one of the three poorest countries in Latin America. Which are the other two? Haiti?

Mr. KLEINE. Haiti and Bolivia.

Mr. COUGHLIN. And these three are getting a substantially higher per capita assistance?

Mr. KLEINE. That is correct. The entire trend within our Latin America bilateral program is to emphasize the poorest within Latin America and the rest of the amount we provide is essentially absorptive capacity and what others are providing.

PER CAPITA AID

Mr. COUGHLIN. One thing I have requested in prior years and I request that again this year if I might, Mr. Chairman, is a table for both Latin America and the other parts of the world on the per capita assistance that is being proposed for fiscal year 1977.

[The information follows:]

AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1977 Proposed Functional Development Assistance Distributed by Country
(Excludes Regional and Interregional Activities Funded From Functional Development Assistance)

	Per Capita GNP (1973)	Population Total (000) (Mid 1973)	Population Annual Growth Rate	Program Level $ (000)	Program Level $ Per Capita
Bangladesh	70	74,000	2.4%	68,200	.92
Chad	70	3,873	2.0	2,483	.64
Mali	70	5,370	2.0	6,850	1.28
Rwanda	70	3,980	3.0	215	.05
Upper Volta	70	5,714	2.1	2,700	.47
Afghanistan	90	16,634	2.2	11,762	.71
Ethiopia	90	26,550	2.4	16,945	.64
Nepal	90	12,020	2.1	4,775	.40
Niger	90	4,357	2.7	2,405	.55
Somalia	90	3,042	2.5	2,000	.66
Zaire	90	23,438	2.7	4,035	.17
Guinea	100	5,243	2.8	800	.15
Indonesia	100	124,415	2.1	49,905	.40
Yemen Arab Republic	100	6,217	2.4	14,227	2.29
Sri Lanka	110	13,180	2.1	8,000	.61
Haiti	120	4,454	1.6	19,438	4.36
India	120	581,911	2.3	61,700	.11
Tanzania	120	13,974	2.8	15,899	1.14
Pakistan	150	66,230	2.9	73,944	1.12
Central African Republic	170	1,710	2.2	800	.47
Kenya	180	12,480	3.3	16,468	1.32
Mauritania	190	1,257	2.5	750	.60
Sierra Leone	190	2,787	2.2	970	.35
Cameroon	220	6,206	2.0	6,750	1.09
Bolivia	230	5,331	2.6	23,420	4.39
Thailand	240	39,400	3.0	10,830	.27
Philippines	270	40,219	3.0	44,041	1.10
Senegal	270	4,070	2.2	4,900	1.20
Morocco	290	15,903	2.4	7.710	.48
Ghana	300	9,313	2.6	4,572	.49
Guinea-Bissau	330	510	-1.1	600	1.18
Honduras	330	2,781	3.0	18,534	6.66
Liberia	330	1,452	3.3	15,753	10.85
Cape Verde Islands	340	280	2.9	1,950	6.96
Paraguay	350	2,416	2.6	5,564	2.30
El Salvador	370	3,771	3.4	15,353	4.07
Mozambique	380	8,283	2.1	3,700	.45
Guyana	400	772	2.4	300	.39
Tunisia	410	5,459	2.1	3,484	.64
Colombia	440	22,500	2.8	840	.04
Angola	490	5,717	1.3	3,000	.52
Guatemala	520	5,175	2.1	14,532	2.81
Nicaragua	520	1,973	2.5	16,467	8.35
Dominican Republic	530	4,432	2.9	2,661	.60
Peru	590	14,531	2.9	11,555	.80
Costa Rica	710	1,872	2.9	552	.29
Brazil	720	101,051	2.9	461	**
Chile	760	10,230	2.0	11,395	1.11
Uruguay	780	2,995	1.2	213	.07
Jamaica	860	1,967	1.4	1,135	.58
Panama	940	1,570	3.1	17,176	10.94
Total		1,333,815		632,719	.47

Explanatory Notes:
1. The source for all of the Population and the Per Capita GNP figures is the 1975 World Bank Atlas. The Population Annual Growth Rate is the average for the years 1965-1973.
2. The source for the FY 1977 Proposed Program Level $ Amount figures is the Agency for International Development's Fiscal Year 1977 Submission to the Congress.

** Less than $.01.

AID TO PANAMA

Mr. COUGHLIN. You mentioned another country I want to ask about in Latin America. Because of the strategic location of Panama, is the level of assistance adequate?

Mr. KLEINE. Panama has been for some time No. 1 in terms of per capita aid. It is a country whose absorptive capacity has been quite remarkable considering the size of the country. It is also a country which is quite remarkable in terms of the consistency of its development objectives with congressional mandate. It is focusing on the rural poor, and it is in that area that we are providing assistance to Panama, to help it improve living standards in rural areas.

Mr. COUGHLIN. Thank you, Mr. Chairman. I will reserve further questions.

AID TO INDIA

Mr. LONG. Thank you, Mr. Coughlin, for your very interesting questions.

In connection with my previous inquiries on the matter of India, I have a number of assessments of the Indian economic and political situation and the history of its economic development to insert in the record. We will furnish those at a later date.

[The information follows:]

[Excerpts from the New Yorker, Mar. 22, 1976]

REFLECTIONS: DEMOCRACY IN A POOR COUNTRY (INDIA)

(By Ved Mehta)

* * * India's short experience with democratic government has been permeated by corruption. The country's resources are so meager and the demands on them so overwhelming that opportunities for corruption are rife. With huge numbers of the poor living on a narrow margin of survival, enormous prizes are available to members of the middle class as hoarders, speculators, black marketeers, and smugglers. In fact, the democratic form of government seems in itself to foster corruption, because the constitutional freedoms and protections that in theory exist for everybody can in practice be enjoyed only by those who have the wherewithal to take advantage of them. Moreover, in theory, government officials and elected representatives are supposed to serve everybody, but in practice they are beholden only to the class they come from, so while they are vociferous in their condemnation of corruption, little is done about it. Hence, the gap between the democratic system of law and the devices of self-serving politics, between the expression of noble intentions and sentiments and the use of base performance and tactics, widens continually. Stringent legal penalties for corruption are often enacted to assuage sensitive consciences but are rarely enforced.* * *

* * * With the exception of the 28 years of democratic government, and perhaps of the more halcyon days of British rule, India over the centuries has known little but despotism at the hands of native, Mogul, Portuguese, Dutch, and French rulers. Throughout its history, a few thousand people have, in effect, easily managed to rule millions of downtrodden, who have always lived in fear of authority, cowed by a religion of fatalism. Even during the years of democracy, the Government had the air of a monarchy with local satrapies dispensing patronage and favors. Indeed, the Congress Party, with its caste and class interests, has ruled the democracy at the center continuously, and if it had ever lost at the polls it is questionable whether it would have quietly relinquished power. As Congress Party rule has been virtually institutionalized, the rise and fall of many politicians have become increasingly dependent on the whim of the Prime Minister. In fact, the tone of the democracy has been set by the Nehru family,

father and daughter, who, as Prime Ministers, have ruled for all but 19 months, and that tone has been essentially princely. * * *

* * * Although Nehru, despite his aristocratic background and natural inclinations, made an effort to conduct himself like a democrat, Mrs. Gandhi has conducted herself increasingly like a queen. Certainly the politicians around her appear to be courtiers. Her conduct may stem from Nehru's position in modern India, from megalomania, or from a lack of self-awareness. In any event, since the proclamation of the emergency she has set about building herself a personality cult: billboards and buses everywhere are covered with signs and posters displaying her picture and quoting her sayings; the student branch of the Congress Party is busy organizing Indira Study Circles at universities; Congress politicians are widely circulating a new collection of her speeches and articles, entitled "Indira." (One of the commonest slogans heard nowadays is "India is Indira, and Indira is India."). * * *

* * * If Western-type democracy is unsuited for India, the critics say, why does the Prime Minister still keep up the pretense of democracy? They say that her lip service to constitutional niceties is intended to give her coup an aura of respectability and legitimacy, in an attempt to insure the loyalty of the armed forces. They say that although for the time being Mrs. Gandhi has succeeded in saving her own skin, she has actually set the stage for someone much more ruthless and tyrannical to overthrow her eventually. * * *

* * * He [Krishna Kant, a member of the Congress Party] goes on to say that whenever, in independent India, industries were in fact nationalized, as had been promised, it was the former owners rather than the workers who benefited; that, similarly, whenever a piece of land-reform legislation was passed, as had been promised, it was so full of loopholes that the landowners kept their land and the landless peasants remained landless; that even when, after the 1972 drought, the Government took over the distribution of wheat expressly to prevent hoarders and black marketeers from profiting by the widespread hunger of their countrymen, many of the Government officials and Congress men and women involved became hoarders and black marketeers themselves. These, Kant says, are the very people who, after Narayan came along with his protest movement, closed ranks and instituted the emergency, engulfing the country in a great political silence and enveloping it in a thick fog so that they could continue their nefarious activities unchecked and unchallenged. With their new dictatorial powers, they have been able to force down prices, to force up production in factories, to enforce discipline in schools and universities, and also to dismiss a few incompetent government officials and to make the trains run on time—in short, to make the emergency popular and thus better conceal the fact that the old concentration of property and privilege remains undisturbed. * * *

INTERMEDIATE TECHNOLOGY

Mr. LONG. Mr. Parker, you have been sympathetic with my interest in intermediate technology. I have received and have been able to glance through with considerable interest the preliminary report which you have furnished me on this, AID proposed actions to implement section 107 of the Foreign Assistance Act of 1961 as amended, in which of course it was indicated there is a total of $20 million allocated in order to further intermediate technology.

IMPLEMENTATION PLAN

My understanding is you are going to submit a detailed implementation plan, furnish that to Congress, submit it to Congress by June 10. Is that correct?

Mr. PARKER. That is correct.

Mr. LONG. That was due March 31, but you needed more time to get it ready. I certainly think it is an important enough program so that the extra 3 months of time would be quite warranted.

Mr. PARKER. One correction. I think it is June 30 that we have promised the report.

Mr. LONG. June 30, right.

PILOT PROJECTS

When do you think you can have some pilot project in light capital technology going?

Mr. PARKER. As you know from our previous discussion, we already have some activity in hand. Whether these would be as a direct consequence of the new thrust you have initiated would be difficult to say. If you begin with the dialog you and I initiated last year I would say probably it would be a consequence of it.

We are learning in this process that we are going through, the series of meetings and conferences that has been planned and the studies that we have commissioned. I would estimate that we could expect to have pilot projects in being probably in fiscal 1977, the year for which we are discussing funding.

I would hope that these activities might be full-scale experiments rather than pilot projects.

Mr. LONG. I am inclined to agree because I was very happy to receive a group from the Georgia Institute of Technology that came to see me and gave us a good film presentation of a number of intermediate technology projects. It seemed to me that they were projects that it would be legitimate to call intermediate technology. There are so many things people furnish you that are just refining and stretching the term to say they were doing something, but I thought there were a number of things Georgia Tech had done that were quite sensible projects that represent what I mean by intermediate technology.

I don't know whether you would call those pilot projects or not.

Mr. PARKER. Some of those might be considered pilot projects.

INTERMEDIATE TECHNOLOGY IN THE FIELD

Mr. LONG. What we want to do is find out when we can get light capital technology out in the field being used by large numbers of farmers so we can say we have tried it out to see how it works.

To some extent there already has been such a thing going for many years. Nobody ever thought of it I suppose at the time as intermediate technology. The farm implements I saw in Senegal earlier this year are certainly what I would call intermediate technology. Whether everybody thought of it in those terms I just don't know.

Mr. PARKER. I think you are right, Dr. Long. We have probably been doing some things maybe without realizing it. This happens to be a subject of long-time personal interest to me. In 1967, in a book published by the American University entitled The Creative Interface, I devoted a considerable section to this subject. I used different phraseology but the thrust was the same.

GEORGIA TECH PROJECT

I think Mr. Scott, our Assistant Administrator for Africa has a number of examples that exist already in Africa. As I have indicated, they probably capture the wisdom without the phrase.

Mr. SCOTT. The program to which you referred from Georgia Tech is one of the projects of course. I am happy to report that we have 19 others in the Africa region which are funded either centrally through the Technical Assistance Bureau or our Bureau.

Mr. LONG. Can you give us some idea of how much the Georgia Tech type of thing has gotten into use rather than simply listing examples, prototypes of machinery and equipment and so on that are interesting but possibly haven't yet been used?

Mr. SCOTT. The Georgia Tech project is still in the prototype stage, but we are encouraged in terms of what we have seen thus far just as we are with the other 19 projects. We think there is tremendous potential, in terms of what you and we are concerned with in intermediate technology, in a very evolving situation in the continent of Africa, and I am sure this is applicable to other regions of the developing world.

CHILE LOAN

Mr. PARKER. Mr. Kleine in Latin America also can give additional examples if you would like.

Mr. KLEINE. Mr. Chairman, I mentioned earlier in commenting on the Chile program there is one loan for Chile whose purpose is specifically to develop and to replicate suitable technologies for small farmers.

HONDURAS PROGRAM

A general point that I would make, sir, is that the thrust which is being called intermediate technology coincides with the thrust of the Agency in trying to reach out to the small farmer. The small farmer is not one who is likely to have access to elaborate technology. For example, in the program we are proposing in Honduras called small farmer technologies, we have set aside $6 million for this very purpose, supplemented by some grant technical assistance to set up the systems whereby they could test and adapt those technologies that would be directly suitable for the small farmers whom we are trying to assist in these countries.

All through the landscape, so to speak, of our programs, this type of approach is now beginning.

SENEGAL PROGRAM

Mr. LONG. I think we need to know some of these projects. We need to know a lot more about how they are working. I would be very interested to know how that Senegal program works. I understand it is not confined to Senegal but extends to much of West Africa. I would like to know how many of those implements are in use, what the effect on average production is, and the effect on small farmers and so on, so that we get some feeling as to what extent intermediate technology is taking root and working out in the field and not just in the minds of smart people in various universities.

OILSEED PROCESSING IN PAKISTAN

Mr. PARKER. There is an additional dimension, Dr. Long. It is not only increasing agricultural productivity but, the processed yield as well. In Pakistan, for example, oilseed processing is done on a local basis by very archaic and very small pieces of equipment. It is only but 65-percent efficient. Mr. Gardiner has responded with projects in Pakistan that are hoping to bring this new kind of approach to im-

proving the yield and the quality of what is produced through oilseed processing.

LIGHT CAPITAL TECHNOLOGY

Your utilization of the phrase "light capital technology" is one part of this appropriate technology subject that I think bears particular attention and is worthy of emphasis.

Mr. LONG. I use the term "light capital technology" because, to me, it is more descriptive of what we are trying to get at; namely, using units of technology which are inexpensive. Because I am quite conscious of the fact that there aren't enough resources in the developed countries even if they were willing to give them, which I don't think they are in view of their problems in their own countries. There wouldn't be enough capital resources there to ever help a significant number of poor farmers, poor producers.

Of course we also want to keep those people employed, and we don't want to do damage with our technology. I am afraid we have done damage in the past by causing technological unemployment.

Technological unemployment has always been a problem even in developed countries. We certainly don't want to transfer that disease to the poor countries.

We had better take a recess for a moment so we can go down and vote.

[Brief recess.]

Mr. LONG. The committee will come to order.

PILOT PROJECTS

What kind of an answer do we get to this question of when can you expect to have some pilot projects? What we mean by projects are projects which are actually working out in the field and in which there has been some opportunity or at least where some opportunity is contemplated of measuring how well they work.

Obviously, you can't do that in a year.

Mr. PARKER. No.

I would say that the report we make before the 30th of June will give us a pretty good perspective on when we can begin to reduce these things to practice. That is certainly one of my objectives.

Mr. LONG. Very good.

CONFERENCE ON APPROPRIATE TECHNOLOGY

I notice that you are planning a conference.

Mr. PARKER. A series of them, sir.

Mr. LONG. On May 10 you have a conference of about 50 or 75 people who will be there. This conference will be made up of what kind of people, by and large?

Mr. PARKER. There will be four preceding meetings, conferences, involving——

Mr. LONG. Smaller groups?

Mr. PARKER. Yes; involving a mix of people with developing country knowledge and expertise from industry and from private and voluntary organizations.

Mr. LONG. Will this be a conference primarily or entirely of Americans?

Mr. PARKER. Initially, I believe it is. I can submit for the record if you would like a list of the participants of each of the countries.

Mr. LONG. That would be very helpful.

[The information follows:]

COMMITTEE ON APPROPRIATE TECHNOLOGY, MEETING OF APRIL 4–5, 1976

1. June Turner, Overseas Education Fund, 4701 Willard Avenue, Apartment 523, Chevy Chase, Md. 20015.
2. Thomas Fox, executive director, Volunteers in Technical Assistance, Inc., 3706 Rhode Island Avenue, Mt. Rainier, Md. 20822.
3. Lawrence White, Department of Economics, Princeton University, Princeton, N.J. 08540.
4. H. E. Hoelscher, School of Engineering, Benedum Hall, University of Pittsburgh, 4200 5th Avenue, Pittsburgh, 15261.
5. John Sewell, or representative, Overseas Development Council, 1717 Massachusetts Avenue NW., Washington, D.C. 20036.
6. Jay Davenport, Office of the Foreign Secretary, National Academy of Sciences, 2101 Constitution Avenue NW., Washington, D.C. 20037.
7. Irene Tinker, director, International Division, American Association for the Advancement of Science, 1776 Massachusetts Avenue NW., Washington, D.C. 20036.
8. R. M. Pierson, Chemical Research Division, Goodyear Tire and Rubber Co., Akron, Ohio 44316.
9. Shafeek Nader, National Commission on Cooperative Arrangements, Suite 1010, 1875 Connecticut Avenue NW., Washington, D.C. 20009.
10. George Ingraham, House International Relations Committee Staff, Room 2170, Rayburn Office Building, Washington, D.C. 20515.
11. Eugene Eccli, Consultant to National Center on Appropriate Technology, MERDI, Box 3809, Butte, Mont. 59701.
12. Alexander L. M. Dinghee, Jr., Executive Director, New Enterprise Development, Inc., 385 Concord Avenue, Belmont, Mass. 02178.

COMMITTEE ON APPROPRIATE TECHNOLOGY, MEETING OF APRIL 12–13, 1976

1. Michael Miller, vice president, Council of the Americas, 1700 Pennsylvania Avenue NW., Washington, D.C. 20006.
2. Ross Hammond, Engineering Experiment Station, Georgia Institute of Technology, Atlanta, Ga. 30332.
3. Allie Felder, Cooperative League of the United States of America, 1828 L Street NW., 11th floor, Washington, D.C. 20005.
4. William C. Hunter, Engineering Experiment Station, University of Wisconsin, 1500 Johnson Drive, Madison, Wis. 53706.
5. Hugh Miller, Office of the Foreign Secretary. National Academy of Engineering, 2101 Constitution Avenue NW., Washington, D.C. 20037.
6. John Hammock, executive director, AITEC, 10–C Mount Auburn Street, Cambridge, Mass. 02138.
7. Robert O'Brien, executive director, PACT, 777 United Nations Plaza, New York, N.Y. 10017.
8. Grafton Trout, PASITAM, University of Indiana, 1005 East 10th Street, Bloomington, Ind. 47401.
9. Frank Ahimaz, School of Engineering, Cornell University, Ithaca, N.Y. 14850.
10. William McCrea, Entrepreneurship Institute, Suite 1190, IBM Building, Town and 4th Street, Columbus, Ohio 43215.
11. Howard Pack, Swarthmore College, Swarthmore, Pa. 19081.

COMMITTEE ON APPROPRIATE TECHNOLOGY, MEETING OF APRIL 19–20, 1976

1. David Eynon, The Koppers Co., Koppers Building, Pittsburgh, Pa.
2. Roy Harrington, Deere & Co., John Deere Rd., Moline, Ill.
3. Frank Tan, Agribusiness Council, 20 East 46th St., New York, N.Y.
4. Sim van der Ryn, Office of the State Architect, P.O. Box 1079, Sacramento, Calif.

5. Richard Moose, Senate Foreign Relations Committee, 209 Senate Courts, Washington, D.C.
6. Mary Locke, League of Women Voters, 1730 M St. NW., Washington, D.C.
7. Peter N. Gillingham, Intermediate Technology, USA, 556 Santa Cruz Ave., Menlo Park, Calif.
8. McHala Walsh, Rockefeller Brothers Fund, 30 Rockefeller Plaza, New York, N.Y.
9. Edward Bullard, president, Technoserve, Inc., 36 Old Kings Highway South, Darien, Conn.
10. Peter Timmer, Division of Nutritional Science, Salvage Hall, Cornell University, Ithaca, N.Y.
11. Robert Morgan, Engineering Department, Box 1106, Washington University, St. Louis, Mo.
12. Kristin Shanon, Center for Policy Process, 1755 Massachusetts Ave., NW., Washington, D.C.

COMMITTEE ON APPROPRIATE TECHNOLOGY, MEETING OF APRIL 26–27, 1976

1. Clarence Mann, assistant general counsel, Sears, Roebuck & Co., Sears Tower, 45–49, Chicago, Ill.
2. Milton Stewart, president, National Small Business Association, 1225 19th St. NW., Washington, D.C.
3. Richard Raymond, Portolo Institute, 541 Santa Cruz Ave., Menlo Park, Calif.
4. Per Christiansen, consultant, 314 Faneuil St., Boston, Mass.
5. Michael Mehrer, Food Preservation Program, Ball Corp., 345 S. High St., Muncie, Ind.
6. Saadia Schorr, 1530 Palisade Ave., Apartment 9–F, Fort Lee, N.J.
7. Wallace Elton, vice president, International Executive Service Corp., 622 Third Ave., New York, N.Y.
8. Lewis Goodman, acting director, Technology and Development Institute, East-West Center, Honolulu, Hawaii.
9. Martha Stuart, 66 Bank St., New York, N.Y.
10. Patricia Clougherty, Allan, Particof Associates, Inc., 1 East 33d St., New York, N.Y.
11. George Goss, consultant, 7 Orchard Lane, Woodstock, N.Y.
12. Fred Wittnebert, Director of Research, Parker Pen Co., Janesville, Wis.

Mr. PARKER. I think you will find that they are a good blend and there will be sort of an interdisciplinary approach and as well a strong pragmatic orientation.

Mr. LONG. But this is predominantly made up of Americans; right?

Mr. PARKER. That is correct, but many of whom have had extensive field experience both from the Agency and from the private sector.

Mr. LONG. Yes.

CONFERENCE PURPOSE

What will be the purpose of the conference?

Mr. PARKER. To help AID plan the implementation of section 107.

Mr. LONG. Is this basically an exchange of information?

Mr. PARKER. Yes; based upon studies that have been commissioned and are underway.

Mr. LONG. So all the people there will have a chance to learn what others there may bring in the way of contribution.

Mr. PARKER. Yes; it is not an unstructured series of discussions.

Mr. LONG. Will this be a conference on the whole general question or on specific aspects of it?

Mr. PARKER. Each will discuss specific areas and then as a consequence of their discussions they will come together on May 10 and make a comprehensive discussion reflecting the individual discussion preceding.

FOLLOWUP

Mr. LONG. Will there be any followup? Do you plan any followup on what these people get out of the conference?

Mr. PARKER. Oh, yes, indeed. That is a significant part of the report because the report that we are making is not simply a report to you. It is an action program for us. So to me, frankly, the more important part is the action program for us, but I am also pleased it will be reported to Congress.

Mr. LONG. Will a printed report come out of this that will be available to Congress and others?

Mr. PARKER. Indeed.

There is also the objective that the report can be the basis upon which we disseminate this knowledge that has been gained well beyond just the participants who have been engaged thus far.

We hope that it will be the basis on which we can communicate these concepts and some specifics to——

Mr. LONG. Will you be dealing with philosophy of the subjects or getting more to the specifics?

Mr. PARKER. I think it is getting more to the specifics, but we hope to engage other donors in this. We hope to engage the interest and convince the developing country governments and leadership.

MULTILATERAL INSTITUTIONS

Mr. LONG. Will all the multilateral institutions be invited to this, or is this mostly bilateral?

Mr. PARKER. We intend to make sure that the multilateral agencies get involved. I would have to check individually on the list to see whether we actually have included them. I don't believe we have included them amongst the conferees, but they are certainly going to be on the distribution list.

Mr. LONG. Why do you feel that they shouldn't be among the conferees? You know, I think by now that every one of the multilateral institutions has received some sort of guidelines from Congress to the effect that they are directed to move in this direction, and, of course, the AID is the main economic development institution.

You are in a better position, it would seem to me, to provide that kind of leadership than any other one. If they can't get it from you, I am a little puzzled as to where they will get it.

Mr. PARKER. That we are not including them does not mean that we do not include them in the distribution nor in the urgings that we will make upon them after we have this information. These conferences primarily are looking to the private sector to bring knowledge in.

The only Government participants will be those from AID and the staff from the Members of Congress and the committees, as for example, Bill.

Mr. LONG. But so far as foreign countries and their governments, that is to be deferred to some other time?

Mr. PARKER. Yes.

CONGRESSMAN LONG PARTICIPATION

Mr. LONG. I was wondering whether I could be allowed to come there on May 10 and participate.

Mr. PARKER. We may be able to twist your arm into being the keynoter.

Mr. LONG. I would be very pleased to participate. I would like to say what I think is the direction, why I think the whole thing is important. I have been trying at least for some time to see the whole picture, why this is needed and where we have to go and all that.

I would be delighted if you would like me to come.

Mr. PARKER. Right now I extend the invitation.

Mr. LONG. I would value the opportunity.

IN-COUNTRY INTERMEDIATE TECHNOLOGY DEVELOPMENT

What efforts do you plan to get the various underdeveloped countries to develop their own light capital technology in the countries themselves so it will become indigenous rather than exogenous?

Mr. PARKER. Again, that is one of the objectives of the study, to identify the appropriate ones for them and as well the frame of reference so that they can see how it fits and, therefore, we can go in with logical——

Mr. LONG. I am sure you understand that if light capital technology is ever going anywhere, it can't continue to be something in which we show them how glorious things come out of Georgia Tech and then ask them to copy them.

In other words, they have to learn to do these things themselves and what we really want eventually is a takeoff, to use the word of Walt Rostow, a term which wasn't very suitable in the context in which he used it, but which, I would hope, might work here. People in developing countries are intelligent people and when people are very close to something they can frequently see solutions. Even a person of modest intellect can often see something that a very brilliant person can't see who is 1,000 miles away from the particular project.

The people who made the great inventions in this country that made our industrial revolution great were, by and large, people who were very close to the production process and who simply saw problems as a matter of practical commonsense, like Whitney and so on. That is what we would hope eventually could take place in the underdeveloped countries. How do you feel that that can be done?

Mr. PARKER. I think it is essential. I want to affirm our belief in what you just said, stating it in a different way. The people who perceive the problems and the needs are the best equipped to understand the applicability of the solution when that is offered them and I think if we can induce the development of solutions in the developing world they are the ones who perceive the need best. If we can help them in the learning of solutions in one place that might be useful elsewhere in the developing world, this is the logical connection. Now, this has already begun to take place. I would cite the example of some of the light capital equipment that has been developed in the Philippines in the International Rice Research Institute, which is already finding its way into Latin America.

Mr. LONG. But that is an exogenous thing. That is asking the Latin Americans to pick up something that has been done in the Philippines. What I would hope we could do would be to get something going in which the Latin Americans would see their close relationship with the

farming and production process, that some new thing, some new simple device, that might greatly improve their productivity, get them to do it.

Mr. PARKER. Again I agree, but if there is knowledge gained in one part of the world that can be used elsewhere——

Mr. LONG. Of course you don't want to waste it.

EXCHANGING INFORMATION

Mr. PARKER. We must see to it that we are building the mechanical system to exchange this information. This IRRI equipment was not foisted upon the Latin Americans. It happened to be there through a sister organization of IRRI in Latin America. They learned about this and now they are beginning to use it.

REGIONAL CONFERENCES

Mr. LONG. It would seem to me that a good way of getting this thing going would be for you folks to hold conferences like this in these underdeveloped countries or at least in underdeveloped regions—for example, the arid region of the Sahel, where they have similar weather and similar soil and that kind of thing, and get them to begin thinking in these terms, get their imaginations excited a little bit but in any event so go back home and say to themselves, "Maybe we can do something here."

Mr. PARKER. I agree.

Mr. LONG. Is AID contemplating something like that?

Mr. PARKER. Yes. I think the series of conferences that you mentioned are a very logical part of this.

Mr. LONG. So we can think in terms of having regional conferences to get over to people the idea that they must in the end take this thing and move ahead with it on their own. You are going to try to give us some ideas about how that will go in the months to come; right?

U.S. PARTICIPATION IN INTERMEDIATE TECHNOLOGY DEVELOPMENT

Mr. PARKER. Yes. When you say, Dr. Long, "on their own," I envision that we will be more than simply a catalyst; that we would be also a participant in the——

Mr. LONG. I think you certainly have to be a participant to begin with and to be a catalyst, but in the end we hope that these things in these various countries would take off on their own.

Mr. PARKER. Correct. That certainly is an objective but I think we have to be a participant, more than just a catalyst in the true definition of the word as precipitating an action without participating.

Mr. LONG. No American institute, however brilliant or imaginative, is going to be able to look into all the problems of this great world of ours. It is going to be up to them, and of course they will take more pride in it and they will know how to deal with the problems. This means, of course, getting some kind of technical or semitechnical education going on. I gather from talking to them that a lot of these people are intelligent and shrewd people, but that they have to feel that having developed something, it will get encouragement, financial or otherwise. This is where the financing comes in.

Mr. PARKER. Yes; both in education and I would like to add the word "training."

Mr. LONG. Yes.

Mr. PARKER. Because I think it is both.

TRAINING CONFERENCES

Mr. LONG. That was the next thing I wanted to ask, whether you are contemplating any kind of training conferences as opposed to conferences of the kind that you are thinking of holding here.

Mr. PARKER. I think we envision those as a successor to the initial series.

Mr. LONG. Where you get down to specifics?

Mr. PARKER. Yes.

LIGHT CAPITAL TECHNOLOGY

Mr. LONG. I think we are thinking along the same lines. I am certainly glad that we are. Would you agree with me that this is in the long run at least the vision of the future of much of the underdeveloped world?

Mr. PARKER. It is certainly one of the visions. I would like to add that within the overall term "appropriate technology" the subject that we have been talking about is light capital technology.

APPROPRIATE TECHNOLOGY

Without in any way diminishing the significance of light capital technology, to which I ascribe a great deal of importance, there are other kinds of technology which may be appropriate.

Mr. LONG. Of course, Bethlehem Steel in my district, one of the largest and most sophisticated steel companies in the world, is using appropriate technology. It just doesn't happen to be the kind of technology that I think we have to be interested in for the underdeveloped world.

Mr. PARKER. Right. But even in this context, Dr. Long, I would like to say that there are parts of technology which are appropriate to the developing world that are quite distinctly different from and would complement light capital technology.

LAND SATELLITE PROGRAM

I would give as an example our LANDSAT program of NASA.

Mr. LONG. What?

Mr. PARKER. The LANDSAT program of NASA, the National Aeronautics and Space Administration.

Mr. LONG. What does LANDSAT mean?

Mr. PARKER. Land Satellite, which is studying the Earth from the standpoint of its resources. By utilizing this kind of technology, I think that there are a number of things that we can do, and that the United States is in a unique position to do, to enhance the prospects of the developing world.

It can, for example, assist in finding areas where water exists and how to improve the use of both ground water and surface water.

We hope to be able to utilize some of this technology to assist in the planning of human settlement so that the developing countries will be able to plan the proper and optimal utilization of their limited amounts of land.

EMPHASIZING LIGHT CAPITAL TECHNOLOGY

Mr. LONG. That is perfectly true. I am not arguing that light capital technology is going to completely displace other types of technology. I just see it as an important thing.

It just doesn't seem to me to be the kind of thing that I am trying to tackle right now. Of course, that is the kind of thing that has always been contemplated under our AID program.

What I am hoping to see done is to simply give a new direction to a large part of our AID program and a much larger part than is being done now. I think the type of thing you are talking about will more or less take care of itself because we seem to orient our thinking toward very sophisticated technology.

Mr. PARKER. Yes, and I would emphasize, Dr. Long, I don't see these as competitive at all.

Mr. LONG. No, they are not competitive except for money, of course. We are starting off here in a very small way with $20 million and that is really not enough to take any money away from anything else.

I would hope that we can expand very greatly in this general area so that this can become a matter of millions, hundreds of millions of dollars, so that efforts in light capital technology actually can become a very large part of AID's development program, not displacing the other, but supplementing it in a much more effective way than we have tried to do so far, to get to the point where these underdeveloped countries are moving ahead on their own—which they haven't been doing.

LIGHT CAPITAL TECHNOLOGY'S POTENTIAL

They have just been sort of stagnating. The people have been displaced. I think you could argue that our whole economic aid program so far as the poor people of the world are concerned has done as much harm as it has done good up to now.

Whether or not you accept that as a generalization, this is the area which has been relatively unexplored and which we can make great strides for the future.

Would you agree?

Mr. PARKER. Looking forward, I certainly feel that it has great potential, and it certainly is going to be one of the vital things.

Mr. LONG. In other words, we are not thinking of this as just a small part of AID's development program forever.

As I see this, I am thinking of an emphasis on light capital technology through both public and private organizations, as a big part of our AID program for the future.

Mr. PARKER. Yes.

Also, I would like to add that one of the things that makes it inherently attractive to me it tends to be, to a greater extent than other types of activities, self-regenerating.

Mr. LONG. Exactly.

Mr. PARKER. And so that it doesn't need quite as much subsidy as appears, so I think appropriated funds can get more done.

Mr. LONG. That is it exactly and, of course, a lot of people like to see money spent and think when you are talking about something like this you are just simply doing it because you are stingy, because you want to cut down on the aid program, and to some extent that is part of my thinking.

I do want to see a burden taken off the taxpayer, but mostly I simply want to see a much bigger job done.

Mr. PARKER. Yes, and there is a big amplifier in this inherently.

Mr. LONG. And the potential here is so great. I was brought up on the idea that only rich people saved money that poor people had very little capacity to save; to invest. We are gradually realizing that, with the vast amounts of idle time among poor people in the world, they really have an enormous capacity for saving and investment, without necessarily reducing their consumption, simply because there is so much of their energies and resources that are, at the present time, not used.

That would furnish also a tremendous amount of future satisfaction, too, because nobody wants to be told in the future that the United States is responsible for their development. They will never be grateful to us for that. They like to take pride that they did it.

A large part of our development may have been due to other countries but we never give them credit for it. We did it ourselves in our own history books and so on. That is the way it is going to be with these other countries. Once we can get this thing going you see as I do that this will begin to live a life of its own?

Mr. PARKER. I do. I think it is self-regenerating, and will continue to grow really much on its own.

TIMING TARGETS

Mr. LONG. Do we have any targets that your shop has been working on? What would be a time, let us say, 1 year, 3 years, 5 years, 10 years, in which we could see that this process would begin to take over and live a life of its own—much as when your children grow up and you are not telling them any longer what to do every minute. Then they often accomplish things that surprise you and themselves.

Are you thinking in terms of 5 years, 10 years, or haven't you people really had a chance to think in terms of time?

Mr. PARKER. I have personally given quite a bit of thought to that and I don't think that really we are going to be able to give broad targets. I think we can give specific targets in certain sectors, in certain countries.

I would say that we could probably do this. Progressively we could begin to identify targets in the next couple of years, but as to broad targeting, I don't see that as possible.

Mr. LONG. You don't know enough about it yet, is that true?

Mr. PARKER. Yes.

Mr. LONG. The main reason.

Mr. PARKER. Yes.

There are enough dissimilar things——

Mr. LONG. And too many surprises, too many things that are difficult to anticipate.

Mr. PARKER. Of course, also, Dr. Long, as you well know and as you and I discussed, it is a dynamic environment in which we are working so the circumstances change a great deal and thus the needs and opportunities change. This in turn will impact on the nature of any targets that might be defined.

Mr. LONG. Very good.

SECTION 107 IMPLEMENTATION

I would like to put into the record the report which Mr. Parker has furnished to me, report of AID actions to implement section 107 of the FAA of 1961 as amended.

[The information follows:]

DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., April 1, 1976.

Hon. CLARENCE D. LONG,
House of Representatives,
Washington, D.C.

DEAR MR. LONG: I appreciated the opportunity to talk with you the other day about appropriate technology. I am enclosing a copy of the report we have submitted to the Congress on our progress in implementing section 107. The report describes work under way and indicates that a detailed implementation plan will be forwarded to the Hill by June 30, 1976.

We will attempt to keep you abreast of future developments as they occur. We are looking forward to having Bill Anderson join the meeting on appropriate technology which we are holding on May 10 with representatives of the private sector.

If you have any questions, please let us know.

Sincerely yours,

DANIEL PARKER.

Enclosure.

REPORT OF AID ACTIONS TO IMPLEMENT SECTION 107 of the FAA of 1961, AS AMENDED

Background: Section 107 of the FAA provides that:

> "Of the funds made available to carry out this chapter for the fiscal years 1976, 1977 and 1978, a total of $20,000,000 may be used for activities in the field of intermediate technology, through grants in support of an expanded and coordinated private effort to promote the development and dissemination of technologies appropriate for developing countries. AID shall prepare a detailed proposal to carry out this section and shall keep the Senate Foreign Relations Committee and the House International Relations Committee fully and currently informed concerning the development of the proposal. The proposal shall be transmitted to the committees no later than March 31, 1976 and shall not be implemented until 30 days after its transmittal or until passage of each committee of a resolution in effect approving its implementation."

In preparing the implementation plan for the program, the House International Relations Committee suggested that AID hold planning discussions with "the private organizations now carrying out activities in intermediate technology and those which would be involved in a new effort."

Summary of Report: This is an interim report. Arrangements for meetings with private organizations have been made and five meetings will be held in April and May to plan for the Section 107 program. In addition, several studies of issues affecting the development and dissemination of appropriate technologies in developing countries have been commissioned and will be completed in April. Pending completion of the meetings and studies, we do not have sufficient information in hand to prepare detailed recommendations on the content and organization of the Section 107 program. The planning process is well underway, however, and the proposed implementation plan will be submitted to the Congress by June 30, 1976. This report describes the actions taken to date.

Actions Taken and Underway: In September 1975, AID formed a broadly representative Agency committee to begin its consideration of Section 107. The committee submitted a report in late December. It recommended that AID - both in the expanded private effort and in its own programs - develop a comprehensive approach to appropriate technology which would address the policy and institutional issues surrounding the subject as well as encourage the development and adaptation of specific technologies. The committee recommended that we begin meeting with the private sector as soon as possible. It also recommended that a new office be set up outside AID to coordinate the program.

In considering this report, we agreed to proceed as soon as possible with the private sector meetings. We agreed that an AID program should be comprehensive -- addressed to policy, institutional and other assistance measures needed to help LDCs strengthen their own capacities to develop and utilize appropriate technology. We felt, also, that additional analysis was needed to define strategies for the program and that recommendations on implementation and organization of the program should await both this analysis and the discussions with the private organizations which would be involved.

To accelerate our planning, we organized the informal committee into a 13 member work group representing the major AID bureaus and offices. A list of the work group members is attached and each of the members has been freed to give specific part time to this task. We also authorized a small staff (two professionals and a secretary) to take charge of the planning process. Thomas Arndt of the Technical Assistance Bureau was assigned to the staff and recruitment of a second full-time staff officer is underway.

Under the committee's auspices, a program of meetings with private organizations has been planned. There will be four, day and a half meetings with groups of up to 12 representatives from private and voluntary agencies, academic institutions, and U.S. business. The purpose of the meetings is to understand the perceptions and recommendations of these organizations on such topics as: (1) the definition of appropriate technology and its relevance to LDC problems; (2) the barriers and opportunities to use of appropriate technologies in developing countries; and (3) actions which the U.S. private or public sector might take to stimulate the development and dissemination of appropriate technology in developing countries.

A larger meeting will follow on May 10. This will be open to any members of the private sector who did not attend the smaller sessions. The results of the four small meetings will be presented at the larger meeting for comment and the question of organizational entities to implement the program explored. In all, we expect 75-100 organizations and individuals to participate in the meetings. The schedule is as follows:

April 4-5 - Group of 12
April 12-13 - Group of 12
April 19-20 - Group of 12
April 26-27 - Group of 12
May 10 - General Meeting

The list of invitees to the four April meetings is attached. Members of the staffs of the House International Relations Committee, the Senate Foreign Relations Committee, and the House Appropriations Committee have been invited to both the general meeting and the smaller sessions.

In addition, several studies of operational issues relating to appropriate technology have been arranged. We have contracted for a general survey of the literature on appropriate technology to summarize what is currently known about the subject and identify outstanding issues and problems. We have also sought to take a close scrutiny of issues which AID and private organizations may face as practitioners overseas. The studies are:

TOPIC	CONTRACTOR	COST
1. Survey of literature on appropriate technology; economic theory of AT; availability of ranges of technology in various sectors; reasons for inappropriate technology choice.	Lawrence White, Princeton Univ.	$2,200.00
2. Review of current, private and governmental efforts in appropriate technology in LDCs; attitudes of LDC governments to AT.		$2,500.00
a. Asia	Louis Goodman, East-West Center, Hawaii	$2,500.00
b. Africa, South Asia	Intermediate Technology Development Group	$1,900.00
c. Latin America	VITA	$2,850.00
d. Field Survey, Ceylon, Philippines, Indonesia	Peter Askins - AID staff	
3. Survey of potentials for involvement of U.S. private & voluntary organizations in appropriate technology. Will cover 80 organizations via questionnaire and 15 via indepth interviews.	Grafton Trout, PASITAM, Univ. of Indiana	$3,600.00
4. AT and the Rural Sector: Problems and issues with agricultural mechanization and agro-industry; stimulating rural industry to produce production and consumer goods; AT and rural workers.	William Merrill John Balis Peter Thormann (AID staff) Clark Edwards (USDA)	-

TOPIC	CONTRACTOR	COST
5. Policy and AT; Role of LDC policies in stimulating AT; Problems and issues in influencing policy.	Howard Pack Swathmore Univ.	$2,200.00
6. Involving and Stimulating U.S. business in AT.	Management Analysis Center Incorporated - Boston	$9,500.00

In addition, we are seeking to arrange studies on: (1) the role of LDC institutions stimulating appropriate technology and problems and issues related to selecting indigenous counterpart institutions in this area; and (2) the need for and organization of information exchange on appropriate technology among and within countries. These studies will supplement the large body of existing material on appropriate technology which we have been gathering.

In addition to these steps, we will be canvassing our AID missions in early April for their comments and recommendations on the Section 107 program.

Timetable: As noted, all studies will be completed by the end of April and the meetings concluded on May 10. An action proposal will then be drawn up and will then be transmitted to the Congress by June 30, 1976.

Appropriate Technology - Definition for AID

Appropriate technology is technology which enables developing countries to provide goods and services for their people in a manner which is compatible with LDC conditions.

Appropriate technologies relate both to economic and non-economic goals. They are applicable to employment, output, and equity objectives, as well as goals in population, health, nutrition and education.

Given typical LDC conditions of scarcities of capital and skilled labor with an abundance of unskilled and semi-skilled labor, and taking as objectives of development assistance

-- growth of employment and output through more effective use of resources,

-- while decreasing inequalities in income distribution,

-- emphasis on the basic needs of the poor, both economic and non-economic, and

-- increased participation of the poor in all aspects of the development process.

It is expected that technologies appropriate in production will generally have the following characteristics:

1) they will be intensive in the use of the abundant factor, unskilled labor, and economical in the use of scarce factors, capital and highly trained personnel. An appropriate technology is characterized by relatively low expenditure of capital (fixed and working) per job and relatively high

employment of unskilled labor. In the provision of services appropriate technology relies to the extent possible on less highly-skilled labor - economizing on human capital. Appropriate technologies do not demand sophisticated skills of their users.

2) Appropriate technologies are primarily based on locally and domestically-produced inputs, or on the use of national (not expatriate) personnel.

3) Appropriate technologies in physical production are economically efficient in small and medium-scale enterprises, replicable by local entrepreneurs, and often produce primarily for a local or regional market.

It is expected that goods appropriate to LDCs in consumption will emphasize the needs of the poor. They will generally be

-- low cost,

-- accessible to low income people,

-- individually or locally maintainable without extensive support requirements,

-- compatible with local cultural patterns.

Appropriate service technologies are those designed to produce manpower and medical care relevant to the requirements of the poor. They, similarly, will be low-cost, accessible, and compatible with local cultural patterns.

None of these characteristics are binding. That is, satisfaction of

are merely a set of attributes set out in order to give substance to the definition set out in the first paragraph: technology which enables developing countries to provide goods and services in a manner compatible with their conditions.

What is appropriate in each country's development situation will be different in every case. For example, in a small country with a limited internal market, production for export may be important, for which a different product may be appropriate than for domestic consumption. Appropriate technology does not exclude such production for higher-income consumers or export. Also, while appropriate technology emphasizes small-scale production, in a number of circumstances, such as economies of scale, large-scale production may be appropriate.

Appropriate technologies are expected to contribute to employment, output, and equity objectives, meeting the needs of the poor, and increasing participation by the poor in a number of ways. Emphasizing labor-intensity and employment of relatively unskilled labor will cause additional broadly-based employment of those at the bottom of society. Broad expansion of low but adequate income employment improves income distribution, contributing to a major social objective: equity. Encouraging the use of locally or domestically-produced inputs emphasizes the backward linkages of an appropriate technology: its downstream effect on domestic employment and output.

Small-scale production allows regional dispersal of enterprises, especially over rural areas, each satisfying a limited market. Some governments consider this an objective, as well as the regional self-

sufficiency promoted by local industries using local inputs. Low cost goods and services and compatibility with local culture emphasize that appropriate technologies are aimed toward the poor.

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Calvin Martin	-	Asia Bureau
Frank Moore	-	Africa Bureau
Peter Thormann (Eric Groot)	-	Program & Policy Coordination
John Rixse	-	SER/ENGR
Marshall Carter	-	Office of the Administrator
John Mullen	-	General Counsel
Maurice Kohan	-	Population and Humanitarian Assistance
Ted Owens	-	Technical Assistance Bureau
Bill Merrill	-	Technical Assistance Bureau
Clint Stone	-	Technical Assistance Bureau
Tom Arndt	-	Technical Assistance Bureau (Chairman)
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INTERMEDIATE TECHNOLOGY

Mr. LONG. This is a great adventure, Mr. Parker. I hope at least you see it the way I do. To me it is very exciting.

Mr. PARKER. I might even presume upon you to read that book I told you I wrote some years ago.

Mr. LONG. I read a lot of books. I have during my drive to and from Baltimore everyday, I have 2½ hours to read. I can't say I remember much of what I read any more, but I do a lot of it.

Mr. PARKER. I think there is genuine excitement that I personally feel and I think this is a growing feeling within AID.

Mr. LONG. As I have said on many occasions, if there is a hope for mankind this is it. The policies we have followed in the past, whether they have done good or not, raise questions people will be debating for a long time. But it is clear that whatever good they have done they haven't been adequate to solve the problems of the poor people in the world, that something new and fresh needs to be tried, not necessarily displacing things that have been done, but supplementing them and hopefully giving us a whole new direction.

Mr. PARKER. The things we are talking about, improving the tools and means that they have to work are areas where we are hopefully making a worthy contribution.

Mr. LONG. And making use of the main resource they have, which is idle time, the magnitude of which I never realized until I began to make trips abroad. I was brought up on the idea that most poor people in the world spend all their time in hideous drudgery. It was an astonishing thing to me to see that in most of the poor countries most of the people most of the time are sitting and talking and chatting simply because there is nothing else to do, and that idle time is the greatest resource, together with the fact that most of them basically are intelligent people if they are given a chance, given some leadership. That is where I think we come in.

I congratulate you on your being in a position to really give this some leadership.

Mr. PARKER. It is an exciting opportunity.

Mr. LONG. Maybe they will be building a statue to Daniel Parker some day, father of development programs for the really poor.

LEGISLATIVE/EXECUTIVE COOPERATION

Mr. PARKER. It is a very broad item and I think what we are doing now is a very good example of the way in which these two branches of Government can work together. There is very substantial enthusiasm in the Congress that I don't think existed before because of this cooperative approach that we have taken. We have studied the need and we have looked at what the American public feels about it and wants to do about it and I think that it is designed to develop these policies to do it.

INTERMEDIATE TECHNOLOGY APPROACH ACCEPTANCE

Mr. LONG. Do you feel that there is among all of your AID experts enthusiasm for this approach?

Mr. PARKER. Yes.

Mr. LONG. Or does this run into kind of entrenched feeling among many that they are not experienced in this? I have never seen an idea yet that didn't have a lot of opponents.

Mr. PARKER. I would put it this way. When it was put early on in a way that was competitive to the other things that they perceived as priorities there was resistance, but approaching as you have done and taking it out as a separate section I think it is seen not in a competitive way but in a complementary way. Therefore I think that there is a growing acceptance and a degree of enthusiasm.

Mr. LONG. And you have enough technicians, enough experts, whom you can put in charge of this who will really go ahead with it?

Mr. PARKER. Initially this is not a professional field that people are——

Mr. LONG. You have to take some of your people who are more enthusiastic than others and let them move ahead.

Mr. LONG. Yes, and you do have some.

Mr. PARKER. Yes, but you have to select people carefully for these projects. You can't just go in according to standards, education, experience, and find them and pull them out because it is a new thing. So this is one of the time-consuming elements of it.

Mr. LONG. Do we know who your people are who will be in charge of all this?

Mr. PARKER. Yes. I will submit those names to you personally or for the record, if you want. We have taken people from each of our relevant bureaus and key offices and I would be glad to submit that list. You can see the kind of interdisciplinary approach and regional approach we are taking to it.

Mr. LONG. Is there going to be one person who will be in charge?

Mr. PARKER. One of the objectives as a consequence of the study is how best to organize, so at the present time I can't tell you who it will be.

[The information follows:]

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John Balis, Near East Bureau.
Calvin Martin, Asia Bureau.
Frank Moore, Africa Bureau.
Peter Thormann (Eric Groot), Program and Policy Coordination.
John Rixse, SER/ENGR.
Marshall Carter, Office of the Administrator.
John Mullen, general counsel.
Maurice Kohan, Population and Humanitarian Assistance.
Ted Owens, Technical Assistance Bureau.
Bill Merrill, Technical Assistance Bureau.
Clint Stone, Technical Assistance Bureau.
Tom Arndt, Technical Assistance Bureau (chairman).
Doug Tinsler, Legislative Affairs.

PROVISION OF ECONOMIC ASSISTANCE TO NIGERIA

Mr. LONG. Why will Nigeria, one of the oil-rich OPEC nations, receive over $1 million in Public Law 480 food aid in fiscal year 1977?

Mr. SCOTT. The Public Law 480 title II food aid budgeted for Nigeria in fiscal year 1977 represents unutilized commitments made to three multiyear world food program projects, that is, one project initi-

ated in 1973 and two projects initiated in 1974. However, since the world food program is giving consideration to the closure of its office in Nigeria and the cessation of its projects, the United States may never be requested to fulfill these outstanding commitments.

Mr. LONG. Will Nigeria receive any aid under the categories of African regional programs or West African programs? How much?

Mr. SCOTT. Nigeria will not receive any concessionary economic assistance under AID's West Africa programs, although a small AID staff may remain in Nigeria to administer residual programs final funded in fiscal year 1975, but scheduled for physical completion in fiscal year 1977. In addition, Nigeria's recent wealth has not provided an immediate panacea for its development problems. Thus, the remaining AID officers will be working closely with the Nigerians under AID's country-financed technical coordination program to help identify developmental problems and facilitate the purchase with Nigerian funds of the resources needed to resolve these problems as provided for under section 661 of the Foreign Assistance Act. Hopefully, it will be appropriate for many of these resources to be purchased from the United States.

With respect to African regional programs, Nigeria will continue to benefit from AID-assisted regional programs in which it participates, primarily in the food and nutrition and population planning and health appropriations categories, for example, the semiarid food grain, the family planning courses at health training institutions, and the special population activities projects. However, Nigeria will be more than just a beneficiary of these programs: As one of the most affluent participants, it will be a major donor of facilities and technicians. In fact, we believe the Nigerian contributions to these regional programs will exceed that portion of AID's contribution which might be attributed as direct AID assistance to Nigeria. In addition, the Nigerian contribution will qualitatively improve the objectives of these programs for all the participants.

Mr. LONG. What are Nigeria's projected oil revenues in 1976?

Mr. SCOTT. The International Monetary Fund has estimated that net transactions in the Nigerian petroleum sector may generate over $8 billion in 1976.

ZAIRE DEBT RESCHEDULING

Mr. LONG. Zaire is expected to require a rescheduling of payments on her multilateral debt. What will be the total amount of the rescheduling? How much in U.S. loans will be rescheduled?

Mr. SCOTT. The first meeting of creditors will be held in Paris in late April to begin determining the details of the rescheduling. Although it is too early to know what will be decided, we hope that long-term lenders will be given preference over short term, and that interest will not be rescheduled. We have no way of determining at this point how much in U.S. loans will be rescheduled since neither the terms for rescheduling have been decided, nor do we have any way of knowing how much private credit has been extended to Zaire.

U.S. ASSISTANCE TO TANZANIA AND MALI

Mr. LONG. Tanzania and Mali have consistently voted against U.S. positions in the United Nations. How much will these nations receive

in fiscal year 1977 under any U.S. foreign aid programs, directly or through regional programs? What is the rationale for any such assistance?

Mr. Scott. Proposed U.S. AID assistance to Tanzania in fiscal year 1977 totals $15.9 million. This amount includes an agricultural sector loan for $10 million and technical assistance totaling $5.9 million provided through eight projects in the food and nutrition category and one in population planning and health. In addition, U.S. proposed assistance includes a Public Law 480 title I sales totaling $6.1 million and a title II donations program at a level of $6 million.

U.S. assistance to Tanzania is based primarily on humanitarian and development considerations. As 1 of the 28 relatively least developed countries, it is very poor and has enormous economic and social needs. It is also one of the most seriously affected by the energy crisis. In addition to the country's needs, we are looking, as is normally our practice, at the planned programs for Tanzania in light of the totality of our relations with that country.

Such factors as the congressional guidance on new directions for economic and humanitarian assistance to developing countries and our overall bilateral relations with Tanzania, including its opposition in multilateral forums on matters of major importance to the United States, are also taken into account.

In Mali, AID will provide $6,850,000 in fiscal year 1977 for projects designed to improve crop and livestock production, rural health and economic development. In addition, the United States is planning to provide a Public Law 480 title I program totaling $7.7 million; a title II program of $1.4 million, and a Peace Corps program of $0.6 million.

Still recovering from the disastrous drought which seriously affected it, Mali continues to require significant assistance inflows if it is to restore itself to self-sufficiency. The United States provided quick and effective relief during the drought and now has the opportunity to follow up this decisive intervention with well-planned, longer-term, developmentally oriented programs. AID believes this development initiative has the potential for modifying Mali's view of the United States and secure closer collaboration in worldwide political objectives.

ECONOMIC ASSISTANCE TO MALI AND TANZANIA

Mr. Long. Have the U.N. votes of Mali and Tanzania against positions favored by the USG been taken into account in the preparation of proposals to extend economic assistance to these countries in fiscal year 1976?

Mr. Scott. Our assistance programs for Mali and Tanzania were prepared taking into consideration the totality of our relations with each country, including as one factor their U.N. votes, and as another the development and humanitarian nature of our assistance programs there.

EXPORT INCOME, FOREIGN AID NEEDS AND TIMOR POLICY

Mr. Long. Indonesia is expected to receive nearly $5 billion in oil revenues in 1976; she is also developing other natural resources. Does not this infusion of funds offset some of the need for foreign aid?

Mr. GARDINER. Yes; export earnings most certainly do help to offset requirements for foreign aid. However, in order for economic growth to outpace population growth and inflation—and especially for employment to stay abreast of the growing labor force—the current Indonesian 5-Year-Development Plan has set as its target an overall annual economic growth rate of 7.5 percent. While the World Bank has concluded that this plan target is realistic, it has also estimated that to achieve its objectives Indonesia will require over $14 billion from external sources between 1975 and 1980 and that at least three-fourths of the amount will need to be financed from long- and medium-term concessional sources. Because of inflation, and Pertamina's financial crisis, earnings from oil and other exports have fallen below the 5-year plan projections and the Indonesian Government will have to cut back on its investment program. The upshot is that concessional assistance requirements remain at least as estimated above. Judging Indonesia's long-range planning to be sound and its development needs urgent, a host of donor nations including the United States have contributed to help ease the nation's resource constraints. This has been accomplished in close consultation among the donors within the framework of the Intergovernmental Group on Indonesia (IGGI). In this context, however, the U.S. share of total official development assistance commitments to Indonesia has dropped from 30 percent in 1972 to 10 percent in 1975. It is expected that as Indonesia progresses toward self-sufficiency, external resource requirements will diminish. Our aid program is intended to help speed progress toward that end, especially with respect to improved standards of living for Indonesia's poor majority.

Mr. LONG. Indonesia has been charged with aggression in the former Portugese colony of Timor. Does not the continuation of U.S. aid to Indonesia suggest support of such actions?

Mr. GARDINER. The sequence of events surrounding Indonesia's involvement in East Timor is a complex one, which cannot in any way be dismissed as "aggression". Timor has been discussed in both the United Nations General Assembly and the Security Council and, most recently, the Secretary General has issued a special report on Timor based on the findings of his special representative during a fact-finding mission to the area. While criticism of both Indonesia and Portugal has resulted from these U.N. actions, in none of them was Indonesia portrayed as the aggressor. Our information on events in Timor is far from complete because of the territory's remoteness, but the information we have tends to confirm the findings of the U.N. Secretary General which certainly does not support a charge of "aggression" against Indonesia.

INDONESIAN AND AID POLICY TO REDUCE INCOME DISPARITIES

Mr. LONG. The development of Indonesia's natural resources certainly creates a disparity in income between those working in these new industries and the majority of the poor farmers. How does Indonesian Government policy and U.S. foreign aid policy deal with this gap?

Mr. GARDINER. The Indonesian perception of development objectives has changed in the past few years as the focus of Indonesian plan-

ning has moved from stabilization and infrastructure rehabilitation to employment generation, equity, regional distribution, and social justice. The Government has stated explicitly that it will attempt to manage development during the second 5-year plan period—1974–1978—so as to effect a wider sharing of the gains of growth. Although adequate rates of growth appear reasonably assured, the benefits in terms of employment and income for the majority of Indonesians will depend largely on what happens in agriculture which is still the mainstay of the economy, accounting for 40 percent of GNP, for almost all non-oil exports, and for about 60 percent of employment. In addition, the generation of better earnings opportunities for Indonesia's present labor force—about 42 million—and for the estimated 6 million additions to it in the 1974–1978 plan period has caused the Government to announce that labor-intensive investments will receive priority treatment in the investment approval process.

The World Bank concluded in a major study done last year that Indonesia is clearly embarked on a course of growth in investment, employment, and incomes aimed at improving the condition of the broadest mass of people. This study stated that, assuming continuation of present policies and programs: "as an order of magnitude, it may be possible to double the consumption of every Indonesian by 1985 (in comparison with 1970). This would bring the great majority of Indonesians above a minimum welfare standard by that year provided income distribution did not worsen."

The Government has made a solid beginning by increasing village and district development programs to speed the rehabilitation of infrastructure, help develop the capacity of local governments to plan and implement further work, and absorb 15 to 20 percent of the likely increase in the labor force in the next 5 years.

The priorities of the current 5-year plan and the concerns among Indonesian planners about the distribution effects of the development program fit well with AID's priorities and new legislative directions.

The new directions in our economic assistance program, as outlined in the fiscal year 1977 congressional presentation and as reflected in our newest projects in Indonesia, are supportive of Indonesian development priorities. From a predominantly large project, infrastructure development program, the U.S. emphasis has turned to smaller scale, more widely scattered rural development efforts at the local level with the target population consisting of the poor majority of Indonesians.

FAMILY PLANNING IN ASIA

Mr. LONG. AID has been stepping up its population control and family planning program in Asia. What has been the result of these efforts? Has there been a significant reduction in birth rates? What percentage of Asian populations are regularly involved in these population control programs?

Mr. GARDINER. As one might suspect, there is a wide disparity in the length of time the various countries in Asia have been involved in family planning, in the sources of financing for such programs, and in the institutions and manpower applied to the problem. There is also a disparity in the results obtained.

Rapid improvement in fertility control technology has been accomplished during the past several years, with increasing availability of high quality contraceptives and sterilization techniques. In some Asian countries with family planning dating back to the mid-1960's or earlier—Singapore, Taiwan, Korea, and Hong Kong for example—family planning programs have already largely accomplished their initial purpose, a significant reduction in the population growth rate. In those countries, birth rates last year were approximately 20 per 1,000 population, and family planning information and effective contraceptive methods are now generally available. Growth rates as of 1975 were 1.6 percent for Singapore, 1.8 percent for Taiwan, 2 percent for Korea, and 1.4 percent for Hong Kong. Malaysia's efforts from the mid-1960's have been considerably less successful; its birth rate is 38.7 per 1,000 population and its growth rate 2.89 percent.

Hong Kong, Singapore, and Malaysia have not been recipients of AID bilateral assistance. They have, however, received title X population funds through multilateral and regional intermediary organizations. Taiwan and Korea have received AID support up to recent years. Taiwan does no longer, and Korea is drawing down small unliquidated balances of population funds from fiscal year 1975. Both are continuing largely self-financed efforts to further reduce growth rates.

Other countries in East Asia did not undertake national fertility control programs until the late sixties or early seventies, and are currently receiving large inputs of AID population funds.

Indonesia, for example, one of the poorest and most populous countries in the world, has a family planning program which is already serving as a model for other developing countries and which promises to be a major force in decreasing population growth rates. Although large-scale implementation of the program began a relatively recent 6 years ago, by end year 1975 more than 5.3 million women in Java and Bali had been recruited into the program. This represents about 35 percent of the married women between the ages of 15 and 44. An estimate developed from recent studies reflects a 1975 population growth rate for Indonesia of 2.1 percent.

As in other Asian countries, Philippine economic problems involve population pressures on available and developing resources. Philippine population has more than doubled since its independence in 1946, from approximately 20 million to presently somewhat over 43 million. Preliminary data from the 1975 census indicates that since 1970, when large-scale population programs began, the population growth rate has decreased from slightly over 3 percent to 2.9 percent. Some 40 private and public Filipino agencies are now participating in the program; 2,400 clinics are providing family planning information, motivation, and services.

Thailand's efforts are focused on the objective of expanding availability of family planning services to all areas of rural Thailand, as well as its urban areas. The expansion of services includes additional family planning training for all public health personnel in the Thai rural health system. With its present estimated population growth rate of 2.6 percent, the Thai Government's fourth 5-year plan has a target of annual rate of population growth of no more than 2.1 percent by 1981.

More reliable information should be available early in 1977 for these latter three countries from demographic studies now underway and further analysis of recently available census data.

Pakistan and Bangladesh, both with population programs dating from the late 1950's when they were West and East Pakistan, respectively, still face a difficult task in slowing their population growth rates. Pakistan's population growth rate is 2.9 percent and Bangladesh's 2.7 percent, with both facing a doubling of population by the end of this century.

The size and growth rate of Bangladesh's population jeopardize that country's development prospects. Political change and turmoil have contributed to marginal progress in family planning efforts. Rapid population growth has been declared by Bangladesh leadership to be the No. 1 priority problem, and there is a clear and present commitment to population control. The present administration is now carrying out the establishment with promising leadership of both a cabinet level Directorate of and a Health Ministry Division of Population Control and Family Planning. An intensive family planning information campaign using 12,000 family welfare workers was conducted in late January, reaching more than half of the estimated 15 million eligible couples.

Although a family planning program has been operable in Nepal since the mid-1960's, rugged terrain, as well as other limiting factors, has meant a low level of potential acceptors among the eligible population contacted, only about 4 to 6 percent of 2.6 million couples.

In Nepal last year a national population policy coordinating council was established in the Government to insure that all elements of the National Government are aware of and take effective action on population matters. With planned increases in the number of family planning/MCH clinics from 265 at present by integration of family planning services into an additional 325 rural health clinics, the number of eligible couples involved in the program should increase sharply. Over 500 additional outreach workers are in training to help staff this program.

As for percentages of people involved in these programs throughout Asia, I estimate this would range from as low as 3 percent of the child-bearing age couples in Nepal to 35 percent in Korea. This, however, is a rough estimate, based on average numbers of continuing acceptors. New acceptors come into the programs each month while others drop out for various reasons. It has been estimated that an average of about 65 percent of the married couples of child-bearing age need to be practicing family planning in order to produce a zero population growth rate. This of course, would include those who are buying their own contraceptives and using the services of their private physicians.

UPGRADING THE RURAL POOR AND SLOWING INFLATION

Mr. LONG. You state that the Government of the Philippines is attacking the significant "disparity between urban and rural well-being." What, specifically, is the Philippine Government doing to upgrade the rural poor? What is the government doing locally to slow the great inflation that erodes incomes and blunts the impact of U.S. aid?

Mr. GARDINER. With regard to the first part of the question, I think you are aware that since the mid-1960's the Government of the Philippines has been involved in a countrywide effort to systematically reach the rural poor. This started with "Operation Spread" in the Province of Laguna which focused primarily on the dissemination of the new high-yielding rice variety IR–8. The Government of the Philippines, with AID assistance, built on this experience and is now involved in a broad spectrum of rural development projects and activities which are designed to improve the life of the rural poor by: (1) providing them with electrical services; (2) strengthening the capability of local government to plan and implement development projects; (3) constructing small-scale irrigation/drainage works; (4) family planning; (5) reducing serious malnutrition among preschool children; and (6) land reform.

With respect to the second part of the question, in the latter part of 1973, inflation emerged as a major problem in the Philippines. Consumer prices rose by almost 40 percent in 1974. The rise was caused by the large increase in cash balances that came with the export boom in 1973–74, the higher rate of world inflation and thus Philippine imports, the effects of domestic food shortages in 1973, and the increased cost of petroleum. Monetary and fiscal policies were devised to absorb excess liquidity. The net result of the Government's management of liquidity was a reduction to 19 percent in the ratio of money and quasi-money to GNP, the lowest level in the past 20 years. While maintaining contractive fiscal and monetary policies during 1974, the Government attempted to reduce the impact of inflation on consumers by subsidizing some basic necessities. Although the average price of electricity was raised as a result of the increased price of oil, the impact on low-income groups was minimized by increasing the rate for large consumers much more sharply than that for small scale consumers. Some adjustments of export and import duties were also undertaken along with liberalization of restrictions on some imports. By the end of 1974 the annual rate of inflation had dropped sharply, and in the first half of 1975 consumer prices rose at an annual rate of less than 10 percent.

The rapid inflation of 1974 exacerbated the decline in real wages which had begun in 1970. Overall, there was a decline of about 20 percent in real wages during 1974. In order to offset to some extent the deterioration of real wages in urban areas, the Government increased the salaries of Government employees and directed private firms to grant emergency cost of living adjustments to employees earning less than 60 pesos per month. The sharp decline in urban wage incomes reduced the demand for manufactured products, which contributed to the poor performance of the manufacturing sector last year. However, this depression in the urban market was partly offset by the improvement in rural incomes that stemmed from continued high prices for agricultural commodities.

HUMAN RIGHTS AND MARTIAL LAW ISSUES IN RELATION TO AID

Mr. LONG. In addition to economic aid, Indonesia receives significant military assistance. What is the rationale for giving foreign aid to a nation which rules by martial law and restricts liberties severely?

Mr. GARDINER. The Suharto government in Indonesia does not "rule by martial law." It is a constitutional government, ruling on the basis of the electoral victory of the progovernment organization GOLKAR in the 1971 general election, in which it won roughly 60 percent of the vote. Martial law is not in effect in Indonesia at present.

As to human rights, the Suharto government's record compares favorably with that of other developing countries except in one area: The continued detention without trial of approximately 35,000 persons on suspicion of complicity in the Communist-supported coup attempt of September 1965. We recognize this to be a serious human rights problem, and it has attracted widespread attention. The Suharto government has shown itself fully aware of the problem but considers itself in a dilemma. Rightly or wrongly, it feels that early release of what it regards as the hardcore of the Indonesian Communist Party would endanger the country's security.

Indonesia has, however, made recent progress in this problem. The Government announced in the fall of 1975 that some 1.300 of the detainees were being released. Senior Indonesian officials who visited the United States in October 1975 and discussed the problem with Members of Congress indicated that several thousand more would be released this year and that many further releases were planned for the future—especially the period after the scheduled 1977 general election.

The continued detention of these people without trial has been a matter of concern to the State Department. Our Ambassador in Jakarta and other senior officials have discussed the problem with the Indonesian leadership on many occasions, and may well have been a factor in encouraging the recent progress that has been made. Given the Indonesian conviction that the problem involves national security, however, and the sensitivities of this proud, newly independent nation, an attempt to induce a more rapid resolution of the problem through a threat to withhold aid would in our judgment be counterproductive.

RICE RESEARCH CENTER IN SRI LANKA

Mr. LONG. Why are U.S. funds needed to build a rice research center in Sri Lanka? Why aren't the growing techniques developed by the International Rice Research Institute, in the Philippines applicable in Sri Lanka?

Mr. GARDINER. The International Rice Research Institute (IRRI) has developed a valuable body of knowledge regarding techniques and cultural management practices for growing rice. The Research Center will conduct the applied and adaptive research necessary in Sri Lanka. Although many varieties developed by plant breeders at IRRI are appropriate to growing conditions in Sri Lanka, it is essential to test these plant materials under local conditions. This is required to adjust to specific conditions in Sri Lanka regarding soil types and conditions, economical rates of fertilizer applications, growing temperatures, and the cultural management practices employed by rice farmers. The rice research scientists working in Sri Lanka will become part of a larger network of scientists from a number of Asian countries cooperating with research scientists of IRRI. Such cooperative work is an essential input into the IRRI rice research program, as well as benefiting the cooperating countries. At the present time, Sri Lanka is in a

deficit rice production position; consequently, the Government desires to strengthen its research capability in order to increase food production which will meet national agricultural production and other development goals. The utilization of U.S. funds will enable the country to achieve this goal.

ECUADOR—PARTICIPATION IN REGIONAL PROGRAMS

Mr. LONG. Will Ecuador receive any U.S. aid in fiscal year 1977 through regional programs? If so, how much? What is the rationale for aid, considering that Ecuador's developing oil industry will bring in $570 million in 1976?

Mr. KLEINE. Ecuador will continue to be eligible to participate in AID regional and inter-regional programs in fiscal year 1977. The major element will be participation in activities under the American Institute of Free Labor Development under their regional contract with AID. For fiscal year 1976 this participation will amount to about $176,000 and we estimate that it will be about the same for fiscal year 1977. In addition to AIFLD, Ecuador may also participate in conferences, seminars, and other regional activities, directed at specific development problems. It is not possible at this stage to estimate the value of such participation, but in any single event, the participation cost would be quite small for any one country. The rationale for continuing Ecuadorean participation is that despite improved financial circumstances, Ecuador remains one of the poorer countries in the hemisphere, with many serious development problems.

HAITI DEVELOPMENT FINANCE CORPORATION

Mr. LONG. As indicated in your statement, Haiti is the poorest nation in the hemisphere. AID proposes a $3 million loan to set up a Development Finance Corporation in Haiti. Are these funds perhaps better spent on more basic assistance—such as food or health? What sort of business would this Corporation assist?

Mr. KLEINE. Haiti is essentially an agricultural-based economy with approximately 80 percent of the population deriving its livelihood from the agricultural sector. Haitian agriculture is also characterized by the small scale of its individual operations. While some large-scale farming is employed in sugar and sisal production, land distribution is fairly even and only 25 percent of the farm units have more than four hectares. Thus, given the fact that Haiti is a nation of small farmers, we anticipate that a major portion of the Development Finance Corporation's (DFC) investments will be in agribusiness enterprises which are based on the production of Haitian small farmers. Such investments could have a significant impact on small farmer production, productivity, and incomes by increasing and stabilizing the markets for small farmer products and increasing the productive resources—credit and inputs—available to small farmers. In addition to creating on-farm employment, DFC investments in small labor-intensive enterprises, both agribusiness and other, will create additional employment opportunities for the unskilled rural and urban workers who now comprise the majority of Haiti's unemployed and underemployed.

AID's ultimate objective in providing assistance to a private DFC in Haiti is therefore the potential impact which such an institution may have on Haiti's poor majority. Viewed in the context of Haiti's current state of development we believe the creation of the proposed DFC is necessary, appropriate, and timely. Other AID programs are aimed at increasing agricultural production and nutrition and to improving health services. There is a need to seek greater participation from the private sector in the development process. The DFC should contribute significantly to the mobilization of private sector financial and management resources. These resources will in turn be invested in private sector projects which have a developmental impact.

To the extent that DFC investments permit the exploitation of export market opportunities, such investments will also contribute to Haiti's foreign exchange earning power.

We are now in the process of initiating a feasibility study which will, in addition to determining the financial viability of the DFC, provide the basis for assessing the potential contribution of the institution to AID's development objectives.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Mr. LONG. The administration proposes a budget of $7.5 million for American schools and hospitals abroad in fiscal year 1977. This proposal is below the budget levels approved in recent years, even though this program is one of the best of America's good will programs. Is the Administration's budget figure enough to continue important construction projects begun in previous years?

Mr. PARKER. The budget request of $7.5 million for fiscal year 1977 excludes any allocations for construction in that fiscal year.

Mr. LONG. How much was requested from OMB?

Mr. PARKER. The amount proposed by AID to the OMB for American schools and hospitals abroad in fiscal year 1977 was $21 million.

Mr. LONG. In the last 2 years, the American schools and hospitals program request was low, but the administration later asked for more funds. What is the likelihood of such an additional request for fiscal year 1977?

Mr. PARKER. It is unlikely that the administration will request more funds for American schools and hospitals abroad for fiscal year 1977.

SYRIAN POSITION ON PEACE NEGOTIATIONS

Mr. LONG. One of AID's criteria for allocating economic aid in the Middle East is the encouragement of those seriously prepared to work for peace. Israel and Egypt have undertaken conciliatory actions which demonstrate such a willingness to work for peace; what specific steps or actions has Syria made toward peace?

Mr. DUBS. The Syrian attitude toward negotiations should be clearly understood. The Syrian Government has accepted the basic Security Council resolution which is the framework for negotiations and has declared that its objective is to try and reach a negotiated settlement. Syria also signed a disengagement agreement, which it has meticulously observed, and has several times concurred in renewal of the U.N. disengagement observer force. Although the Syrians and Israelis do

not agree on how to proceed with the negotiating process, the Syrians have not said that they are unwilling to pursue peace. What they have said is that movement toward peace must be sought in the broader context of an overall settlement and that the Palestinians must participate in peace negotiations. We are continuing our high-level discussions with Syria, and the other governments involved, in an effort to resolve these differences and maintain the momentum toward peace.

PVO PRIVATE FUNDS

Mr. LONG. AID proposed to allocate $36.7 million to private and voluntary organizations for planning and implementing their programs. How much in private funds is funneled by these organizations to foreign countries? Does AID monitor these agencies in any way, to determine whether funds are spent in ways consistent with U.S. foreign policy aims?

Mr. PARKER. Preliminary estimates indicate that registered PVO's used $505,721,224 in cash and $73,593,710 in donated goods for a total of $579,314,934 in support of their overseas programs in calendar year 1975. Only 82 of the 94 registered agencies have reported as of this date. PVO programs financed with U.S. Government funds are monitored, but AID respects the independence and autonomy of the private agencies and does not oversee the programs financed with private contributions.

Mr. LONG. Thank you, Mr. Parker. This will conclude our hearings for today. The committee is adjourned.

WEDNESDAY, MARCH 24, 1976.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

WITNESSES

SAMUEL W. LEWIS, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS, DEPARTMENT OF STATE
ROY D. MOREY, DEPUTY ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS, DEPARTMENT OF STATE
AMBASSADOR WILLIAM S. MAILLIARD, U.S. PERMANENT REPRESENTATIVE TO THE ORGANIZATION OF AMERICAN STATES
AMBASSADOR GERALD TAPE, U.S. REPRESENTATIVE TO THE INTERNATIONAL ATOMIC ENERGY AGENCY
CHRISTIAN HERTER, JR., DEPUTY ASSISTANT SECRETARY, BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENT AND SCIENTIFIC AFFAIRS, DEPARTMENT OF STATE
SIDNEY S. CUMMINS, BUDGET OFFICER, BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS, DEPARTMENT OF STATE

INTERNATIONAL ORGANIZATIONS AND PROGRAMS
PROGRAM AND FINANCING
[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Program by activities:				
1. United Nations technical assistance and other programs	125,000	169,002	13,400	157,650
2. United Nations Environment Fund	5,000	7,500	----------	5,000

INTERNATIONAL ORGANIZATIONS AND PROGRAMS—Continued

PROGRAM AND FINANCING—Continued

[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
3. Indus Basin Development, loans	199	10,000		
4. Indus Basin Development, grants	9,000	22,500	4,500	
5. Organization of American States		20,800	5,800	15,000
Total obligations	139,199	229,802	23,700	177,650
Financing:				
Recovery of prior year obligations	—291			
Unobligated balance available start of period	—10	—302		
Unobligated balance available end of period	302			
Budget authority:				
Appropriation	139,200			177,650
Appropriation request pending		229,500	23,700	
Relation of obligations to outlays:				
Obligation incurred, net	138,908	229,802	23,700	177,650
Obligated balance, start of period	29,499	52,948	65,703	59,472
Obligated balance, end of period	—52,948	—65,703	—59,472	—60,168
Outlays	115,460	217,047	29,931	176,954

OBJECT CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT				
Investments and loans	199	10,000		
Grants, subsidies, and contributions	9,750	22,500	4,500	
Total obligations, Agency for International Development	9,949	32,500	4,500	
ALLOCATION ACCOUNTS				
Other services	2,744	4,144	404	4,639
Grants, subsidies, and contributions	126,506	193,158	18,796	173,011
Total obligations, allocation accounts	129,250	197,302	19,200	177,650
Total obligations	139,199	229,802	23,700	177,650
Obligations are distributed as follows:				
Agency for International Development	9,949	32,500	4,500	
Atomic Energy Commission	530			
Department of State	128,720	197,302	19,200	177,650

OPENING REMARKS

Mr. PASSMAN. The committee will come to order. We shall continue our examination this afternoon of the budget request for foreign assistance. Today, we will discuss the budget request for the International Organizations and Programs.

We have as witnesses the Honorable Samuel W. Lewis, Assistant Secretary, Bureau of International Organization Affairs, Department of State; Mr. Roy Morey, Deputy Assistant Secretary, Bureau of International Organization Affairs, Department of State; Ambassador William Mailliard, U.S. Permanent Representative to the Organization of American States; Ambassador Gerald Tape, U.S. Representative to the International Atomic Energy Agency; Mr. Christian Herter, Jr., Deputy Assistant Secretary, Bureau of Oceans and International Environment and Scientific Affairs, Department of State; and Mr. Sidney S. Cummins, Budget Officer, Bureau of International Organization Affairs, Department of State. We are glad to have you gentlemen with us this afternoon.

Mr. Lewis, we will insert your statement in the record at this point.

[The statement follows:]

STATEMENT OF SAMUEL W. LEWIS, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS, DEPARTMENT OF STATE

Mr. Chairman:

Although I am new to this position, I am pleased to appear here today to support the President's appropriation request of $177,700,000 in fiscal year 1977 for voluntary contributions to international programs. I would like to place those programs in the context of significant developments which have occurred in the past year.

At the 7th Special Session of the UN General Assembly which convened in September 1975 to discuss international economic cooperation, Secretary Kissinger presented a set of proposals which eventually led to the adoption by consensus of a concrete, practical program for cooperation between the less developed countries and the industrialized world. This result proved that it was possible to deal with current international economic problems in ways which reflect the mutual interests of both the poor and industrialized nations. Preparations for this Special Session were characterized by close and productive cooperation between members of the Congress and the Executive Branch.

We share the views expressed in the report of the Congressional Advisors to the 7th Special Session wherein it makes reference to the creation of "a positive dialogue and an atmosphere of negotiation on North/South issues" and says that the session "marks a significant turning point in US relations with the developing countries that sets the stage for a new era of economic partnership between rich and poor nations." The decided improvement which has been noticeable in negotiations between developing and developed countries in different forums since last fall bears out this interpretation.

We know, however, that this improvement in the negotiating climate will only endure if the United States in particular continues to demonstrate that it takes seriously the aspirations and proposals of the Third World. It is for this reason that US contributions to the voluntary programs of the United Nations and the OAS, which directly address the crucial needs of the developing countries, carry a special significance at this time.

The Administration funding request of $177,700,000 covers 10 UN voluntary programs plus the voluntary programs of the OAS. Since publication of the formal presentation a slight shift has been made in the distribution we propose within the overall requested level, and I would like to draw the Committee's attention to it. In order to keep our contribution to the OAS programs at about the same level as our 1975 contribution of $17.3 million, we have decided that the request for these programs should stand at $17.5 million, an increase of $2.5 million over the amount shown in the presentation. To offset this adjustment we are proposing a reduction in our request for the UN Revolving Fund for Natural Resources Exploration from $5 million to $2.5 million. Although lowering the amount to be contributed to the Natural Resources Fund, it will still be enough to encourage other supporters to contribute and takes into account that progress at the initial stage of the program is expected to be relatively slow. As this will be the first US contribution to the Fund, no negative conclusions can be drawn on the basis of comparison with earlier contributions, as can be done in the case of the OAS.

The principal item in the request is $100 million for the United Nations Development Program (UNDP), which accounts for about two-thirds of all spending by the UN

system on technical assistance. Through its programs in over 100 countries, UNDP reaches into virtually every developing country in the world to assist in the modernization of economic and social service support systems. These programs, consisting typically of the provision of expert services, fellowships, and planning assistance, are implemented by some 16 executing agencies within the UN system through 116 country programs. UNDP projects, to which recipient countries also contribute, run the gamut from vocational and adult literacy training to the development of agriculture, fisheries and basic health services.

The UNDP's five year Second Development Cycle will commence in 1977. A principal characteristic of the second cycle is its increased concentration on the urgent needs of the world's poorest. Eighty percent of UNDP's resources during this cycle will go to programs for the world's 60 poorest countries, all with a per capita income of $500 or less. Furthermore, these resources will go to the areas of greatest need. For example, about 30 percent of UNDP funds are used for food production and related activities.

The criteria for the Second Development Cycle were approved by the January session of the UNDP Governing Council and the plans for that cycle are in the final stages of preparation. These plans are threatened, however, by the financial difficulties presently facing the Program. In late 1975 inflation, contribution receipts which were lower than had been anticipated, and an upsurge in project implementation combined to create a severe liquidity crisis for UNDP.

This was the situation which confronted the UNDP when Bradford Morse, a distinguished American, took over as the

new Administrator of the UNDP in January of this year. He has instituted a series of reforms which we believe will be beneficial in strengthening the administrative structure and procedures of the UNDP, as well as its relations with the agencies which execute its programs. His efforts are already beginning to produce results. Contributions have been coming in at an increased tempo, arrearages are being reduced, and a serious effort to reduce UNDP staffing has been mounted.

Mr. Chairman, I should like to point out that the US contribution to the UNDP as a proportion of total contributions has been steadily declining in recent years. Whereas our contribution of $65 million in fiscal year 1966 constituted 37.4% of the total contributions and our contribution of $90 million in FY 1973 constituted 29% of total contributions, the US contribution of $77.9 million in 1975 constituted only 19% of total contributions. I am convinced that a continuation of this trend would raise very serious doubts and skepticism on the part of developing countries as to whether the US, despite its forthcoming attitude at the 7th Special Session of the General Assembly, sincerely desires to improve the lot of the poorest countries around the world. We currently estimate that a US contribution of $100 million in FY 1977 would only constitute about 20% of total contributions to the UNDP.

I think it is also important to say a few words about the cooperative nature of the UNDP program. The extent of participation by recipient countries is often overlooked. For example, during the first five year Country Programming cycle which draws to a close this year, about $1.5 billion in voluntary contributions will have

been programmed for more than 100 developing countries. In addition, however, the recipient countries will have provided a larger amount estimated at over $2 billion from their own resources for UNDP development activities during the cycle. We expect to see an even more favorable ratio during the coming cycle.

Mr. Chairman, the benefits accruing from a strong, healthy and revitalized UNDP are not one-sided. For the United States the direct benefits are many. For example, American firms receive a significant portion of UNDP contracts for services and equipment. These totalled $21.8 million and $19.5 million, respectively, in 1975. Even more important in the long run are probably the benefits derived by American producers through their sales to firms and institutions which were established with UNDP assistance or were introduced to American products while receiving help through UNDP projects. US firms and institutions have benefited considerably, both as investors and suppliers, from the $18 billion in follow-up investment reported by the UNDP to have resulted from its projects through 1974. In an increasingly interdependent world, the economic and social development of the less developed countries is of vital importance to US economic interests, particularly through the effect which it has on expanding markets for US export products.

Let me turn now to several of the other programs which fall within the overall request for $177,700,000.

The President is proposing for the first time a US contribution to the newly established UN Revolving Fund for Natural Resources Exploration, the purpose of which is to extend and intensify natural resources exploration in developing countries. Given a continuation of current trends, worldwide demand for raw materials will grow much more rapidly than supply, jeopardizing the

continued prosperity of the global economy. We believe it is important to support the Revolving Fund as a measure for diversifying sources for our own future natural resources requirements.

To date $5.4 million has been contributed to the Fund, principally by Japan ($5 million) and the Netherlands. It is proposed that the United States make a contribution of $2.5 million in 1977. We would expect that in 1977 the Fund would be in a position where it could effectively use these funds in implementation of the program's initial projects. A contribution at this level would also encourage wider participation on the part of other developed countries.

Mr. Chairman, you will note that the Administration seeks to increase the US voluntary contribution to the Operational Fund of the International Atomic Energy Agency by $1,500,000 in comparison to its request for fiscal 1976. This sum reflects the increasing importance which the US Government attaches to the work of that organization in promoting the peaceful uses of atomic energy while preventing the diversion of nuclear resources to military ends. $300,000 of the increase is intended to raise the level of the program initiated at the behest of Congress in the Foreign Assistance Act of 1974 to assist the Agency to strengthen its safeguards and physical protection programs.

All the programs of the IAEA are needed in order to assist developing countries in meeting their energy needs, to provide strong US support to IAEA program expansion in response to the energy and food crises, to enable the international community to act wisely with respect to planning for the reprocessing of nuclear material, and to strengthen general international support for IAEA's vital safeguards function. US support for

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the technical assistance program is inextricably linked to the support which other countries manifest towards the safeguards function, the importance of which is growing as knowledge of nuclear technology spreads throughout the world.

We are requesting $5 million for our contribution to the UN Environment Program (UNEP) in fiscal 1977. This represents a decrease of $2.5 million from our request in 1976 and is predicated on Congress allowing the full $7.5 million requested in 1976. UNEP is a fairly new program, having been established effective 1 January 1973. The Environment Fund, at the initiative of the President, was established with an initial funding goal of $100 million for the first five-year period, 1973-77, to which the United States pledged $40 million on a 40/60 matching basis. Congress has authorized US contributions to this Fund in legislation enacted in December 1973. The program, however, got off to a slow start in terms of developing and entering into firm project contracts. Initial start-up problems have now, in the beginning of the fourth year of the program, been largely overcome, and the program's ability to enter into commitments, and hence its actual expenditure rate, will now accelerate steeply. We think $5 million will meet UNEP's basic needs in 1977, although it will require some retrenchment in the program. The present request is a rock bottom requirement in keeping with the President's austerity budget.

The Administration's request includes $17.5 million for the development programs of the Organization of American States. These programs, formulated in conjunction with those of the UN as well as bilateral programs, have been and will continue to be essential elements

in Latin development efforts, as well as our political relations with those countries. Roughly 3,000 Latin Americans receive training annually through OAS sponsored programs. OAS technical assistance in key elements of public finance/labor/employment/wage areas, science and technology, as well as other areas, is contributing to the Latin Americans' ability to respond to their development programs. Given the continued rapid growth of population the need for such external assistance will continue to be of great importance in the coming decade.

As a major donor, the US has constantly sought ways to make the OAS programs more efficient. Recently an External Audit Committee was established with the US being represented by a senior GAO official. In addition, an Advisory Committee on Administrative and Budgetary Matters is in the process of being approved by the OAS governing bodies. This committee will study the proposed program budgets of the organization and present reports with recommendations to the respective governing bodies. In addition, it will provide expert advice in the broad field of administrative, budgetary, and financial matters.

The new Secretary General, who assumed office in July of 1976, is restructuring his top management team with a view to modernizing and streamlining operations. The emphasis will be on maximizing the delivery of direct services, particularly in development areas which the OAS provides to the member states.

In conclusion, Mr. Chairman, I should like to note that we have increased our requests for UNICEF and the World Meteorological Organization's Voluntary Assistance Program over the requests for fiscal 1976. We are also

asking $26.7 million to permit us to continue our support of UNRWA at the same level as in that year.

I will be glad to try and answer any questions which you, Mr. Chairman, and your Committee may have regarding the President's appropriations request under consideration.

Mr. PASSMAN. We will insert certain justification materials in the record at this point.

[The justification materials follow:]

	FY 1975 Actual	FY 1976 Estimated	Transition Quarter	FY 1977 Proposed
Organization of American States	17,292 b/	20,800	5,800	15,050
Special Multilateral Fund for Education, Science and Technology	6,900	7,590	2,080	6,500
Special Projects Fund of OAS (Mar del Plata)	4,000	6,000	1,740	2,250
Special Development Assistance Fund	5,622	6,410	1,760	5,500
Inter-American Export Promotion Fund	770	800	220	800
UN Environment Program c/	5,000	7,500		5,000
Total: International Orgs. and Programs	147,149	197,300	19,200	177,700
Other Appropriations				
UN Fund for Population Activities d/	20,000	21,000	4,600	25,000
Public Law 93-570 (UNRWA)	10,000			
Middle East Special Requirements Fund (UNRWA)	6,000	12,000 g/		
United Nations Fund for Drug Abuse Control e/	5,000	5,000		4,000
International Disaster Relief		200 a/		200 a/
UN Force in Cyprus f/	9,600	9,600	4,800	9,600

a/ U.S. contribution of $750,000 to the United Nations Disaster Relief Office for FY 1975 from International Organizations and Programs account. For FY 1976 and FY 1977, $200,000 is proposed from International Disaster Relief Fund.
b/ Of which $14,700,000 from FY 1975 funds and $2,600,000 from prior year credits. Funding came from Selected Countries and Organizations appropriation.
c/ Authorized by the United Nations Environment Program Act.
d/ Financed from Population Planning and Health appropriation.
e/ Funds requested in Section 482 of this Act.
f/ Financed from Security Supporting Assistance appropriation.
g/ As approved by the House International Relations Committee.

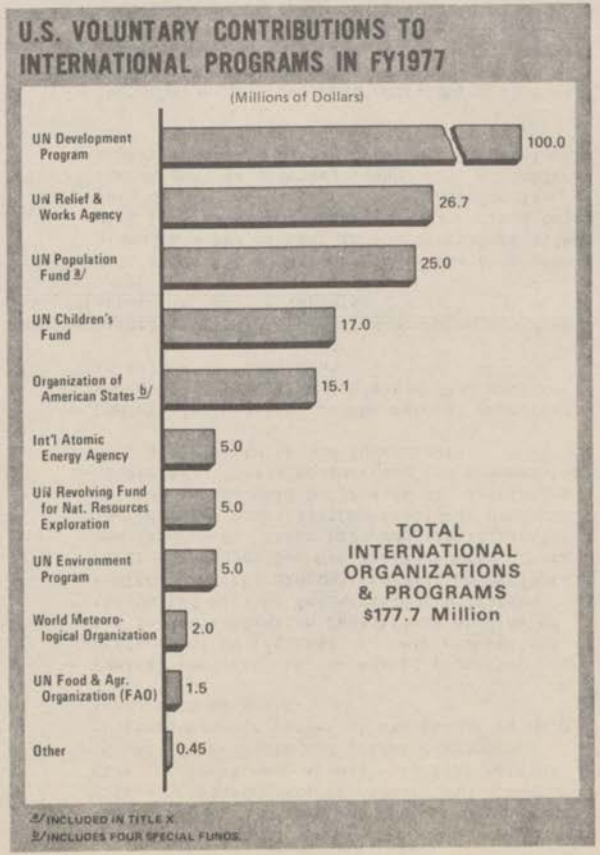
Assistance provided through international organizations plays an important part in U.S. foreign policy and the advancement of U.S. interests.

-- The U.S. makes voluntary grant contributions to 12 international organizations and programs of the United Nations and the Organization of American States from funds appropriated under Chapter III of the Foreign Assistance Act. These are described in this volume.

-- The annual grants made to these organizations by the United States and over 100 other countries are allocated by the various governing boards of these agencies to attack global problems, to provide humanitarian services and to help developing countries modernize their economies. The U.S. Government is represented on all these boards and works with other member governments in deciding on programming priorities and methods which have general approval.

The majority of UN technical assistance programs are funded and coordinated by the UN Development Program (UNDP) - the largest technical assistance program in the world.

-- The UNDP is supported entirely by voluntary contributions and plans and funds "Country Programs" in over 100 developing countries, drawing upon the Specialized Agencies of the UN and the World Bank group to execute the projects.



-- The UNDP Resident Representative in every country with an assistance program is the focal point for the UN system and works closely with bilateral assistance programs as well.

The development assistance programs supported by voluntary contributions contribute to worldwide support for United Nations standard-setting and regulatory activities which are in the interest of the United States.

-- The large number of developing countries, most of which gained independence in the last two decades, look to the United Nations for technical assistance to modernize their social and economic systems.

-- Technical assistance provided by the World Meteorological Organization (WMO) makes possible participation by developing countries in the data gathering facilities of the world weather watch.

-- The International Atomic Energy Agency (IAEA) gains support for the monitoring of the nuclear nonproliferation treaties through its assistance in the development of nuclear energy.

-- The United Nations Environmental Program (UNEP) provides assistance in problems of human settlements, gaining the support of the developing countries for its monitoring programs as a result.

Development assistance by the United Nations and the Organization of American States benefits U.S. investment and trade.

-- In a world of increasing interdependence, we need healthy and expanding world trade to assure supplies of raw materials at reasonable prices, expanding export markets and opportunities for investment abroad with fair returns. UN and OAS economic and social development programs provide technical assistance to help achieve these goals.

-- Typical projects are the export promotion projects of UN regional economic commissions, the industrialization feasibility studies of the United Nations Industrial Organization (UNIDO), and the mineral exploration projects of the UN Center for Natural Resources, Energy and Transport. These programs significantly increase the probabilities that U.S. products and procedures will be used in the developing countries. They also increase the chances for U.S. joint ventures and investment.

-- UNDP-funded projects in the natural resources sector have led to an estimated $232 million in follow-up investment.

The Organization of American States promotes important U.S. interests in this hemisphere.

-- U.S. support of OAS technical assistance programs is a key element in our overall relations with Latin America. These programs are a major part of our assistance to Latin America in fields such as science, technology, education, export trade and economic and social development.

-- The substantial resources contributed to these programs by the Latin American governments reflect the priority given them. U.S. participation is also taken as evidence of U.S. interest in the development of Latin America and of the reality of inter-American collaboration.

The humanitarian and emergency services of the UN reinforce our own bilateral programs.

-- The World Food Program delivers hundreds of millions of dollars worth of food to the neediest countries to support self-help projects like digging irrigation ditches, planting trees, building farm-to-market roads and reclaiming farm land.

-- The UN Children's Fund helps to feed children and mothers threatened by severe malnutrition in countries such as Ethiopia and Bangladesh, and in the Sahel region of Africa.

-- The UN Disaster Relief Coordinator has assessed needs and coordinated relief efforts in the Philippines, the Sudan, Nicaragua and many other countries.

-- The UN Development Program is funding long-range studies of drought conditions in the Sahel to prevent the recurrence of the disasters of the past few years.

UN development assistance programs are increasingly focused on the poor.

-- The UN Development Program has decided that 30% of its resources in the next five years will go to the 28 least developed countries selected by the United Nations. Approximately 80% of all its resources will be funding projects in poorer countries with a per capita GNP of $500 or less.

-- UNICEF is putting greater emphasis on countries with very special problems affecting the health and nutrition of children and their mothers - often the most vulnerable elements in populations suffering from food shortages and inflation.

Other countries are increasing their contributions to UN programs while our percentage has dropped.

-- The U.S. has often pioneered in new multilateral programs, such as the UN Fund for Population Activities (UNFPA) and the UN Environment Program, making the largest contributions at the beginning. In recent years, as others have recognized the value of the programs, the contributions by other donors have risen more rapidly than our own and the U.S. percentage of total contributions has declined as the programs are successfully implemented.

-- The present U.S. contribution to the largest of these voluntary development funds, the UNDP, is less than 20%, in contrast to 40% at the outset of the program over ten years ago. The Scandinavian and Western European countries are now contributing more than the U.S., and in 1975 the contributions of all other donors increased 18%. The multiplier effect is working and they shoulder an increasingly large share.

-- At the same time, if U.S. leadership and influence in this and other UN programs is to continue, we will have to raise our contributions while encouraging others to increase theirs.

-- A new OAS program, the Mar del Plata Special Fund, is directed at helping two or more countries address specific problems in education and science areas. Major Latin donors--Argentina, Brazil, Mexico and Venezuela--channel a percentage of their contributions in support of programs for the lesser-developed countries of the region.

UN development programs provide a climate which enhances international cooperation and negotiation.

-- In the UN General Assembly and other governing bodies, the fact that the U.S. makes voluntary contributions to the UN programs helps to create an atmosphere in which consensus and negotiation rather than political confrontation are possible on key world issues.

-- At the 7th Special Session of the UN General Assembly, proposals by the United States led to an improved atmosphere. This Session demonstrated a willingness by developing countries to cooperate in seeking mutually advantageous solutions and showed that developed and developing countries could work together in a constructive fashion. Support for voluntary programs is essential to maintain this cooperative atmosphere and achieve practical results.

VOLUNTARY FUNDS
OF THE ORGANIZATION OF AMERICAN STATES

Four OAS Voluntary Funds are supported by the United States with contributions under this appropriation.

-- The OAS sponsors a variety of institutes, funds, commissions, foundations, and specialized agencies to promote economic and social cooperation among the countries of the hemisphere. Basically, these fall into two categories:

** Those that are funded by assessed contributions from the member governments;

** Those that are funded by voluntary government contributions.

The four voluntary programs in which the United States participates are:

-- The Special Multilateral Fund of the Inter-American Council for Education, Science and Culture which supports regional development activities in education, science and technology. The basic focus is on strengthening the capabilities of national institutions to meet training and research needs.

-- The Special Projects Fund of the OAS (Mar del Plata) which provides the means for two or more member states to plan jointly a project addressing a specific educational, scientific, or technological problem of the participating states with emphasis placed on problem solving.

-- The Special Development Assistance Fund which supports technical cooperation programs in economic and social development in Latin America and the Caribbean. Its activities are selected by the Inter-American Economic and Social Council.

-- The Inter-American Export Promotion Fund which assists the member states in their national efforts in export promotion.

Mr. PASSMAN. I want to say, Mr. Herter, every time I see you, I am reminded of your late father, a great American, a great Member of Congress, a great Governor, and, of course, a great Secretary of State. It reminds me how long I have been in the Congress when I think about your late father.

INTERNATIONAL ORGANIZATIONS AND THE BUDGET

I might state that I was told by the chairman of the Budget Committee that when the fiscal year 1976 foreign aid appropriation bill left the House to go to the Senate, that we were scraping the bottom of the reserve left after deducting all the legislation thus far enacted. Therefore, every dime that we buy that the Senate put in will probably have to be taken away from American programs.

We don't have the money, and, as you know, the four international financial institutions appeared before our committee last week and stated they had obligated $8½ billion for 377 new projects in 84 nations of the world.

So any additional money we provide over and above what the House approved for the foreign aid program will have to come out of some U.S. program, and the chairman of the House Budget Committee is so worked up over it that he has contacted, I believe he said, Mr. Muskie on the other side, because we do have a legal limit, as you gentlemen know, and he is going to send the committee a letter to that effect.

ACCOUNTABILITY OF INTERNATIONAL ORGANIZATIONS

It is my understanding that under these international programs, and of course that would include the U.N. Development Program (UNDP), that those who administer the program are not privileged to appear before the committee to testify for funds. Is that correct?

Mr. LEWIS. That is correct, Mr. Chairman.

Mr. PASSMAN. In other words, you are testifying for funds, but you do not administer the funds?

Mr. LEWIS. That is correct.

Mr. PASSMAN. And I believe also under the program that we are not allowed to have detailed audits of projects, because it is an international organization.

Mr. LEWIS. There are detailed audits.

U.S. AUDITS

Mr. PASSMAN. I am talking about the U.S. auditors.

Mr. LEWIS. The U.S. auditors are not permitted to audit the programs; that is correct.

Mr. PASSMAN. We are not blaming you, but we are just going on blind faith, and say: "Here is the money and we hope you spend it wisely." Isn't that correct?

Mr. LEWIS. There are audit reports which are available to the committee done by internationally recognized experts.

Mr. PASSMAN. However, it is only the international organizations that cannot be audited by U.S. Government auditors?

Mr. LEWIS. That is correct, Mr. Chairman.

UNDP PROJECTS

Mr. PASSMAN. I met our new director of the UNDP, Mr. Morse and I mentioned to him about the number of projects in the UNDP. He did not hesitate to say in his opinion they had too many projects. Is that your understanding?

Mr. LEWIS. I think he has said that.

Mr. PASSMAN. He did say that, and I am glad you confirm it. I would assume if you had too many projects, instead of increasing the amount of funds, it would appear to me it would justify reducing the amount even below what the House allowed.

As I read the record on page 28 of the March 1 House report, it says:

> During the hearings it was brought out that the UNDP not only had 1,051 personnel in its headquarters and field operations but that the UNDP hired 9,801 experts in 1974. The committee feels that this certainly would make for a top-heavy organization.
>
> In addition, it was discovered that the UNDP administered 9,337 individual country and inter-country projects.

Is that your understanding?

Mr. LEWIS. Yes, Mr. Chairman. May I add one thing——

Mr. PASSMAN. Let me finish, and you will have your time to talk. I would assume this is what the new administrator was referring to when he said there were too many projects. Would you think so?

Mr. LEWIS. I would think so.

Mr. PASSMAN. Thank you. Now what is your statement?

Mr. LEWIS. We have just done a doublecheck with the Administrator after reading the report of your committee and we are informed by the Administrator's office that the current accurate statistic is 7,946 individual projects. Of this number, roughly 2,630 are large-scale projects, that is to say, they cost more than $150,000 each. The others are very small projects, but that is a lot of projects.

Mr. PASSMAN. But from the little acorns, big trees grow. You agree with that?

Mr. LEWIS. Not necessarily.

Mr. PASSMAN. You mean from little acorns big trees don't grow?

Mr. LEWIS. Yes, sir; but individual projects often die. They don't necessarily get bigger.

Mr. PASSMAN. Of course you are only borrowed to testify for him. He is not privileged to testify. I believe the president of one of the biggest banks in the world, Mr. Peterson, just about wrecked his health and threw up his hands over this thing and went back to California, didn't he?

Mr. LEWIS. He returned to California.

Mr. PASSMAN. All right. I will take your word; he returned to California rather than went back. I am from the South, and we have different ways of expressing ourselves in the South.

DIFFERING REPORTS ON NUMBER OF PROJECTS

This only points up just what a loose program we have, that some of the borrowed testifiers stated to us categorically and furnished the information that they had 9,337 individual country and intercountry

projects. Now you come in and say this is a different figure. Which report shall we believe?

Mr. LEWIS. All I can say is that the latest statistics we have been furnished are the ones I gave you.

Mr. PASSMAN. Are you in a position to say what projects in what country and what amount you have canceled?

Mr. LEWIS. We haven't canceled projects.

Mr. PASSMAN. The man said you had 9,337. How can we hold him accountable to the figure and let him tell the committee you had this many projects, and now you are coming in with some 2,000 less?

Mr. LEWIS. Mr. Chairman, I don't know what the basis for the previous figure was.

Mr. PASSMAN. It is not your fault. You are a borrowed witness to come in and testify for something you don't have anything to do with. The other man administers the program, and he sent you down as a borrowed man to testify, but the gentleman in New York, Mr. Morse, administers the program.

UNDP GOVERNING COUNCIL

How many are on the Governing Council of the UNDP that administer the program in New York?

Mr. LEWIS. Mr. Chairman, 48 countries are on the board.

PROJECT APPLICATIONS

Mr. PASSMAN. Let me ask you this: If an application is submitted for a project, who determines whether or not it is a good or bad project? How many are on the committee that make the determination that reads the application?

Maybe I can put it differently. All banks have a board of directors, and usually a loan application is submitted and many times by vote they decide whether or not it is approved. Is that true with the UNDP program when you have applications?

Mr. LEWIS. My understanding, Mr. Chairman, is that a project is developed in the first place by the country that asks for it, working in conjunction with the U.N. Resident Representative in that country.

Mr. PASSMAN. I am talking about final approval in New York.

Mr. LEWIS. Final approval, I believe, is made in New York by the Regional Administrator for the region, but within the guidelines set down by the Governing Council.

GOVERNING COUNCIL MEMBERSHIP

Mr. PASSMAN. How many are on the Governing Council?

Mr. LEWIS. Forty-eight.

Mr. PASSMAN. All these people have a say-so about this?

Mr. LEWIS. They all have a say-so about the general policy.

Mr. PASSMAN. I am trying to make a record to help all of us.

You have 48 on the board. Could you tell us at this time, give us the name of the 48 and the countries? Let's take our time, and if you will just bear with me a minute, we are going to make a good record here.

What are the names of the 48 people who look a project over?

COUNTRIES REPRESENTED ON BOARD OF THE GOVERNING COUNCIL

Mr. LEWIS. I do not have names of individuals. I can give you the names of the countries that are represented on the council.

Mr. PASSMAN. Let's name them.

Mr. LEWIS. Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, Soviet Union, Great Britain, the United States, Brazil, Bulgaria, Central African Republic, Chad, China, Cuba, Ecuador.

Mr. PASSMAN. Which China?

Mr. LEWIS. People's Republic of China, Argentina, Ghana, Hungary, India, Iran, Colombia, Dahomey, Indonesia, Malawi, Mali, Malta, Mexico, Pakistan, Philippines, Poland, Somalia, Peru, Sierre Leone, Sri Lanka, Tunisia, Yemen, Niger, and Guyana.

Mr. PASSMAN. That is the 48?

Mr. LEWIS. There are 17 developed countries and 31 developing.

[The information follows:]

HEADS OF DELEGATIONS ATTENDING UNDP GOVERNING COUNCIL

The following individuals led their countries' delegations to the 21st Session of the UNDP Governing Council which met in New York City, January 15 to February 4, 1976.

Argentina	Dr. Carlos Ortiz de Rozas
Austria	Mr. Peter Jankowitsch
Belgium	Mrs. S. Vervalcke
Benin	Mr. Thomas S. Boya
Brazil	Mr. Sergio Correa da Costa
Bulgaria	Mr. Hristo Darenkov
Canada	Mr. B. M. Williams
China	Mr. Lai Ya-li
Colombia	Dr. Rafael Rivas
Cuba	Dr. Ricardo Alarcon de Quesada
Denmark	Mr. Bjorn Olsen
Finland	Mr. Wilhelm F. Breitenstein
France	Mr. Michel Rouge
Germany, Federal Republic of	Mr. Horst Moltrecht
Ghana	Mr. J.A. Asmah
Guyana	Mr. Winston King
Hungary	Mr. Endre Ivan
India	Mr. Rikhi Jaipal
Indonesia	Mr. Chaidir Anwar Sani
Iran	Mr. Fereydoun Hoveyda
Italy	Mr. Alberto Cavaglieri
Japan	Mr. Masao Kanazawa
Kuwait	Mr. Abdalla Yacoub Bishara
Lesotho	Mr. David Ketso 'Noto
Malawi	Mr. A. H. Madinga
Mali	Mr. Mamadou Boubacar Kante
Malta	Mr. Victor J. Gauci
Mexico	Mr. Alvaro Carranco Avila
Netherlands	Dr. Johan Kaufmann

New Zealand	Mr. Malcolm J. C. Templeton
Niger	Mr. Illa Salifou
Norway	Mr. Knut Hedemann
Pakistan	Mr. Iqbal A. Akhund
Peru	Mr. Hugo V. Palma
Philippines	Mr. Narciso G. Reyes
Poland	Mr. Antoni Czarkowski
Central African Republic	Mr. Jean-Arthur Bandio
Sierra Leone	Mr. Samuel Ramsay Nicol
Somalia	Dr. Mohamed Warsama
Sri Lanka	Mr. Hamilton Shirley Amerasinghe
Switzerland	Mr. Marcel Heimo
Sweden	Mr. Lennar Klackenberg
Tchad	Mr. Beadengar Dessande
Tunisia	Mr. Rachid Driss
Union of Soviet Socialist Republics	Mr. G. Lissov
United Kingdom of Great Britain and Northern Ireland	Sir Richard King
United States of America	Mr. Daniel P. Moynihan
Yemen	Dr. Abdulkarim Al-Iryani

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PROJECT APPROVAL

Mr. PASSMAN. When the project is submitted, do all of these people then review it, discuss it, debate it, and whatever?

Mr. LEWIS. They set the general policy. The individual projects are approved by the Regional Administrator of the UNDP.

Mr. PASSMAN. But the final decision is made by the 48 people on the board when it comes back to New York?

Mr. LEWIS. As to the total amount of money for each country in which the projects are to be carried out; that is right.

Mr. PASSMAN. That is what I said. I am trying to get a correct answer. This council of 48, the application is before them, and I guess they debate it and decide yes or no. Is that the way it goes?

Mr. LEWIS. As I said, Mr. Chairman, my understanding is that the council does not approve individual projects. It sets funding guidelines for countries; project approvals are done by the Regional Administrator.

Mr. PASSMAN. Out in the country involved. That makes it worse.

Mr. LEWIS. No; in New York, the Regional Administrator for the region of the world——

UNDP PERSONNEL

Mr. PASSMAN. That accounts for the 1,051 personnel, I guess, then?

Mr. LEWIS. There are 1,051 both abroad and in New York, yes, sir, administering a very large program.

Mr. PASSMAN. I certainly agree with you on that. Did you read George Meany's statement?

Mr. LEWIS. I read the quotation from the statement which was in your report; yes, sir. I have not read his full testimony.

Mr. PASSMAN. Remember there are three sides to this: Your side, my side, and the right side, and we have to try to somehow or other find the right side.

GEORGE MEANY'S OPPOSITION TO UNDP

Meany said, and I am quoting:

AFL–CIO President George Meany asked Congress today to stop supporting the United Nations Development Program, charging it has changed from humanitarian to hostile.

Meany said the organizations supporting the UNDP—the UN program for developing nations—have been completely perverted to the service of the most destructive and vicious political ends. Meany made the charges in testimony before the House Committee on International Relations. He said UNDP programs have become instruments of political warfare against our country and hostile to the interests and ideals of the people of the United States.

We will take a brief recess and all go vote.

[Brief recess taken for members to vote.]

RECONCILING FIGURES ON NUMBER OF PROJECTS

Mr. PASSMAN. We will resume our hearings.

We are terribly confused, and you are familiar with the fact that someone who testified stated they had 9,337 individual projects. How are we going to be able to reconcile which figure is correct?

Mr. LEWIS. Mr. Chairman, if I may, I think both figures are correct, because that was a figure for 1974. The figure I have given you is the figure at the beginning of 1976.

Mr. PASSMAN. We still are working on fiscal 1976; you should know.

Mr. LEWIS. Many of these projects are quite short term. They last 3 months, 6 months, and they terminate. So there are fewer now.

U.N. EXPANDED PROGRAM FOR TECHNICAL ASSISTANCE

Mr. PASSMAN. It takes personnel to administer them. This is what we used to refer to as the U.N. expanded technical aid program; is that the way it used to be defined?

Mr. LEWIS. I believe so. U.N. expanded program of technical assistance.

Mr. PASSMAN. So it is what we normally refer to as technical aid, better fences, deep wells, better hogpens and just technical aid. Is that right?

Mr. LEWIS. Advice of a technical nature, agriculture, health——

Mr. PASSMAN. It covers the waterfront on technical aid. Is that correct?

Mr. LEWIS. Yes, sir.

PEACE CORPS TECHNICAL AID

Mr. PASSMAN. If we look at the Peace Corps, they, too, are in the area of technical aid?

Mr. LEWIS. The Peace Corps does more direct work rather than advisory service.

Mr. PASSMAN. But they are building fences, digging wells, et cetera?

Mr. LEWIS. Yes.

BILATERAL AND MULTILATERAL TECHNICAL AID

Mr. PASSMAN. OK. Thank you very much. Then we have our bilateral technical aid, so here are three technical aid programs. I understand at one time that the people in the U.N. and the people involved in the U.S. bilateral program in some country, it may have been Afghanistan, got in a fist-fight over a project. One said it is mine, and the other said it was his. You may remember that; it goes back 8 or 9 years ago.

JURISDICTION OVER TECHNICAL AID PROGRAMS

Have you had any fights lately about jurisdiction, over who is invading the other's jurisdiction?

Mr. LEWIS. I don't know of any recent fights.

Mr. PASSMAN. That makes me feel good because it is a wonder you don't fight every day. You know we have many separate and distinct technical aid programs. A lot of fancy names, but they are doing about the same type of work. It's a wonder there hasn't been shooting, but I am glad to hear there are no fights lately.

There are so many things about this program that should be cleared up, that I just had to get into it and bring out for the record the un-

believable number of projects, whether they are little or big, long or short; they are still individual projects in countries which require supervision. It takes money to pay for them, doesn't it?

Mr. LEWIS. Yes, sir?

Mr. PASSMAN. Mr. Roush?

Mr. ROUSH. I have no questions, Mr. Chairman.

Mr. PASSMAN. Well, I shall proceed then.

BUDGET REQUEST

As Dr. Hannah used to say, there is an asking price and a taking price. I believe your asking price for fiscal 1977 is $172.7 million for the total program. Does that include the U.N. Environment Fund?

Mr. LEWIS. With the environmental program it is $177.7 million.

Mr. PASSMAN. Under this arrangement, then, the budget request is $17,150,000 below the asking price for fiscal 1976; is that correct?

Mr. LEWIS. Yes, Mr. Chairman.

MONITORING OF U.S. CONTRIBUTIONS

Mr. PASSMAN. Could you please tell the committee what steps have been taken by the U.S. Government to insure that its funds contributed to these international organizations are being spent in an effective and proper manner?

Mr. LEWIS. The proper and effective use of U.S. funds contributed to international organizations is a matter of great concern to the Government and occupies the serious attention of my Bureau and other elements of the U.S. Government. Their time and efforts toward this end are concentrated in the first instance on the governing bodies of which the United States is a member. These bodies establish the agencies' policies, program criteria, budgets, and fiscal arrangements. The U.S. Government through its representatives has been notably successful in encouraging proper programing and sound administrative practices. In addition to our work in the intergovernmental bodies, U.S. influence is extended through daily contacts between the officers of our several missions to these organizations and the leadership and headquarters staff of the agencies. Beyond this, special efforts are made to hold regular exchanges with agency personnel, for example, the Resident Representatives of UNDP who are departing for or returning from field assignments. And finally, we arrange for periodic consultations with high level officials of the secretariats of these international organizations.

These four channels—in governing bodies, U.S. Mission monitoring, private conversations in Washington, and official consultations at agency headquarters—provide the United States with a wide range of opportunities to discover and follow agency operations and as well as afford us the opportunity to press our views, preferences, and recommendations. While the activity of monitoring and influencing the organizations is and must be continuous, we feel that the results have been salutary and satisfactory. May I also add, Mr. Chairman, that my Bureau, when appropriate, nominates highly qualified Americans for positions of responsibility on the staffs of these international organi-

zations. I am happy to report that many of these candidates have been chosen for important assignments within the United Nations system.

COMMUNIST COUNTRIES RECEIVING ASSISTANCE

Mr. PASSMAN. Would you please list for the record the Communist countries that received funds from the various programs listed on pages I and II, showing which programs the funds are received from?

Mr. LEWIS. U.N. development program provides assistance to: Albania, Bulgaria, Cuba, Czechoslovakia, Hungary, Laos, Mongolia, Poland, Romania, and Yugoslavia.

U.N. Children's Fund provides assistance to: Cuba, Laos, Mongolia, North Vietnam, Romania, South Vietnam, and Yugoslavia.

International Atomic Energy Agency Operational Fund provides assistance to: Albania, Bulgaria, Cuba, Czechoslovakia, Hungary, Poland, Romania, and Yugoslavia.

World Meteorological Organization: No funds are given to any Communist country. However, assistance in kind—equipment and training—is provided to Bulgaria, Czechoslovakia, and Mongolia.

U.N. Food and Agricultural Organization—World food program: During the 1975–76 biennium assistance was provided to Cuba. In April 1975, the WFP made $6 million available to Indochina for emergency assistance. The United States did not contribute to the latter assistance after the fall of South Vietnam.

U.N. Institute for Training and Research: The Institute does not provide funds to individual governments.

The following programs gave no funds to Communist countries: U.N. Relief and Works Agency for Palestine Refugees; U.N. educational and training program for Southern Africa; U.N. Revolving Fund for Natural Resources Exploration; Organization of American States; Special Multilateral Fund for Education, Science, and Technology; Special Projects Fund of OAS—Mar del Plata; Special Development Assistance Fund; and Inter-American Export Promotion Fund.

U.N. Environment Program: In 1975 UNEP organized an international symposium in the German Democratic Republic. UNEP's contribution to this symposium was $260,800.

U.S. PERCENTAGE OF TOTAL CONTRIBUTIONS

Mr. PASSMAN. What percentage is the U.S. contribution for each of the programs listed on pages i and ii?

Mr. LEWIS. I have a table which has the percentages for 1975. That is the last year for which accurate contribution figures are available. [See table below.] Most countries have not yet made their pledges for 1977 so it is not possible to say what percentage the amounts that we are recommending for the U.S. contribution will be of the total. I would expect that the U.S. percentage would be roughly the same or lower, because in many of these organizations the trend has been for the donations of other countries to increase more rapidly than those of the United States.

U.S. percentage of total contributions to United Nations programs in 1975 [1]

U.N. development program	19.2
U.N. Children's Fund	17.9
International Atomic Energy Agency Operational Fund	26.25
World Meterological Organization [2]	31.0
U.N./Food and Agricultural Organization: World food program [3]	23.5
U.N. Institute for Training and Research	26.6
U.N. Relief and Works Agency for Palestine Refugees	35.0
U.N. educational and training program for Southern Africa	3.0
Organization of American States	66.0
U.N. Environment Program	17.12

[1] Calculated on the cash contributions by governments except where noted.
[2] Includes contributions in cash and in kind.
[3] Includes contributions in cash and in kind during the 1975–76 biennium.

TABLE OF CONTRIBUTIONS AND EXPENDITURES

Mr. PASSMAN. Would you please provide for the record a table similar to the one that appeared on page 266 of last year's hearings showing the estimated unexpended balances for each of the programs?

Mr. LEWIS. Yes, sir.

[The table follows:]

Question No. 6
Submitted by Mr. Passman
House Appropriations Committee
Mr. Levis' Testimony
March 24, 1976

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS
ESTIMATED EXPENDITURES AND UNEXPENDED BALANCES FY 1976 and 1977
(in thousands of dollars)

Organization	Unexpended 6/30/75	FY 1976 obligations 1/	Total Availability	FY 1976 Expenditures 2/	Unexpended 9/30/76	Proposed FY 1977	Total Availability	FY 1977 Expenditures	Unexpended 9/30/77
UN Development Fund	23,881	120,000	143,881	133,881	10,000	100,000	110,000	100,000	10,000
UN Children's Fund	13,777	15,000	28,777	23,777	5,000	17,000	22,000	17,000	5,000
IAEA Operational Program	3,779	3,500	7,279	3,779	3,500	5,000	8,500	3,000	5,500
WMO Voluntary Assistance Program	4,197	1,500	5,697	2,997	2,700	2,000	4,700	1,900	2,800
UN/FAO World Food Program	500	1,500	2,000	2,000	-0-	1,500	1,500	1,000	500
UN Relief And Works Agency	-0-	40,100	40,100	33,400	6,700	26,700	33,400	26,700	6,700
UN Institute for Training & Research	400	400	800	800	-0-	400	400	200	200
UN Fund for Southern Africans	-0-	50	50	50	-0-	50	50	50	-0-
UN Revolving Fund for Natural Resources	-0-	-0-	-0-	-0-	-0-	5,000	5,000	2,000	3,000
OAS, Voluntary Programs	-0-	26,600	26,600	20,800	5,800	15,050	20,850	13,050	7,800
World Heritage Trust Fund	-0-	50	50	50 3/	-0-	-0-	-0-	-0-	-0-
Spec. Contributions to Viet Nam	144	-0-	144	144	-0-	-0-	-0-	-0-	-0-
UN Population Fund	39,933	25,600	65,533	35,533	30,000	25,000	55,000	35,000	20,000
UN Fund for Drug Abuse Control	7,600	5,000	12,600	6,600	6,000	4,000	10,000	5,000	5,000
UN Force in Cyprus	4,800	14,400	19,200	14,400	4,800	9,600	14,400	9,600	4,800
UN Relief And Works Agency	6,000	-0-	6,000	6,000	-0-	-0-	-0-	-0-	-0-
UN Environment Program	5,000	7,500	12,500	10,700	1,800	5,000	6,800	4,800	2,000
	110,011	261,200	371,211	294,911	76,300	216,300	292,600	219,300	73,300
Appropriation									
International Organizations and Programs	46,678	208,700	255,378	221,678	33,700	172,700	206,400	164,900	41,500
Population Growth/Planning	39,933	25,600	65,533	35,533	30,000	25,000	55,000	35,000	20,000
International Narcotics Control	7,600	5,000	12,600	6,600	6,000	4,000	10,000	5,000	5,000
Supporting Assistance	4,800	14,400	19,200	14,400	4,800	9,600	14,400	9,600	4,800
Middle East Requirement Fund	6,000	-0-	6,000	6,000	-0-	-0-	-0-	-0-	-0-
UN Environment Program	5,000	7,500	12,500	10,700	1,800	5,000	6,800	4,800	2,000

1/ Including Transition Quarter for UNRWA $13.4 million; OAS $5.8 million; Population $4.6 million; Cyprus $4.8 million.
2/ Including Transition Quarter or a total of 15 months.
3/ Will not be used unless President makes certification required by Section 9(h) of the FAA.

Mr. PASSMAN. Would you also provide for the record tables similar to those appearing on pages 268, 269, 270, 271, 272, and 273 of last year's hearings using the updated figures concerning U.S. contributions to international organizations?

Mr. LEWIS. Yes, sir.

[The table follows:]

UNITED STATES CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS 1/
FISCAL YEARS 1975 - 1977 ESTIMATED
(In Thousands of Dollars)

	1975			F.Y. 1976/TQ *			1977		
	State Contributions Appropriation	Foreign Assistance Voluntary 2/	Other Appropriation	State Contributions Appropriation	Foreign Assistance Voluntary 2/	Other Appropriation	State Contributions Appropriation	Foreign Assistance Voluntary 2/	Other Appropriation
UNITED NATIONS AND SPECIALIZED AGENCIES									
United Nations	59,559 3/		10,111 4/	88,360 3/	20,000	2,696 4/	87,185 3/	17,000	117 4/
United Nations Children's Fund		17,000			99,850			100,000	
United Nations Development Program		77,897			200			200	
United Nations Disaster Relief Organization		750							
United Nations Emergency Force (UNEF/UNDOF)			28,837			51,853			45,000
United Nations Force in Cyprus		9,600			14,400 5/			9,600	
United Nations Fund for Drug Abuse Control		5,000			5,000			4,000	
United Nations Fund for Population Activities		20,000			25,600 6/			25,000	
United Nations High Commissioner for Refugees Program			1,300			1,471			1,471
Special Resettlement and Relief Programs			15,900			28,122			10,000
United Nations Institute for Training and Research		400			400			400	
United Nations Memorial Cemetery Commission - Korea			12			10			10
United Nations Relief and Works Agency		25,200	16,000 7/		40,100 8/			26,700	
United Nations Volunteers			--			75			100
Food and Agriculture Organization	13,551			20,798			20,798		
UN/FAO - World Food Program		1,500 9/	68,500 6/		1,500 9/	68,500 6/		1,500 9/	92,500 6/
UN/FAO Sahelian Trust Fund			1,495			--			--
Intergovernmental Maritime Consultative Organization	152			228			259		
International Atomic Energy Agency	7,779			9,634			11,345		
IAEA - Operational Program		2,500			4,500			6,000	
International Civil Aviation Organization	4,745 10/			5,392			5,790		
International Labor Organization	11,284			25,902 11/			20,260		
International Telecommunication Union	1,138			1,508			1,470		
United Nations Educational, Scientific and Cultural Organization	15,821 12/			-- 13/			-- 14/		
Trust Fund for Nubian Monuments			1,000			--			--
Universal Postal Union			168	282			316		
World Health Organization	28,802 15/			39,154 16/			38,155 17/		
Special Voluntary Programs			1,500			3,000			2,500
World Meteorological Organization	1,571			2,670			2,295		
WMO - Voluntary Assistance Program		1,500			1,500			2,000	
United Nations Environment Fund		5,000			7,500			5,000	
United Nations Fund for Southern Africans		50			50			50	
United Nations Namibia Institute		--			250			--	
U.N. Revolving Fund for Natural Resources Exploration		--			--			2,500	
U.N. Trust Fund for Development Planning and Projections			--			--			860
World Intellectual Property Organization	--			116			136		
Sub-total	142,378	164,397	142,821	189,846	220,850	155,727	188,007	199,950	152,058
INTER-AMERICAN ORGANIZATIONS									
Organization of American States	22,712			35,001			27,005		
Inter-American Export Promotion Center			770		910 18/			800	
Special Development Assistance Fund			5,622		7,290 19/			5,500	
Special Multilateral Fund (Education and Science)			10,900		8,650 20/			6,500	
Special Projects			--		6,870 21/			2,250	
Pan American Health Organization	13,898			17,412			19,009		
Special Voluntary Programs			1,850			2,000			2,000
Inter-American Indian Institute	62			62			88		
Inter-American Institute of Agricultural Sciences	3,939			4,405			4,758		
Inter-American Tropical Tuna Commission			709			826			1,012
Pan American Institute of Geography and History	195			195			195		
Pan American Railway Congress Association	15			15			15		
Postal Union of the Americas and Spain			45			48			52
Sub-total	40,821	-0-	19,896	47,090	23,700	3,874	51,070	15,050	3,124
REGIONAL ORGANIZATIONS									
North Atlantic Treaty Organization	9,602			11,523			13,175		
North Atlantic Assembly	126			191			213		
Central Treaty Organization			220			281			509
Multilateral Science Fund			20			20			20
Multilateral Technical Cooperation Fund			100			105			105
CENTO: Other Voluntary Programs			225			225			225
Colombo Plan Council	6		12			13			13
Narcotics Control Program			85			100			100
Indus Basin Development			9,000			37,000			--
Organization for Economic Cooperation and Development	7,991			12,891			15,890		
Southeast Asia Treaty Organization	604			587			467		
South Pacific Commission	198			487			715		
Sub-total	18,529	-0-	9,651	25,701	-0-	37,751	30,455	-0-	750

OTHER INTERNATIONAL ORGANIZATIONS										
Customs Cooperation Council										
General Agreement on Tariffs and Trade	802			796			896			
Hague Conference on Private International Law			1,558	1,989			2,186			
Intergovernmental Committee for European Migration	20			25			27			
International Agency for Research on Cancer			3,400							3,000
International Agricultural Research Institutes	397			571		3,000				
International Bureau of Exhibitions			11,000			19,100	626			20,000
International Bureau of the Permanent Court of Arbitration	8			15			17			
International Bureau, Protection of Intellectual Property	2			3			3			
International Bureau for the Publication of Customs Tariffs	46			--			--			
International Bureau of Weights and Measures	28			28			29			
International Center, Preservation of Cultural Property	149			182			209			214
International Coffee Organization	30			115			136			140
International Commission for Conservation of Atlantic Tunas	279			400			-- 22/			--
International Commission of Control and Supervision (Viet-Nam)			42			42				42
International Commission for the Northwest Atlantic Fisheries			23,000			--				--
International Cotton Advisory Committee			--			14				17
International Council for the Exploration of the Sea			25			42				42
International Council of Scientific Unions & Associated Unions			20			28				32
International Criminal Police Organization			159			189				214
International Hydrographic Organization			141			140				140
International Institute for Cotton	19			25			25			
International Institute for the Unification of Private Law			1,811			1,900				1,800
International Lead and Zinc Study Group	18			22			25			
International North Pacific Fisheries Commission			7			7				7
International Office of Epizootics			43			56				60
International Organization for Legal Metrology	--			19			27			
International Rubber Study Group	17			17			19			
International Secretariat for Volunteer Services			12			14				14
International Seed Testing Association		60								
International Whaling Commission			2			2				2
International Wheat Council			7			7				7
Interparliamentary Union	60			91			-- 22/			
Locarno Union International Classification of Industrial Designs	75			117			128			
Maintenance of Certain Lights in the Red Sea	3			--			--			
Nice Union International Classification for Registering Trademarks	6			6			6			
North Atlantic Ice Patrol	4			--			--			
North Pacific Fur Seal Commission			142			90				90
Permanent International Association of Navigation Congresses			9			5				5
West African Rice Development Association			8			6				6
World Tourism Organization 23/			737			417				962
Sub-total	2,005	60	42,222	118	-0-	21,057	115	-0-		26,470
Total	203,731	164,457	214,584	267,174	244,550	197,389	274,001	215,000		182,811
Grand Total by Years - All Appropriations		(582,782)			(709,113)			(671,912)		

1/ Includes contributions to public intergovernmental organizations and programs which are administered by the organizations and programs in accordance with their own financial rules and regulations. Contributions and subscriptions to international financial institutions and loans are excluded.

2/ Administered by the Bureau of International Organization Affairs, Department of State, from International Organization, Technical Assistance, Supporting Assistance, and other AID Appropriations.

3/ Excludes offsets for repayment of U.N. bonds: F.Y. 1975, $3,917 thousand; T.Q. 1976, $3,880 thousand; and F.Y. 1977, $3,949 thousand.

4/ Public Law 480.

5/ Includes $6,800 thousand in transition quarter to regularize timing due to change in U.S. fiscal year. It does not represent an increase in the annual U.S. contribution.

6/ Includes $4,600 thousand in transition quarter to regularize timing due to change in U.S. fiscal year.

7/ Includes $10,000 thousand from the Refugee and Migration Assistance appropriation, and $6,000 thousand from Special Requirements Fund.

8/ Includes $13,400 thousand in transition quarter to regularize timing due to change in U.S. fiscal year. It does not represent an increase in the annual U.S. contribution.

9/ Cash component only.

10/ This amount is $367 thousand less than the U.S. requirement due to the 25 percent statutory limitation.

11/ Amount requested as part of a Transition Supplemental. Of this amount, $20,260 thousand represents the U.S. assessment for calendar year 1976, and the remainder of $5,642 thousand is to be used to complete payment of the calendar year 1975 assessment, which amounts were not appropriated by the Congress.

12/ Amount actually appropriated. This was $2,722 thousand less than the U.S. adjusted assessment of $10,563 thousand for calendar year 1974, due to the 25 percent statutory limitation.

13/ The U.S. adjusted assessment is $20,480 thousand, but Congress failed to appropriate funds to meet this requirement.

14/ No funds requested because of prohibitory language of P.L. 93-559. The U.S. assessment for C.Y. 1977 is expected to be about $28.3 million.

15/ Represents the maximum amount that may be contributed under the 25 percent statutory limitation. The U.S. assessment is $31,729 thousand and $30,149 thousand in the fiscal years 1975 and 1976, respectively.

16/ Represents the maximum amount that may be contributed under the 25 percent statutory limitation, of which $3,188 thousand is contained in the Transition Supplemental.

17/ Maximum amount that may be contributed under the 25 percent statutory limitation. U.S. estimated assessment is $36,044 thousand.

18/ Includes $110 thousand in transition quarter to regularize timing due to change in U.S. fiscal year.

19/ Includes $800 thousand in transition quarter to regularize timing due to change in U.S. fiscal year.

20/ Includes $1,040 thousand in transition quarter to regularize timing due to change in U.S. fiscal year.

21/ Includes $870 thousand in transition quarter to regularize timing due to change in U.S. fiscal year.

22/ No funds have been requested due to expiration of Statutory Authority.

23/ Formerly the International Union of Official Travel Organizations (IUOTO).

* Amounts shown are included in the regular or transition appropriation (including Supplemental), as appropriate.

NUMBER OF UNDP PROJECTS

Mr. PASSMAN. Let us look briefly at the United Nations development program for which you are requesting $100 million in fiscal year 1977.

Could you tell the committee how many projects are being administered by UNDP of all types?

Mr. LEWIS. At the beginning of 1976, UNDP was administering 7,946 projects of which 2,634 were large scale—over $150,000—and 5,312 were small scale.

UNDP PROGRAM LEVEL

Mr. PASSMAN. Could you also tell the committee what the total proposed program level for the UNDP will be in fiscal year 1977 and how does this compare to fiscal year 1976 and fiscal year 1975?

Mr. LEWIS. UNDP's program spending for 1975 was $410 million and the estimated expenditure in 1976 is $370 million. There is no firm forecast for 1977, due in considerable measure to the current financial situation and the uncertainty on contribution levels including that of the United States. However, the 21st Governing Council, January 1976, accepted a 14-percent annual program increase for planning purposes.

UNDP ADMINISTRATIVE STAFF

Mr. PASSMAN. Could you also tell the committee during the last complete year how many people you had onboard to administer the UNDP projects?

Mr. LEWIS. We have been informed that the number of administrative employees of UNDP as of December 31, 1975, was 1,262, including jointly hired staff but excluding locally hired service personnel working as drivers, janitors, et cetera. For the carrying out of UNDP projects there were, in 1975, 10,698 experts and consultants in the field. These experts and consultants are nonpermanent technical staff assigned to specific projects only for the duration of the project. They are employed by the 17 executing agencies responsible for the execution of UNDP projects. UNDP staff at the end of 1975, by category follow:

Assistant administrator and above	10
Professional and higher categories	633
General services	370
Field service staff	109
Senior agricultural advisers (UNDP/FAO)	50
Senior industrial development field advisers (UNDP/UNIDO)	21
Junior professional officers	69
Total	1,262

COUNTRIES RECEIVING UNDP AID

Mr. PASSMAN. Could you please tell the committee how many countries the UNDP is presently providing assistance to, and also list them for the record with the amounts received during the last several calendar years?

Mr. LEWIS. 122 countries and 25 territories receive UNDP assistance and they are listed in the two attached sheets.

Also attached are lists by region showing the amount of assistance each of them received in 1973, 1974 and 1975.

LIST OF COUNTRIES IN WHICH UNDP SUPPORTS PROGRAMS AS OF DECEMBER 31, 1975—TOTAL 122

Afghanistan
Albania
Algeria
Argentina
Bahamas
Bahrain
Bangladesh
Barbados
Bhutan
Bolivia
Botswana
Bulgaria
Brazil
Brunei
Burma
Burundi
Central African Rep.
Chad
Chile
Colombia
Comoro Islands
Congo
Costa Rica
Cuba
Cyprus
Czechoslovakia
Dahomey
Democratic Yemen
Dominican Rep.
Ecuador
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Greece
Grenada
Guatemala
Guinea
Guyana
Guinea-Bissau
Haiti
Honduras
Hungary
Iceland
India
Indonesia
Iran
Iraq
Israel
Ivory Coast
Jamaica
Japan
Jordan
Kenya
Khmer
Kuwait
Laos
Lebanon
Lesotho
Liberia
Libyan Arab Rep.
Malaysia
Malawi
Maldives
Mali
Malta
Madagascar
Mauritania
Mauritius
Mexico
Mongolia
Morocco
Mozambique
Nepal
Niger
Nigeria
Nicaragua
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Qatar
Republic of Korea
Republic of S. Vietnam
Romania
Rwanda
Saudi Arabia
Senegal
Sierra Leone
Singapore
Somalia
Spain
Sri Lanka
Sudan
Swaziland
Syrian Arab Rep.
Thailand
Tonga
Togo
Tunisia
Turkey
Trinidad and Tobago
Uganda
United Rep. of Cameroon
United Arab Emirates
United Rep. of Tanzania
Upper Volta
Uruguay
Venezuela
Western Samoa
Yemen
Yugoslavia
Zaire
Zambia

LIST OF TERRITORIES IN WHICH UNDP SUPPORTS PROGRAMS AS OF DECEMBER 31, 1975—TOTAL 25

Angola
Antigua
Belize
British Virgin Islands
Cayman Islands
Cook Islands
Dominica
Gilbert and Ellice Islands
Hong Kong
Montserrat
Multi-island
Namibia
Netherlands Antilles
New Hebrides
Niue
Saint Kitts-Nevis-Anguilla
Saint Lucia
Saint Vincent
Seychalles
Solomon Islands
South Africa
Surinam
Trust Territory of the Pacific
Turks and Caicos Islands
Zimbabwe

Table 4

UNDP: Project Expenditures by Country or Area[a/]

1973 - 1975

(thousand dollars)

	1973	1974	1975[b/]
AFRICA			
Angola	-	-	13
Benin	972	1 536	3 280
Botswana	1 287	1 322	2 047
Burundi	2 307	2 500	3 583
Cape Verde	-	-	379
Central African Republic	1 490	1 588	2 107
Chad	1 366	1 771	2 247
Comoros	7	38	173
Congo	1 401	1 278	1 618
Equatorial Guinea	906	577	637
Ethiopia	4 895	4 930	5 010
Gabon	1 229	839	1 730
Gambia	528	574	816
Ghana	1 756	2 083	3 733
Guinea	847	803	2 525
Guinea-Bissau	-	-	285
Ivory Coast	3 099	2 943	3 683
Kenya	3 655	2 845	3 473
Lesotho	1 739	2 104	2 390
Liberia	2 169	2 179	3 111
Madagascar	1 968	2 068	2 321
Malawi	1 850	1 923	2 458
Mali	2 931	2 339	3 228
Mauritania	1 543	1 396	1 450
Mauritius	704	768	1 458
Mozambique	-	-	204
Namibia	-	-	154
Niger	2 082	1 974	2 809
Nigeria	5 322	5 993	7 045
Rwanda	1 715	1 552	2 953
Sao Tomé and Principe	-	-	114
Senegal	2 662	3 020	1 956
Seychelles	70	116	196
Sierra Leone	1 318	1 204	1 702
Somalia	2 962	2 480	4 391
Southern Rhodesia	14	31	90
Swaziland	1 042	1 412	1 963
Togo	2 152	2 372	1 785
Uganda	1 340	1 509	3 632
United Republic of Cameroon	2 741	2 329	3 285
United Republic of Tanzania	2 965	2 934	5 401
Upper Volta	1 561	2 012	4 009
Zaire	3 604	4 074	3 855
Zambia	3 049	2 845	4 301
Sub-total	73 248	74 261	103 600

a/ See footnote on page 15.

b/ Provisional.

Table 4 (continued)

UNDP: Project Expenditures by Country or Area [a]

1973 - 1975

(thousand dollars)

	1973	1974	1975 [b]
ASIA AND THE PACIFIC			
Afghanistan	5 010	4 881	4 959
Bangladesh	212	1 409	3 367
Bhutan	15	206	1 020
Brunei	-3	-	9
Burma	2 110	2 646	5 541
Cambodia	1 809	1 767	1 272
Cook Islands	135	111	190
Fiji	614	613	1 245
Gilbert and Ellice Islands [c]	68	94	121
Hong Kong	56	159	98
India	5 614	7 585	8 106
Indonesia	6 672	8 348	11 619
Iran	4 291	3 895	4 897
Japan	10	-	-
Lao, People's Democratic Republic	836	1 186	1 889
Malaysia	3 245	2 921	3 673
Maldives	108	157	378
Mongolia	2 178	1 769	2 492
Nepal	2 943	2 348	4 392
New Caledonia	18	-	-
New Hebrides	104	71	148
Niue	21	15	3
Pakistan	2 208	2 624	7 328
Papua New Guinea	668	584	1 212
Philippines	4 444	4 148	4 263
Republic of Korea	2 092	1 945	4 645
Republic of South Viet-Nam	637	1 664	1 602
Singapore	1 823	932	1 150
Solomon Islands	201	178	247
Sri Lanka	3 008	2 924	4 698
Thailand	3 015	2 804	3 974
Tonga	18	77	270
Trust Territories of the Pacific Is.	-	-	11
Western Samoa	745	914	1 181
Sub-total	54 925	58 975	86 000

a/ See footnote on page 15.

b/ Provisional.

c/ Now Gilbert Island and Tuvalu.

Table 4 (continued)

UNDP: Project Expenditures by Country or Area[a/]

1973 - 1975

(thousand dollars)

	1973	1974	1975[b/]
EUROPE, MEDITERRANEAN AND THE MIDDLE EAST			
Albania	134	47	148
Algeria	4 735	2 907	3 462
Bahrain	382	551	944
Bulgaria	1 241	1 999	1 501
Cyprus	1 378	879	873
Czechoslovakia	222	473	414
Democratic Yemen	2 264	2 247	2 488
Egypt	5 144	4 122	8 550
Greece	1 789	1 442	1 277
Hungary	760	1 732	2 133
Iceland	170	313	386
Iraq	3 790	3 073	3 415
Israel	616	703	1 137
Jordan	2 683	2 901	3 934
Kuwait	248	173	140
Lebanon	2 113	1 465	1 761
Libyan Arab Republic	1 260	654	845
Malta	297	259	732
Morocco	3 407	2 504	4 253
Oman	83	389	957
Poland	1 303	2 548	1 652
Qatar	240	258	658
Romania	1 273	2 144	1 543
Saudi Arabia	1 932	2 071	2 171
Spain	1 250	699	784
Sudan	3 157	4 300	7 404
Syrian Arab Republic	1 594	2 140	2 740
Tunisia	3 121	2 241	2 674
Turkey	4 003	3 759	4 015
United Arab Emirates	2	87	355
Yemen	2 625	3 464	5 336
Yugoslavia	788	1 264	1 386
Sub-total	54 004	53 808	70 088

a/ See footnote on page 15.

b/ Provisional.

Table 4 (continued)

UNDP: Project Expenditures by Country or Area [a]

1973 - 1975

(thousand dollars)

	1973	1974	1975 [b]
LATIN AMERICA			
Antigua	212	286	372
Argentina	2 990	3 106	3 965
Bahamas	392	393	516
Barbados	109	282	828
Belize	174	156	346
Bolivia	3 238	2 682	3 476
Brazil	5 224	5 433	8 645
British Virgin Islands	35	54	42
Cayman Islands	82	98	206
Chile	3 398	2 948	4 433
Colombia	2 894	3 291	4 272
Costa Rica	1 277	1 241	1 979
Cuba	1 702	2 976	3 807
Dominica	208	182	191
Dominican Republic	1 673	1 876	1 073
Ecuador	1 608	2 488	5 370
El Salvador	393	808	2 457
Grenada	168	218	333
Guatemala	762	1 146	2 579
Guyana	945	1 197	1 547
Haiti	1 758	1 217	2 232
Honduras	1 161	1 100	1 595
Jamaica	1 645	1 750	1 805
Mexico	2 899	2 608	5 633
Montserrat	38	35	117
Netherlands Antilles	432	532	775
Nicaragua	1 089	1 096	2 150
Panama	2 182	1 670	1 883
Paraguay	1 400	1 070	2 463
Peru	3 091	3 479	4 352
Saint Kitts-Nevis-Anguilla	116	54	147
Saint Lucia	265	206	218
Saint Vincent	35	18	78
Surinam	819	772	742
Trinidad and Tobago	844	788	1 238
Turks and Caicos Islands	2	68	17
Uruguay	1 644	1 951	3 301
Venezuela	2 116	1 898	2 295
Multi-Island	64	472	1 407
Sub-total	49 084	51 645	78 885
INTERCOUNTRY PROJECTS			
Regional	30 954	38 064	49 770
Interregional	3 883	3 236	7 019
Global	1 842	2 502	3 431
Sub-total	36 679	43 802	60 220
Undistributed	-	1 209	10 107
Total	267 940 [a]	283 700 [a]	408 900 [a]

a/ Data cover expenditures for projects financed under the Indicative Planning Figures (IPF), Programme Reserve and the Special Measures Fund for Least Developed Countries. The data do not, however, include the following expenditures:

	1973	1974	1975
	(thousand dollars)		
Expert variance account	11.9	33.7	10.7
Government cash counterpart	5.4	6.9	6.3
Government cost sharing	1.4	4.0	10.7
Total	18.7	44.6	27.7

UNDP EXPENDITURES IN UNITED STATES

Mr. PASSMAN. Could you tell the committee what amount of UNDP funds was spent in the United States during the last several years and what percentage does this represent of total procurements made by UNDP?

Mr. LEWIS. UNDP expenditure in the United States in 1974 was $68.3 million and in 1975 it rose considerably to $119.5 million. This represents 16.4 percent and 22 percent of the total UNDP expenditures for 1974 and 1975, respectively.

The U.S. contribution for 1974 was $70 million and for 1975 it was $77,897,000. Thus, taking into consideration only the direct expenditures figures above, the equivalent of 83 percent of the U.S. contribution in 1974 and 153.4 percent of the U.S. contribution for 1975 were expended in the United States.

It excludes expenditures on 1,127 UNDP-financed fellowships hosted by the United States in 1975 [826 in 1974]. Nor does it include follow-up investments by U.S. firms clearly related to UNDP preinvestment projects—which totaled $35.5 million in 1975. Salaries of U.S. nationals serving in UNDP field offices are also excluded.

The value of contracts awarded to U.S. firms rose sharply from $4.9 million in 1974 to $21.9 million in 1975, project equipment purchase in the United States rose from $13.4 million in 1974 to $19.5 million in 1975 and U.S. expert remuneration rose from $35 million in 1974 to $57 million in 1975.

The global figures for UNDP expenditure under the above three heads for 1974 and 1975 are shown on the next page together with percentages of that expenditure incurred in the United States.

[Dollar amounts in millions]

	1974		1975	
	Global	Spent in United States (percent)	Global	Spent in United States (percent)
Contracts	$35.3	13.9	$61.6	35.6
Expert assignments	200.6	17.4	256.0	22.3
Project equipment	46.9	28.8	68.3	28.6
Total	282.8	24.2	385.9	31.0

ALLOCATION FOR NEW AND ONGOING PROJECTS

Mr. PASSMAN. What part of the proposed U.S. contribution of $100 million for the UNDP in fiscal year 1977 will be allocated for new projects and what part for ongoing projects?

Mr. LEWIS. At the present time there has been no planning for 1977 which distinguishes the allocation of funds for new and ongoing projects respectively. Whatever is eventually done in this regard will be in relation to the utilization of total resources available for project action and not in relation to resources available from particular donors.

UNDP UNEXPENDED BALANCE

Mr. PASSMAN. What is the total unexpended balance of the UNDP at the present time?

Mr. LEWIS. As of December 31, 1975, the unexpended cash balance of UNDP stood at only $13 million. This represented about 10 days requirements and reflected the seriousness of UNDP's liquidity situation at year's end. To meet UNDP's tight liquidity situation, Administrator Morse has taken vigorous steps to reduce program expenditures, cut administrative costs, and mobilize additional expenditures. These measures, plus the traditional higher contribution receipts in the first quarter, resulted in UNDP liquid assets rising to $26.9 million in March. This temporary improvement notwithstanding, in the context of the $370 million program planned for 1976 [cut back from $410 million], a cash deficit of $24 million is now projected in December unless liquid resources are substantially increased.

U.S. PERSONNEL IN UNDP

Mr. PASSMAN. How many UNDP personnel are U.S. citizens and what percentage does this represent of the total?

Mr. LEWIS. As of December 31, 1975, there were 116 U.S. citizens in the professional category, of whom 65 are at headquarters and 51 are in the field. This represents 18 percent of the total UNDP professional staff of 643.

There are 72 U.S. citizens in the general service category at headquarters. This represents 20.9 percent of the total general service staff of 345 at headquarters.

COORDINATING DEVELOPMENT ASSISTANCE

Mr. PASSMAN. According to the General Accounting Office report dated July 3, 1975, it was stated that since 1969, some progress has been made in implementing the Capacity Study recommendations; however, actions have not been directed toward organizing the United Nations development assistance activities into a single coordinated system. Could you please tell the committee if any progress has been made to implement this recommendation?

Mr. LEWIS. In our view, very substantial progress has been made in recent years to create a more coordinated and efficient technical assistance delivery system. Our reports from the field indicate that under the country programing system and the leadership of the UNDP Resident Representatives, there is increasing cooperation of the representatives of the various other U.N. agencies, harmonization or integration of activities, and even improved coordination with bilateral programs and the investment projects of the IBRD and regional bodies.

In addition there has begun in New York a long-term study of the restructuring of the development assistance system. A group of experts has proposed that a new U.N. Development Authority be created to assume responsibility for the UNDP and a number of other presently autonomous agencies. The United States favors the principle of restructuring and is participating actively in this study.

COORDINATED PROJECT EVALUATION SYSTEM

Mr. PASSMAN. Has any sort of coordinated project evaluation system been instituted in the UNDP at the present time?

Mr. LEWIS. Annual program reviews and project evaluations are now regularly carried out in each country. These reviews and evaluations are aimed at assuring the continued relevance of projects, better coordination with other development activities and changes in direction when required.

Each large project is the subject of an annual tripartite evaluation by the recipient government, the executing agency and the UNDP resident representative. This undertaking serves, inter alia, to ascertain progress, to identify problems and to plan the future course of the project.

ICAO/UNDP PROJECTS

Mr. PASSMAN. On page 7 you indicate that improved flying skills and airport safety standards were accomplished through UNDP funded projects with the International Civil Aviation Organization. Could you please tell the committee how this sort of project helps the rural poor in a particular country?

Mr. LEWIS. The International Civil Aviation Organization [ICAO] has among its goals the advancement of safety standards in civil aviation and the advancement of the entire field of aviation. In many areas of the world aviation is the main, or sole, form of communication with the isolated interiors of nations. Economic advancement comes to these areas either totally or in large measure through aviation. As these UNDP funded projects aid in the development of national aviation standards and reliability, the Nation's overall economy is helped, and thus the rural poor receive a benefit from assistance to aviation.

CONTRIBUTIONS FROM OPEC

Mr. PASSMAN. Could you please tell the committee what type of contributions you are receiving for the UNDP from OPEC countries?

Mr. LEWIS. All OPEC countries make annual contributions in convertible currencies to the UNDP's central program resources. In addition, they make counterpart contributions in local currencies, materials, and services toward local project costs and also provide some of the local costs of UNDP offices.

In addition, the following OPEC countries make cost-sharing contributions in convertible currencies, which means that they share the international costs involved in many of their national projects: Bahrain, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

Details of each OPEC country's contributions to the UNDP and its projected receipts from the UNDP are shown in this table. The receipts are shown as projected Indicative Planning Figures (IPF) for the first 5-year planning cycle—1972–76.

UNDP ASSISTANCE TO OPEC COUNTRIES AND
OPEC COUNTRIES' CONTRIBUTIONS TO THE UNDP
(in $ thousands)

OPEC Country	1972-1976 Indicative Planning Figure (IPF) $	Contributions-(Pledges) to UNDP Central Program Resources				Estimated 1/ Govt Counter-part Contribut 1972-1976
		1974	1976	% increase 1974-1976	Total 1972-1976	
Algeria	$ 20,000	$ 391	$ 473	21 %	$ 1,944	$ 71,550
Bahrain	2,500	10	13	30	56	9,530
Ecuador	15,000	150	150	--	716	22,289
Gabon	7,500	57.5	59.2 2/	3	287	7,056
Indonesia	35,000	300	460	53.3	1,370	39,705
Iran	20,000	1,000	4,000	300	11,000	98,437
Iraq	15,000	345	508.5	47.4	1,953.5	42,768
Kuwait	1,000	350	500	42.9	1,950	5,694
Libya	5,000	350	500 2/	42.9	1,975	21,224
Nigeria	30,000	162.6	813	400.3	1,567.6	44,641
Qatar	1,500	200	200	--	1,000	9,069
Saudi Arabia	10,000	1,500	2,500	66.7	6,200	32,423
United Arab Emirates	1,000	240	500	108	1,390	1,861
Venezuela	10,000	920	1,500	63	5,785.8	41,636

1/ Estimates extrapolated from data on UNDP projects falling within the programming cycle 1972-1976. They include forward estimates for the balance of the cycle. Estimates represent the dollar value of Government contributions in cash, materials and services.

2/ The 1976 pledge has not yet been received. Therefore the 1975 figure is used.

Government Cost Sharing Contributions	% of Cost-Sharing in Comparison to IPF	Total Value of 3/ Gov't Contributions to UNDP Centrally and Projects	% of Total Gov't Contributions in Relation to IPF	OPEC Country
--	--	$ 73,494	367.5 %	Algeria
$ 1,081	43.2 %	10,667	426.7	Bahrain
--	--	23,005	153.3	Ecuador
--	--	7,343	97.9	Gabon
--	--	41,075	117.4	Indonesia
22,100	110.5	131,537	657.7	Iran
4,219	28.1	48,941	326.3	Iraq
757	75.7	8,671	867.1	Kuwait
135	2.7	19,797	395.9	Libya
--	--	46,209	154.	Nigeria
2,219	148.6	12,287	819.1	Qatar
2,527	25.3	41,150	418.1	Saudi Arabia
563	56.3	3,814	381.4	United Arab Emirates
660.8	6.6	48,083	480.8	Venezuela

3/ These totals do not include contributions to local costs of UNDP offices which OPEC country Governments have been making annually during the 1972-1976 period. For the year 1976 the values of these contributions were as follows: Algeria $19,500, Bahrain $31,600, Ecuador $5,300, Gabon $54,200, Indonesia $80,000, Iran $1,124,200, Iraq $222,118, Kuwait $84,207, Libya $152,077, Nigeria $97,600, Qatar $111,400, Saudi Arabia $586,648 and Venezuela $84,112. There was no local UNDP office in the United Arab Emirates, but such an office has just been set up.

UNDP. March 30, 1976

UNICEF PROGRAMS IN COMMUNIST COUNTRIES

Mr. PASSMAN. Could you please tell the committee what Communist countries the United Nations Children's Fund has provided aid to during the last several years?

Mr. LEWIS. Since 1970 UNICEF has provided assistance to programs for the benefit of children and mothers in Bulgaria, Cuba, the Democratic Republic of Vietnam, Hungary, Laos, Poland, The Provisional Revolutionary Government of Vietnam, Romania, and Yugoslavia.

Mr. PASSMAN. Of the total aid provided by the UN Children's Fund in calendar 1975, how much of it went to Community countries?

Mr. LEWIS. In calendar 1975, the total UNICEF assistance to children and others in countries with Communist governments was as follows:

	(In thousands)
Cuba	$225.2
Indochina	7,588.9
Romania	1.4
Yugoslavia	58.9

Total UNICEF assistance programs in 1975 were approximately $95.4 million.

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. PASSMAN. Could you please tell the committee why you are increasing the U.S. contribution by $1.5 million to the International Atomic Energy Agency operational program in fiscal year 1977?

Mr. TAPE. We propose to increase our contribution to the IAEA operational program in fiscal year 1977 in order to meet our share of the cash contributions and to buttress worthy ongoing programs by contributions-in-kind—most of which are spent in the United States— as follows:

(1) Voluntary cash contributions: $1,792,050 is proposed as the U.S. cash contribution in fiscal year 1977, an increase of $275,700 over fiscal year 1976. The agency's target for cash contributions was raised from $4.5 million in calendar year 1975 to $5.5 million in calendar year 1976 and will probably be increased further in calendar year 1977. If the target is set at $6.5 million for calendar year 1977, the U.S. share of the cash contributions will be $1,792,050 which equals the amount of our base rate of assessment—27.57 percent—times the target figure.

(2) Fellowships and training—$1,457,950: The agency is receiving increasing numbers of requests for training at the graduate level from personnel from developing countries which are embarking upon nuclear power programs.

In response to this need, it is proposed to increase the financing of this program $366,350 over the calendar year 1976 level. This will permit the number of fellowships available at American institutions to rise from the 70 expected for calendar year 1976 to about 85. In view of the increased costs of tuition, travel and living expenses, the price per fellowship recipient is also increasing, so that the costs of this important program are expected to be $1,100,000 in calendar year 1977.

We propose to meet the increased demand for specialized training on the part of developing countries through the offering of four train-

ing courses in specific areas of nuclear science in calendar year 1977. These will include a 4-week course for about 30 students entitled "Interregional Training Course on Occupational and Environmental Safety and Utilization of Radioactive Materials," at Harvard University; a 4-week course for about 30 students entitled, "Regional Training Course on the Use of Radioisotopes and Radiation in Entomology," at the University of Florida; and a 2-week course for about 40 students entitled, "Interregional Training Course on Methods and Technical Bases of Nuclear Energy Regulation," at the Nuclear Regulatory Commission. Finally, these training funds will provide partial support to phases 1 and 2 of the IAEA nuclear power training course to be held at the Argonne National Laboratory. Each phase lasts 15 weeks and is provided for about 45 students. The total cost of this training will be $357,950. This is substantially higher than the $50,000 utilized for training in fiscal year 1976, but it should be noted that several of these courses are given in alternate years, and that the amount spent for training in 1976 was lowered to meet the urgent need for assisting the regional center study described below.

3. Gifts of U.S. equipment—$650,000: It is proposed to increase by $200,000 over calendar year 1976 the general level of equipment grants in response to the significantly growing number of requests from developing countries which are establishing a broader infrastructure and more sophisticated programs related to the peaceful uses of nuclear energy, including nuclear power development.

While the need for equipment is growing, the costs of this specialized equipment produced by American manufacturers are also rising, recently at about 10 percent per year. Much of the equipment will be utilized to promote uranium resources exploration and the use of nuclear science in agriculture and medicine.

4. Experts—$200,000: The Agency is faced with the problem that its programs have tended to broaden and become more specialized at the same time. There is consequently continued demand for U.S. experts in a broad range of fields to advise and consult with the Agency in the performance of its responsibilities. Many of the demands for experts are in response to emergent problems which cannot be anticipated by specialized U.S. Government agencies or the private sector. On the basis of experience with the Agency so far, we believe the sum proposed, which contains an increase of $50,000 over the calendar year 1976 level, will assist the Agency to continue its progress in the areas of reactor safety, codes of practice and safety guides, environmental protection, and waste management.

5. Safeguards and physical protection—$600,000: It is proposed to increase the level of the program undertaken at congressional initiative in calendar year 1975 to assist the Agency to strengthen its safeguards and physical protection activities. This program entailed contributions of $200,000 in calendar year 1975 and $300,000 in 1976, amounts which were and are being utilized constructively in providing necessary experts, training, and equipment. We note that the President is proposing legislation to Congress which would contribute up to $5 million to the Agency over 5 years (1977–81) at the rate of about $1 million per year for the purpose of strengthening safeguards. We believe that this sum can be effectively utilized by the Agency and vigorously support this Presidential initiative. We wish to point out

that the proposed authorization implementing the President's decision provides that the sum of $5 million "shall be in addition to any other contribution to the International Atomic Energy Agency by the United States pursuant to any other provision of law." The purpose of the proposed legislation is to supplement, not to replace, ongoing programs in order to assure that no gaps persist between what the Agency's safeguards program is and what we believe it should be.

We believe that the criteria to be used in considering an allocation of $600,000 to strengthen safeguards under the Foreign Assistance Act is whether the Agency can effectively absorb the total amount which it will receive. On the basis of preliminary investigation by U.S. safeguards experts concerning the needs they perceive, we believe that the Agency can effectively use this total amount.

6. Regional Nuclear Fuel Cycle Center study—$300,000: In response to growing concern about the spread of nuclear reprocessing facilities, the Agency undertook in 1975 a study on the environmental, technological, economic, and institutional problems involved in the concept of the Regional Nuclear Fuel Cycle Center. The United States strongly supported the study of this concept and is providing specialized expert asssitance and funds to promote its expeditious conclusion.

The level of our contribution in calendar year 1976 is $300,000. We anticipate that the study may identify further areas of productive investigation which will have important bearings upon nuclear nonproliferation, and therefore propose that the amount of $300,000 be identified for use in calendar year 1977 to further elucidate the potential benefits of the regional center concept.

Mr. PASSMAN. Will most of this increase hopefully be used to strengthen the safeguard and physical protection aspect of this program?

Mr. TAPE. As noted above, the amount of the total voluntary contribution allocated to safeguards and physical protection will be $600,000 or an increase of $300,000 over 1976.

Mr. PASSMAN. Could you please briefly tell the committee the present financial situation of the U.N. Relief and Works Agency for Palestine Refugees? Are they likely to have a large budget deficit in 1976?

Mr. LEWIS. Owing to the Lebanese disorder, it is unlikely that accounts for 1975 can be closed before the end of April 1976, and only then will the final deficit figure be available. The best estimate now is that it will be just under $2 million, out of estimated total expenditures of $120 million. A larger deficit was prevented by the special contribution of $29 million by the United States, $16 million; Saudi Arabia, $10 million; Kuwait, $2 million; and Qatar, $1 million.

The following estimates for 1976 are made based upon data available as of March 8, 1976. Expenditures include $6.7 million in nonrecurrent outlays:

	(In millions)
Expenditures	$138.0
Income	86.5
Deficit	51.5

The Commissioner-General is therefore proposing not to buy flour in March and April and to reduce the flour ration, at a saving of $11.5

million. If the general education program is suspended at the end of the 1975–76 school year, a saving of about $26 million would be realized. However, the total savings of $37.5 million would not meet the $51.5 million estimated shortfall and the continued viability of the Agency may be in question. The Commissioner-General is currently requesting the renewal and increase of last year's special contributions so that the Agency will be able to continue to operate in 1976. The United States is currently investigating ways to help meet this problem.

U.N. REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Mr. PASSMAN. You indicate that the United States plans to provide $5 million in fiscal year 1977 to finance a new program called the U.N. Revolving Fund for Natural Resources Exploration. Could you briefly explain this new program to the committee and indicate what percentage the U.S. contribution will represent of total contributions?

Mr. LEWIS. The Natural Resources Fund was established in 1974 in order to extend and intensify natural resources exploration in developing countries. Working in close cooperation with the World Bank and other development institutions, the Fund will finance surveys to locate and evaluate natural resources—mainly solid minerals.

The Fund will receive initial voluntary contributions on the basis of which explorations will be undertaken in a number of less developed countries. If success is achieved in a particular project, the benefiting country will be required to contribute to the Fund out of revenues realized from the sale of the newly discovered minerals.

It is estimated that contributions through 1977 will total $13 million from eight or nine countries, including the United States.

The proposed U.S. contribution of $2.5 million—reduced from an earlier proposed level of $5 million—would represent 19 percent of that total.

UNITED NATIONS ENVIRONMENT PROGRAM

Mr. PASSMAN. Let us look briefly at the U.N. Environment Fund for which you are requesting $5 million in fiscal year 1977. Do you feel that the $5 million requested will be an adequate U.S. contribution to this fund in fiscal year 1977?

Mr. HERTER. Actual contributions to the Fund as of March 1, 1976, totaled $41,491,732. This amount includes $12.5 million contributed by the United States from fiscal year 1974 and fiscal year 1975 appropriations. If the full amount of $7.5 million requested for fiscal year 1976 is made available, the United States, with the present request of $5 million for 1977, will have contributed $25 million toward its pledge by the end of the first 5-year period. We have already advised UNEP that the U.S. pledge of $40.0 million will not be paid within the first 5-year period, 1973–77.

U.S. payments to the Fund so far have been fully responsive to the requirements of the program, primarily as the result of the initial slow buildup when the Fund was getting started. This initial period resulted in higher than anticipated cash carryovers for each of the years 1973 ($4,817,000), 1974 ($13,272,000) and 1975 ($13,300,000). The $5 million included in the present request, is a rock bottom figure responsive to the President's austerity budget. Its publication in the President's budget, however, has occasioned expressions of concern on

the part of UNEP officials, who, while acknowledging the slow buildup, contend that the program is now fully operational and, subject to the availability of funds, could achieve the initial $100,000,000 program goal by 1977. They have warned that a U.S. contribution of only $5 million in 1977 will result in some retrenchment of the program.

Mr. PASSMAN. Could you please tell the committee how much will be available for operations as of the end of fiscal year 1976, including all the contributions, all other sources of funds and indicate what part of this actually has firm programs obligated or to be obligated against it?

Mr. HERTER. The projected resource and expenditure situation in 1976, based on the most recent information available from the UNEP Secretariat, reveals the following:

	(In millions)
Total estimated resources in calendar year 1976	$34.8
Expenditures due in 1976 on prior-year projects	19.5
Earmarked for new projects as of Jan. 1, 1976	2.5
Program support costs and financial reserve	6.6
Available for programing	6.2

The estimate of resources available in 1976, which includes a U.S. contribution of $7.5 million, the amount of the fiscal year 1976 request, is a much more conservative picture than that shown in UNEP's previously published figures, due primarily to the recognition that the United States, the largest contributor, will not pay the full amount of its pledge within the first 5-year period. Part or all of the $6.2 million available for programing in 1976 will be committed in 1976 for new activities, some of which could require at least partial payment in 1976, since project proposals already either awaiting approval or under consideration already considerably exceed this amount.

Mr. PASSMAN. Could you please tell the committee what the levels of operation will be for the Fund in fiscal year 1977?

Mr. HERTER. Resources and expenditures situation in 1977:

Voluntary contributions	[1] $26,107,565
Unexpended/unallocated balance from 1976	1,900,000
Financial reserve	(200,000)
Available resources	27,808,030
Fund program activities	[2] 32,500,000
Fund program reserve activities	1,000,000
Program and program support costs	6,487,000
Total expenditures	39,987,000
Unexpended/unallocated balance (balance in deficit)	—12,178,970

[1] Assumes U.S. payment of $7.5 million in 1976 and $5 million in 1977 and estimated payments by others as recorded in UNEP Fund Status Report as of Mar. 1, 1976.
[2] Level of fund program activities approved by third session of UNEP governing council, May 1975; will be reviewed by Council in fourth session, April 1976, in light status and payment on pledges since third session.

Mr. PASSMAN. Of the total contributions received by the Fund thus far, what percentage is the U.S. contribution as a part of the total?

Mr. HERTER. As of March 1, 1976, the UNEP Fund had received a total of $41,491,732 in contributions. Of this, the United States was responsible for $12.5 million or 30.13 percent. The U.S. pledge was for 40 percent of an initial $100 million goal for the first 5-year period—1973–77—on a 40/60 matching basis.

Mr. PASSMAN. Could you please tell the committee how big a staff the Fund now has on board?

Mr. HERTER. The staff consists of 76 professionals of whom 11—or 14 percent—are American citizens, plus 150 other members for a total staff of 235.

REDUCTION OF LEVEL OF CONTRIBUTIONS TO OAS

Mr. PASSMAN. Could you please tell the committee what is being done to reduce the U.S. contribution to the Organization of American States so that it does not represent 66 percent of the total voluntary contributions?

Mr. MAILLIARD. We agree that we should seek ways to reduce, in time, the proportion that the United States pays for OAS voluntary programs. We have already made the point to the member states through their permanent representatives to the OAS and to their foreign ministers that the U.S. share should, over time, be lowered to at most, 50 percent, in order to diminish the image of the OAS as a U.S.-dominated organization and because it is unwise for any international organization to be so heavily dependent on the financial support of a single member. A number of member states have indicated informally their agreement with this point. However, an abrupt reduction would not be understood. It would severely cut the development assistance programs that the Secretary of State has stressed during his recent trip to Latin America.

The administration will continue and intensify its efforts on reform of the OAS and a gradual lowering of the U.S. share of contributions.

Mr. PASSMAN. Why have we maintained the U.S. contribution at such a high level to the Organization of American States?

Mr. MAILLIARD. Our OAS proportion is derived from a complex U.N. formula based on gross national product, population, and a series of other factors. If it were applied directly to the OAS, the U.S. share of the OAS contributions would be about 87 percent. The OAS members agreed to our proposal to establish a 66 percent ceiling on any one member's assessment.

SEA LION RESEARCH PROJECT

Mr. PASSMAN. Some of the projects listed that are funded through these voluntary contributions are a little questionable. I notice on page 31 that you have one project for sea lion research. Could you please explain this project to the committee and indicate how this would help the poor in a particular country?

Mr. MAILLIARD. The sea lion research project deals with means to increase and better utilize this economic resource found along the coasts of Uruguay, Argentina, and Chile. However the herds have been hunted to the point of extinction. The project seeks to increase the herds and to develop improved utilization practices for the hides and carcasses, thus providing a better livelihood for the local population.

Mr. PASSMAN. At this time, I will yield to Mr. Shriver.

Mr. SHRIVER. Thank you, Mr. Chairman.

UNDP PERSONNEL

What is the actual breakdown of staff at headquarters and in the field? And has there been a reduction in these two areas?

Mr. LEWIS. Are you speaking of the U.N. development program, sir?

Mr. SHRIVER. Yes.

Mr. LEWIS. The latest figure we have, sir, as of the end of 1974, December 31: field staff 465; headquarters staff, 586; total 1,051. That is the professional staff. And then in the field you have total experts, 9,809, same date.

UNDP AND AID PERSONNEL

Mr. SHRIVER. How would that compare to AID, which is involved in the same kind of work?

Mr. LEWIS. I don't have the figures, but my impression is that is a lower ratio of headquarters to field staff than AID's ratio.

Mr. SHRIVER. Could you find out?

Mr. LEWIS. Yes, sir; we will supply that. You also asked if there had been a change. I don't have the latest figures, but I can get them for the record; but I have been informed as a result of the economy measures Administrator Morse has already imposed since he took over in January, that the cost of staff will be reduced in 1976 by $1.3 million and by $1.8 million estimated in 1977, so there is staff reduction going on. There is a freeze in hiring to fill vacancies, but I don't have the precise number.

Mr. SHRIVER. You don't know how many?

Mr. LEWIS. I will supply that for the record, if I may, sir.

[The information follows:]

AID PERSONNEL

The comparable figures for AID professional personnel as of December 31, 1974 were field staff totaling 1,649 and headquarters staff totaling 2,776.

UNDP AND ILO

Mr. SHRIVER. Does the UNDP fund the International Labor Organization?

Mr. LEWIS. No, sir; it does not fund it. It uses the International Labor Organization as a contractor, a nonprofit contractor, to execute UNDP projects, and pays for the service as the contractor, but it does not fund the ILO.

UNDP AND UNESCO

Mr. SHRIVER. How about UNESCO?

Mr. LEWIS. The same is true with UNESCO. UNDP uses it as executing agent on contracts to carry out projects which it, the UNDP, directs.

U.S. AUDIT OF UNDP

Mr. SHRIVER. Congress has in the past expressed concern about funds for the United Nations development program and how they are utilized. Why can't the United States audit UNDP funds?

U.N. AUDIT OF UNDP

Mr. LEWIS. Well, the regulations of the United Nations do not permit any member government to audit directly the international organizations' books. However, there is an independent audit authority composed of the chiefs of auditing services of a number of countries, very highly respected men in the auditing field. They audit on behalf of the U.N. all of these programs, and their audits are made available to all governments, so they are available to this Government, and this committee as well.

Mr. SHRIVER. Would you provide a copy of it?

Mr. LEWIS. Certainly, sir; we would be happy to.

[The information was provided to the committee.]

RECIPIENT COUNTRY CONTRIBUTIONS TO UNDP PROJECTS

Mr. SHRIVER. Do recipient countries of the UNDP contribute funds to this program?

Mr. LEWIS. To the UNDP, itself? Yes, the countries that receive UNDP assistance all contribute very substantially from their own resources for supporting services for the project both in administrative and logistical support. In addition, most of the countries that are recipients of UNDP projects also contribute funds to the worldwide program.

Mr. SHRIVER. Would you put in the record a table showing these contributions?

Mr. LEWIS. We would be happy to, sir.

[The information follows:]

LC69 a

UNCF Contributions pledged, all countries for 1974, 1975 and 1976 a/

(US Dollars)

Country	1974	1975	1976
Afghanistan	136,300	143,325	-
Algeria	4,878	7,317	7,317
Algeria	381,000	430,000	471,000
Argentina	830,000	934 459	1,050,000
Australia ✓	3,421,092	3,334,397	b/
Austria ✓	2,500,000	2,907,610	3,200,000
Bahamas	10,000	10,000	- b/
Bahrain	10,000	13,000	15,000
Bangladesh	75,000	74,750	74,750
Barbados	17,250	19,838	19,838
Belgium ✓	5,768,731	7,300,782	9,102,564
Bhutan	2,300	2,300	2,645
Bolivia	-	-	34,500
Botswana	11,458	11,204	9,227
Brazil	1,300,000	1,300,000	1,500,000
Bulgaria	131,394	208,333	241,667
Burma	100,000	100,000	100,000
Burundi	12,488	b/	b/
Byelorussian Soviet Socialist Republic ✓	173,322	191,489	177,632
Canada ✓	22,371,134	24,000,000	28,217,822
Central African Republic	6,437	b/	7,955
Chad	5,000	b/	b/
Chile	375,000	375,000	375,000
China ✓	2,200,000	-	2,233,503
Colombia	500,000	500,000	500,000
Congo	10,903	12,955	22,423
Costa Rica	5,000	10,000	15,000
Cuba	148,160	170,387	232,263
Cyprus	45,070	-	234
Czechoslovakia	1,134,380	1,289,134	1,200,686
Benin (formerly Dahomey)	4,000	2,000	6,818
Democratic Yemen	2,000	2,300	-
Denmark ✓	33,584,938	39,383,917	39,108,910
Dominican Republic	25,000	30,000	30,000
Ecuador	150,000	150,000	150,000
Egypt	521,895	562,228	562,228
El Salvador	17,250	17,250	23,000
Equatorial Guinea	4,274	b/	b/
Ethiopia	107,300	111,600	126,060
Fiji	11,000	11,000	11,000
Finland ✓	4,115,584	5,371,129	5,657,895
France ✓	10,000,000	10,439,770	10,000,000
Gabon	37,300	42,727	b/
Gambia	3,139	3,000	5,750
German Democratic Republic ✓	772,308	845,937	784,314
Germany, Federal Republic of ✓	24,383,667	29,384,615	30,384,615
Ghana	260,000	299,000	299,000
Greece	460,000	460,000	460,000

Country	1974	1975	1976
Guatemala	27,000	27,000	27,000
Guyana	140,147	155,897	140,439
Haiti	2,300	2,645	3,450
Holy See ✓	2,000	2,000	b/
Honduras	17,250	19,836	b/
Hungary	240,964	289,157	415,851
Iceland	72,075	64,587	72,042
India	3,750,000	3,750,000	3,700,000
Indonesia	300,000	350,000	450,000
Iran	1,000,000	4,000,000	4,000,000
Iraq	345,000	500,000	508,475
Ireland ✓	351,945	491,702	599,431
Israel	212,000	212,000	212,000
Italy ✓	5,650,000	5,650,000	5,301,915
Ivory Coast	110,000	119,625	b/
Jamaica	110,000	110,000	133,113
Japan ✓	14,000,000	19,000,000	21,000,000
Jordan	66,000	70,000	80,500
Kenya	90,414	98,207	99,195
Khmer Republic	21,622	21,622	b/
Kuwait	350,000	400,000	500,000
Lao, People's Dem. Rep.	12,321	17,250	17,250
Lebanon	160,000	707,499	b/
Lesotho	11,000	20,000	20,000
Liberia	80,000	86,000	88,000
Libyan Arab Republic	350,000	500,000	- b/
Luxembourg ✓	69,270	80,282	73,077
Madagascar	25,417	32,333	32,091
Malawi	11,500	13,000	14,950
Malaysia	100,000	100,000	100,000
Maldives	1,440	1,500	b/
Mali	11,500	b/	b/
Malta	11,050	12,431	12,346
Mauritania	-	-	2,273
Mauritius	4,025	4,450	-
Mexico	550,000	605,000	b/
Monaco ✓	4,825	4,933	4,989
Mongolia	14,000	15,344	17,645
Morocco	304,193	337,500	387,670
Nepal	30,000	30,000	33,000
Netherlands ✓	27,815,934	38,685,721	44,943,820
New Zealand ✓	1,473,339	2,291,578	2,127,772
Nicaragua	37,500	37,500	40,000
Niger	-	-	9,091
Nigeria	142,402	300,000	813,008
Norway ✓	13,095,652	18,518,546	21,286,232
Oman	34,500	60,000	65,000
Pakistan	590,217	678,753	684,563
Panama	150,000	180,000	207,000
Paraguay	10,000	10,000	10,000
Peru	250,000	275,000	275,000
Philippines	500,000	500,000	500,000

Country	1974	1975	1976
Poland	804,532	887,727	975,928
Qatar	200,000	200,000	200,000
Republic of Korea	300,000	300,000	299,999
Rep. of South Viet-Nam	22,000	23,000	b/
Rumania	402,414	452,697	685,714
Rwanda	10,000	10,560	10,560
Saudi Arabia	1,500,000	1,500,000	2,500,000
Senegal	84,250	100,000	114,944
Sierra Leone	75,000	75,000	75,000
Singapore	100,000	100,000	100,000
Somalia	4,427	5,521	5,774
Spain	640,000	720,000	780,000
Sri Lanka	150,000	180,000	180,000
Sudan	187,000	187,000	187,000
Swaziland	8,721	10,134	11,285
Sweden ✓	34,363,434	34,791,529	31,258,847
Switzerland ✓	6,500,000	7,150,000	7,900,000
Syrian Arab Republic	27,397	31,507	31,507
Thailand	408,825	470,149	470,149
Togo	8,167	10,136	10,560
Trinidad and Tobago	100,000	115,000	112,676
Tunisia	207,000	207,000	207,000
Turkey	765,765	765,765	765,765
Uganda	42,194	49,224	49,241
Ukranian Soviet Socialist Republic ✓	443,895	478,743	444,479
Union of Soviet Socialist Republics ✓	3,470,437	3,829,787	3,552,632
United Arab Emirates	240,000	500,000	500,000
United Kingdom ✓	22,026,890	24,917,312	26,212,524
United Republic of Cameroon	34,000	34,000	34,818
United Republic of Tanzania	78,453	83,158	86,207
United States ✓	70,000,000	77,877,000	b/
Upper Volta	-	5,000	5,170
Uruguay	227,350	238,452	274,321
Venezuela	920,000	1,500,000	1,500,000
Western Samoa	1,453	2,911	5,617
Yemen	3,000	3,000	2,147
Yugoslavia	1,148,000	1,343,000	1,344,790
Zaire	250,000	300,000	b/
Liberia	139,752	139,374	139,375
Estimated Pledges	-	-	134,615 c/
Total	337,477,199	406,478,743	434,337,248

a/ As of 23 March 1976. Including pledges totalling $7.8 million for 1974, and $11.0 million for 1975 and $6.9 million for 1976 for the benefit of least-developed countries.
b/ Pledges not yet reported as of 23 March 1976.
c/ Includes pledges not yet reported but anticipated based upon countries noted in footnote (b).
d/ The pledges of countries denominated in national currencies are translated to UN dollar equivalent by using the UN rate of exchange on the date of payment. The unpaid amounts have been converted into their dollar equivalent by applying the UN rate of exchange as at 31 December 1975.

Mr. PASSMAN. Would the gentleman yield?

Mr. SHRIVER. Certainly.

Mr. PASSMAN. In those instances the contributions come to the recipients, don't they?

Mr. LEWIS. Yes, sir.

Mr. PASSMAN. Thank you very much.

Thank you, Mr. Shriver.

Mr. SHRIVER. Thank you.

UNDP MINERALS EXPLORATION

What has the United Nations development program done in the way of discovery and development of natural resources since it was established? How long has it existed?

Mr. LEWIS. UNDP was established in 1966, I believe, when it was pulled together from already existing technical assistance programs, and the mineral survey projects that they have been financing, have uncovered over $44 billion worth of minerals which are judged to be technically worth development and exploration—such minerals as uranium, copper, nickel, iron, manganese, and tin in a variety of countries. From this survey work in 1974 alone, in 1 year alone, there was investment made from private sources into the development of these minerals totaling $325 million.

Over the last 3 years, this mineral survey work has resulted, for example, in a very large U.S. private copper project in Mexico, and several other important projects in other countries.

In this one area, UNDP-financed projects have really found a rather remarkable range of new natural resources all around the world for exploitation.

Mr. SHRIVER. Would you for the record insert information, by resource and country, showing the estimated value and reserves of such resources?

Mr. LEWIS. Yes.

[The information follows:]

THE UNDP MINERAL EXPLORATION RECORD, 1960-75

Principal mineral	Country	Mine	Value (millions)	Reserves tonnage (thousands)	Grade, percent	Recoverable mineral, tons [1]
Uranium (U_3O_8)	Somalia	Wabo	[2] $336	[2] 9,400	0.08	6,091
Do	do	Mirig	[2] 71	2,000	.08	1,296
Do	do	Duse Mareb	[2] 147	3,300	.10	2,673
Copper	Sudan	Hofrat en Nagas	[4] 395	[5] 8,741	4.01	283,860
Do	Mexico	Caridad	[4] 5,412	600,000	.8	3,888,000
Do	Malaysia	Mamut	[4] 671	85,000	.7	482,000
Do	Chile	Los Pelambres	[4] 2,518	248,000	.9	1,809,000
Do	Iran	Sar Chesmeh	[4] 4,266	393,000	1.12	3,565,000
Do	Panama	Petaguilla	1,466	200,000	.65	1,053,000
Do	do	Botija	1,015	100,000	.9	900,000
Do	Ecuador	Chaucha	[4] 434	55,000	.70	312,000
Iron	Guinea	Mount Nimba	[6] 5,390	599,000	65	[7] 539,000
Manganese	Upper Volta	Tambao	[8] 184	10,000	54	[7] 4,860,000
Tin	Indonesia	Bangka	[9] 73			9,740
Nickel	Burundi	Gitagaruagi	[10] 22,247	400,000	1.55	5,022,000
Total			44,625			

[1] Assuming 10-percent loss in mining and 10-percent in beneficiation.
[2] Based on $25 per pound U_3O_8.
[3] 3,400,000 tons proved. 6,000,000 probable.
[4] Based on U.S. producer exrefinery for May 1975.
[5] Probable and possible.
[6] Based on $10 per ton CIF West African post.
[7] No beneficiation losses as are in direct shipping.
[8] Based on one-half U.S. price which as of May 1975 was quoted in E. & M.J. as $1.38-$1.42 per long ton unit.
[9] Based on $3.40 per pound New York market from E. & M.J. May 1975.
[10] Based on $2.01 per pound cathode nickel from E. & M.J. May 1975.

AMENDMENT TO ABOLISH UNDP

Mr. SHRIVER. I think it is important that this record be complete and include both the problems of these organizations and the benefits that the United States derives from our continued participation in them. I am sure you are acquainted with the recent amendment that was offered to our 1976 bill which would have completely eliminated the U.S. contribution to the UNDP. That was defeated on a fairly close vote, with 179 Members voting in favor of the amendment.

Mr. LEWIS. Yes, I understand. We were naturally very concerned by that vote and very pleased that it did not pass.

U.S. ASSISTANCE TO UNDP

Mr. SHRIVER. I think it would be important for you at this point to put into the record information on the assistance from the UNDP to countries which are friendly to the United States or important to our own national interests.

Mr. LEWIS. I wonder, sir, I would be happy, if you would like, to submit a few examples of other projects which are particularly successful, which I think would merit the committee's attention.

Mr. SHRIVER. Very good. Put it in the record.

[The information follows:]

FRIENDLY AND IMPORTANT COUNTRIES

I should like to suggest, sir, that a large number of countries receiving development aid through the UNDP and other U.N. organizations supported in part by the United States are important to us, either singly or in various combinations. Many of the raw materials which we require are to be found in the developing world. Many developing states have interests which parallel those of the United States and many have adopted standards, practices and policies formed in America. The developing countries constitute a market for U.S. products and an opportunity for the dissemination of American technology. In this highly interdependent world, the United States needs and seeks the support and cooperation of all countries just as they look to us.

While some countries are more strategically situated or richer in resources or more interested in U.S. products than others, I feel that our policy should be based upon the recognition of all states as potentially important and hopefully friendly. U.S. support for these U.N. programs is an important way of developing this worldwide cooperation.

EXAMPLES OF UNDP PROJECTS

The following report contains examples of UNDP programs and projects which illustrate the success which has been achieved in development assistance under the aegis of the UNDP.

UNDP PROGRAMS AND PROJECTS

UNDP ASSISTANCE TO RUBBER DEVELOPMENT IN THAILAND ($3.2 MILLION)

Background

Ten years ago, UNDP began assisting modernization of natural rubber production in Thailand, the Kingdom's most important crop after rice, with 1 in 12 Thai citizens largely dependent on it for their livelihood. Thailand's rubber forests were aging and urgently needed replanting with high-yield cross-bred new trees; the rubber sheet produced from tapping the trees needed upgrading; many other innovations needed to be introduced. In contrast to Malaysia's big plantation-organized rubber production, in Thailand rubber is 95 percent in the hands of some 450,000 individual small farmers, and with many of them speaking a Malay dialect—presenting enormous difficulties in choosing low-cost modernization and in spreading new techniques.

Achievements

The UNDP assistance, through FAO specialists, has built up complete laboratory and demonstration nursery facilities at the Rubber Research Center, with trained Thai technicians. Soil and microclimate studies, weed control research, and experiments on intercropping to cover the 4 to 6 years while new replanted trees are growing, have been successful. Breeding of new high-yield trees, using "green bud grafting," has been proven and introduced to farmers with root materials provided by Government nurseries; in one province 70 percent of all farms will be using this technique by the end of 1975. Calling in an aerial and land-survey project also in the UNDP country program, the whole of Thailand's rubber area was resurveyed, discovering nearly twice as large an area under rubber as previously estimated, and enabling the Government to recalculate the entire economic future of this industry.

The project has promoted "group marketing" by small farmers, resulting in a 14-percent increase in participants' incomes, with the idea steadily spreading to other small farmers. The project has also encouraged block-rubber—rather than sheet—exports: block rubber exports doubled between 1973 and 1974. The project and the center it has built up had trained a total of over 3,000 smallholders by mid-1974; the training volume exceeded 1,700 in the next 6 months; and with two new centers opening in 1975, annual training of farmers will rise to 6,000. In addition, all extension officers in rubber areas are progressively being retrained to enable a still larger volume of smallholder training.

In 1973, Thailand's foreign exchange earnings from rubber reached $224 million, even exceeding those from rice—$177 million. It is now estimated that rubber production, which was 327,000 tons for 1972, may by 1980 reach 500,000 tons—and of higher grades, earning higher prices.

A followup proposal for a World Bank loan of $50 million to assist in wider rubber replanting, reaching over 50,000 smallholders, is now under active study.

COLOMBIA

Background

Colombia is a country of 23 million people, 46 percent of them under 15 years of age. Her population is growing at the rate of 2.9 percent a year.

Both farming and industry are important to the economy. Half the population makes its living from agriculture, which represents 26 percent of the country's GNP. Manufacturing currently represents 20.7 percent of GNP; commerce, 16.5 percent.

Establishment of SENA

To provide skilled workers for her main economic sectors—as well as jobs for her burgeoning population—Colombia created SENA, the National Vocational Training Service. A nationwide system of free vocational training for clerical, administrative, and blue-collar workers, as well as farmers and rural artisans, SENA provides training for trades ranging from printer, mechanic, and electrician to baker, nutritionist, or beekeeper.

It was established in 1957 with the help of a single ILO expert, dispatched under the UNDP's predecessor program, the U.N. expanded program of technical assistance. Subsequently, UNDP provided $1,873,064 worth of aid to SENA through projects which helped to establish a permanent large-scale institution to train the teachers, instructors, and supervisory personnel needed by SENA; to develop inservice training programs and organize advisory services for industrial concerns; and to set up an instructor training program for agricultural trades. The Government's contribution to these projects totaled $10,475,000.

Growth of SENA

Rapid and steady growth has made SENA Colombia's most important teaching institution for vocational careers. From the initial 5,000 workers trained in its first year of operation, it has expanded to the point where it is now turning out about 300,000 workers yearly. Its 2 millionth student was enrolled during 1974. Each year, some 11,000 courses are given at more than 125 training centers around the country—about half of them mobile units—and SENA plans to build 40 new schools during the next several years. While the majority of its students are between the ages of 14 and 20, adults also benefit from special extension courses. Six-month periods of classes are alternated with 6 months on-the-job training—10 percent of all revenues are spent to train the unemployed. SENA is

financed principally through a compulsory payroll tax imposed on all enterprises in Colombia capitalized at more than $2,500, or having more than 10 employees.

International cooperation

Since the original support received from the UNDP, the SENA program has attracted assistance from many bilateral and regional sources. Austria, Denmark, Canada, Federal Republic of Germany, France, Great Britain, Italy, Israel, Japan, Netherlands, Switzerland, and the United States are among those who have contributed to its programs in recent years.

In turn, SENA has provided training for students from neighboring countries, among them, Bolivia, Ecuador, Guatemala, Honduras, Nicaragua, and Panama.

The UNDP has applied SENA's approach in helping Argentina, Chile, Costa Rica, Peru, and Venezuela to set up similar vocational training schemes.

INDIA

Background

The great drive in Rajasthan State to construct canals for irrigation water had begun to show grave problems by the mid-1960's. Farmers were not trained in water management: by overapplication they were spoiling huge areas through waterlogging and salination as underground salts came up to the topsoil. Weeds had begun to choke the canals—including hyacinths which can produce 1,000 offspring from each plant every 50 days. Expected increases in agricultural production were not being achieved.

Achievements

In 1967, UNDP began financing an FAO-executed project for land and water use management in the Chambal irrigated area in Rajasthan. A pilot area was selected in Digod village to work out controlled and economical irrigation practices, suitable drainage systems, and how to convince small farmers to cooperate together in efficient land-water management. By the end of 1970, the pilot scheme had worked out the correct methods, including land-leveling in contour terraces, redrawing of individual plots into rectangular fields, and use of carp as one cheap and also food-yielding means to keep down the weeds in the canals. The farmers had accepted land consolidation and had learned to work the "package" of practices.

As a result, Rajasthan State Government formulated a scheme to develop 50,000 acres under these on-farm package methods; and the central government asked UNDP to assist with a phase 2 project to extend the new methods to four other irrigation schemes, reaching into Andhra Pradesh, Madhya Pradesh, and Maharashtra States. The analysis of waterlogging and salination in the original project area is now used by Government engineers to incorporate land consolidation, water courses, and proper drainage in advance in actual irrigation and dam construction schemes, so that the physical basis for integrated land/water use is laid as the dams and main canals are being built, and before the water even becomes available. This procedure has been applied, for example, in the Tawa River development command area in Madhya Pradesh.

In 1974, Government requested UNDP/FAO to move the project's headquarters into the all-India Water Management Division of the Ministry of Agriculture, to extend the approach nationwide. The Government has decided to proceed with over 50 major project-areas using the on-farm package approach evolved at Digod's original 150 hectares in the 5th 5-year plan, covering a cultivable area of about 14 million hectares. About 5 million small and marginal farmers will benefit from this scheme.

Followup investment is already developing. In 1974 investments of $91.5 million (IBRD and India) were sanctioned to develop the command area of the Chambel irrigation project in Rajasthan, embracing the 50,000 hectares chosen for follow-up by the State Government. In July 1975 a further IDA credit of $83 million for development of 200,000 hectares in the Rajasthan Canal project area was announced. This second scheme, costing a total of $174 million, is expected to increase foodgrain production by 265,000 tons and other crops like cotton and pulses by 647,000 tons. It is expected to provide the equivalent of 70,000 new full-time jobs and contribute to an increase in the incomes of farmers.

UNDP DESERT LOCUST PROGRAM

Background

The desert locust is a swarming insect the size of a man's finger which eats its own weight in food every 24 hours. It is found in more than 40 countries,

stretching over nearly one-fifth of the Earth's land surface—see map overleaf. The area of 11 million square miles which it affects is inhabited by some 350 million people.

Crop-devastating desert locust plagues have been recorded from Biblical times well into the 20th century. In 1931, for example, these insects destroyed 20 percent of all subsistence crops in Kenya and caused at 60-percent drop in milk yields through damage to grazing lands. In 1958, they destroyed 167,00 tons of cereals in Ethiopia—enough to feed 1 million people for 1 year.

The project

From 1960 to 1970 UNDP cooperated with 42 countries in a large-scale program aimed at preventing the recurrence of devastating desert locust plagues through developing effective control procedures within the means of the affected countries. Its $4,752,723 contribution to this effort was matched by $1,396,410 from participating governments. The Food and Agriculture Organization (FOA), which had been involved with international control since 1951, served as executing agency. Details of work are described on the map overleaf.

Bilateral cooperation contributed to the projet's success. Subsidies enabled the U.K.'s Desert Locust Information Service (DLIS) to collect data and issue to all concerned, monthly summaries, maps and forecasts of probable developments. Spraying by the U.S. Air Force of 900,000 acres in Saudi Arabia during 1969 prevented the spread of a locust infestation to other areas, and provided valuable defensive information.

Results

Over the past years, the desert locust has been kept more or less under control. Favorable rebreeding conditions occurred in many areas during 1973 and 1974, but a full-scale plague was averted. This was due to vigilance and effective control by the national and regional organizations built up in the program, with emergency aid from FAO and others as needed, particularly for aerial spraying. UNDP is continuing to strengthen these services through a $1,037,678 training project scheduled to run until 1976. Denmark and Sweden are cooperating on related projects designed to minimize the environmental damage of spraying, and to develop alternatives to insecticides, of which there is a worldwide shortage.

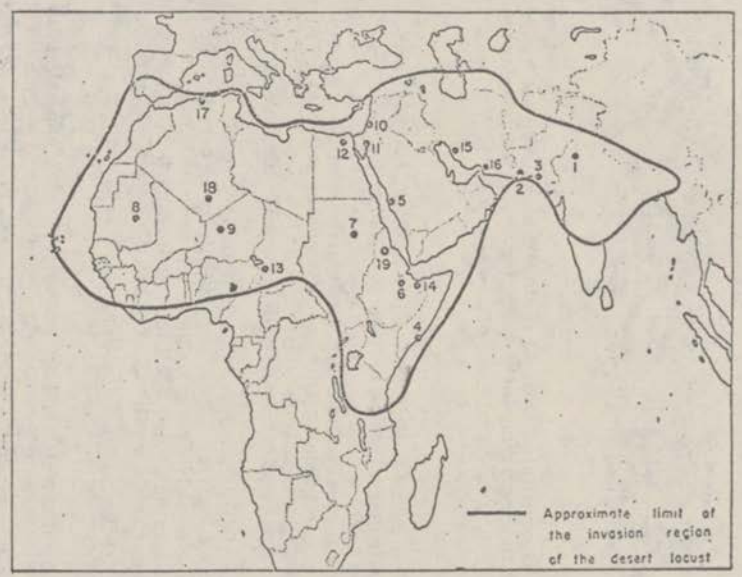
UNDP is now applying its desert locust experience through $5.3 million of assistance in combatting other crop-destroying pests in Africa and Asia, among them, the African migratory and red locusts; the Coconut Palm Rhinoceros Beetle; and the grain eating Quelea-Quelea bird. However, an interregional project to train the desert locust control teams to tackle other pests has to date proved unsuccessful. Objectives set have proved too ambitious for its limited resources, and it is now being reevaluated.

UNDP DESERT LOCUST PROGRAMME ($4.75 million)

PARTICIPANTS AND THEIR CONTRIBUTIONS

Government and territory	Year of commencement	Pledged contribution
		U.S. dollars
Afghanistan	1964	8 250
Algeria	1963	43 110
Bahrain	1960	1 500
Cameroon	1962	1 800
Chad	1962	6 600
Ethiopia	1960	90 000
France[1]	1960	68 140
Gambia	1965	100
Ghana	1960	3 000
India	1960	177 600
Iran	1960	162 000
Iraq	1960	91 500
Israel	1960	15 000
Japan	1960	1 250
Ivory Coast	1963	1 800
Jordan	1960	7 500
Kenya	1964	7 700
Kuwait	1960	15 000
Lebanon	1960	3 000
Libya	1962	8 000
Mali	1963	11 250
Mauritania	1962	5 000
Morocco	1960	99 000
Niger	1962	9 600
Nigeria	1962	61 600
Pakistan	1960	108 000
Qatar	1960	1 500
Saudi Arabia	1960	36 000
Senegal	1963	18 750
Sierra Leone	1961	1 600
Somalia	1962	5 800
Sudan	1960	82 500
Syria	1962	11 100
Tanzania	1963	3 360
Trucial States	1960	1 500
Tunisia	1960	15 000
Turkey	1960	18 000
Uganda	1963	6 300
United Arab Republic	1960	78 920
United Kingdom	1960	75 350
Upper Volta	1963	1 050
Yemen	1961	12 000
Total		1 296 410

[1] Neither Dahomey nor the Central African Republic joined the project since becoming independent; France continued to pay on their behalf, as well as for French Somaliland. – [2] The contribution of Italy was for 1961 only, for the Trust Territory of



Ecological survey. Main breeding areas were determined, as well as the relationship of locust breeding and migration to weather conditions.

Field Research. 11 new field stations were established and 8 pre-existing ones upgraded, mainly through the provision of equipment.

Reporting and forecasting. An "early-warning" system of locust detection through radio communications was established throughout the invasion area. 221 radio sets have been distributed in 22 countries and local people instructed in their use.

Training. Over 430 technicians from 35 countries have been trained in locust biology, ecology and biogeography, reconnaissance and reporting, control procedures and the management of control campaigns. 117 of them received fellowships for advanced studies, some leading on to notable research findings involving the use of natural plant substances for pest control.

1. Since 1960, UNDP has financed minerals survey projects in over 70 countries across the world.

2. UNDP-financed mineral discoveries, some of which are of special interest to the United States in terms of high degree of import dependence, have included:

Mineral	Reserves tonnage	Value (millions)	Country
Uranium (U_3O_8)	14,700,000	$554	Somalia.
Copper	1,681,000,000	15,782	Mexico, Iran, Malaysia, Chile, Panama, Ecuador.
Nickel	400,000,000	22,247	Burundi.
Iron	599,000,000	5,390	Guinea.
Manganese	10,000,000	184	Upper Volta.
Tin		75	Indonesia.

3. UNDP-financed surveys between 1960 and 1975 identified over $44 billion worth of minerals technically judged worth development and commercial exploitation in Asia, Africa, and Latin America.

4. Additional to the above is the finding by a UNDP-financed team in Morocco of 3 billion tons of salt of exceptional purity, with resultant followup investment of $170 million to date. (See details on facing page).

5. In 1974 alone, followup investment from UNDP-financed minerals surveys totalled $325 million.

6. Over the last 3 years UNDP minerals work has directly resulted in such investments as $150 million—private United States—in a copper deposit in Mexico; $1.3 million in copper-molybdenum exploitation in Ecuador; $54.6 million for copper exploitation in Malaysia; $77.9 million in Botswana nickel and copper; and $363 million for an iron ore railway in Gabon.

UNDP ASSISTANCE TO MINERAL INDUSTRIES IN MOROCCO

Background

In the 1960's, Morocco's industrial sector had a very narrow domestic base, with heavy dependence on exports of crude mining products, and very limited domestic employment. To try to broaden the industrial base, in 1967 the government asked UNDP for assistance in surveys and feasibility studies, beginning with a $1.1 million potash exploration project in the Khemisset Basin—(government contributing another $2.5 million).

Results

In the course of this survey, in 1969 the project discovered a 3,000 million ton deposit of rocksalt, a relic from a Triassic lake, measuring 15 kilometers square and averaging 80 metres thick. According to the geologist who managed the U.N.-supported operations at the time, R. Howard Goldsmith, the deposit's special value is its chemical purity. "Its bottom seven metres assay at more than 99 percent pure sodium chloride," Mr. Goldsmith said. "Less pure ores create costly contamination problems in the electrolytic salt conversion processes used to make chlorine and soda."

Once the deposit was delineated, a further UNDP $427,000 project carried out preliminary studies of the industrialization of salt derivatives. This work was begun in 1971 by a subcontractor, Charles H. Jacoby of the International Salt Co., an American subsidiary of Akzo, based in the Netherlands, and followed by a study in 1972 by Battelle Memorial Institute, an American firm.

Meanwhile, a $1.3 million UNDP regional project to build up the capacity of the Center for Industrial Studies of the Maghreb (Morocco, Tunisia, and Algeria) had reached a stage where this center could handle the full elaboration of the Morocco salt find. By 1973, with a UK subcontract, the center had confirmed the technical aspects of the earlier work, and had made promising market forecasts.

In the same year as a result of these affirmative feasibility studies, Morocco in August, 1974 signed a 500 million dirham (about $120 million) turnkey agreement with a French engineering firm, Krebs, for development of the chlorine, caustic soda, and PVC facilities. An American firm is collaborating with Krebs on the plant design.

The shaft for the new salt mine is being sunk in the Berrechid Basin, about 10 kilometers from the Atlantic port of Mohammedia where the complex will be erected. One of the processing plants will convert rocksalt into chlorine and caustic soda, industrial chemicals vital to many products and refining processes. In a companion plant the chlorine will be mixed with ethylene for production

of a plastic raw material, polyvinyl chlorde, known as PVC. Both plants will be managed by the Moroccan petrochemicals company, Société National d'Electrolyse et de Petrochimie.

The third plant will produce soda ash (sodium carbonate) and will be managed by a new firm, Samivis, whose creation was provided for in a $50 million agreement between Morocco and Italy.

Upon completion in 1977 the complex will have the annual capacity to produce 25,000 tons of chlorine, 29,000 tons of caustic soda, 25,000 tons of PVC, and 500,000 tons of soda ash. Estimates, based on current world market averages, place the yearly value of the chlorine production at $2.5 million, the caustic soda at $4 million, the PVC at $11 million, and the soda ash at $20 million, while the rocksalt, unrefined, has a minimum value, domestically, and as an export commodity, of $2 million a year. The Government also expects that advances in technologies brought about by the new operations will give a broad boost to indigenous plastics, glass, detergents, textiles, canning, and packaging industries.

The rocksalt itself will be used mostly to satisfy the domestic and household market and the Moroccan fish packing industry. The new mine will make Morocco self-sufficient in the commodity. Regular export markets could be opened in West Africa and odd-lot markets in Europe and North America.

Revolving Fund for Natural Resources Exploration

Established: December 1973. Administered by UNDP.

Activities: By the end of 1974, in the first 12 months, 24 countries had been visited by technical advisors for the fund, who are helping to identify possible exploration projects. They were: Argentina, Bolivia, Burundi, Central African Republic, Chile, Colombia, Costa Rica, Dahomey, Ecuador, Egypt, El Salvador, Ghant, Guatemala, Korea, Liberia, Malaysia, Niger, Pakistan, Peru, Rwanda, Sierra Leone, Sudan, Syria, and Upper Volta. An additional 11 such missions will be fielded in 1975 to Colombia, Dominican Republic, Ghana*, Indonesia, Kenya, Nicaragua, Somalia, Sudan, Syria*, Uganda, and Uruguay. As of September 1, requests for information about the fund's services were in hand from 15 additional countries.

Report: The mission to Pakistan has reported quite hopeful scope for discovery of major new oil and gas reserves; has discussed potentials in wind, solar, and geothermal energy, and has recommended a comprehensive energy-resources development program.

Projects: Two revolving fund projects were approved by the UNDP Governing Council at its June 1975 session. They are:

Mineral exploration in Sudan.—The project is aimed at a search for, and evaluation of, precious and base metals mineralization in an area of approximately 750 square kilometers in the southern Red Sea Hills Province of Sudan.

The first phase of exploration will consist of a geothermal and topographical survey of the area, followed by regional geochemistry, ground geophysical investigations and a limited amount of trenching and pitting. Expenditure in the first phase involves an amount of $125,000. Depending on these initial findings, the total project may require expenditures for personnel, equipment, and contractual services of approximately $450,000.

Mineral exploration in the Cordillera de los Andes, Bolivia.—This project assists Bolivia in its search for new mineral deposits, particularly copper, tin, tungsten, lead, zinc, and precious metals, in the Andes. Four separate areas of exploration totaling 125,000 square kilometers, have already been identified. Initial work will be confined to two areas of 60,000 square kilometers along the borders of Argentina and Chile and near to town of Potosi. Favorable prospects will be located and identified as to origin. Subsequently, geophysical, geological, and geochemical work, and up to 2,000 meters of test drilling, will be carried out in order of priority.

This phase of operations, involving 45 person-months of service by internationally-recruited experts and about 535 months of Bolivian personnel, is programed to take 15 months at an estimated cost of $750,000. If promising results are obtained, additional funding to a total of $3 million will be provided.

Replenishing the fund.—UNDP's experience in mineral exploration indicates a success ratio of one profitable venture for every 10 explorations undertaken. Under the roles of the fund, therefore, should either of the above two projects prove successful and an ore body is developed, a replenishment contribution equivalent to 2 percent of gross sales for 15 years will be made to the fund—a

contribution not to exceed 15 times the exploration expenditure at constant prices. Should the project fail, no replenishment contribution is required.

Resources.—As of the present, the fund's resources stand at $5.4 million. The U.S.A. has recently announced its intention to make annual contributions.

1. A $1.5 million UNDP project executed by the World Bank for Malaysia, to survey and recommend needed transport development, has already produced direct investment followup:

$216.6 million for roads and highways;
$23 million for railway modernization and diezelisation;
$18.4 million for development of Penang Airport;
$54.5 million for development of ports and harbors.

In addition, recommendations from the joint Asian Development Bank/UNDP/USAID South East Asia regional transport survey have directly resulted in $51.9 million followup investment for the opening up of a major port at Kuantan on Malaysia's less developed east coast.

Of the total direct followup investment of $364.4 million from these two inputs to data, Malaysian domestic investment is $193.1 million.

2. In the Philippines, a $790,000 UNDP-financed transport survey completed in 1969 has to date resulted in $295 million of direct investment followup for development of roads, railways, ports, and airports. Of this investment, domestic Philippine capital inputs have been $107.7 million.

An additional port feasibility study for which UNDP has provided $873,000 has already been followed by $12 million directly related investment followup for development of Mindanao port. Philippine domestic input; $5.9 million.

A small ($30,000) interisland shipping assessment project by UNDP has assisted with specifications for $34.1 million of investment to improve interisland ships. Philippine domestic investment accounts for $14.1 million.

3. In Afghanistan, highway construction assisted by a variety of international donors has been a key factor in opening up internal development. Snow and subzero temperatures, spring flooding, and in other areas very high summer temperatures, together with greatly increased traffic, urgently required a proper highway maintenance program and department. A UNDP-financed $3 million project for this purpose executed by the World Bank, has already resulted in $25.1 million of directly related followup investment in maintenance equipment and road improvement, of which domestic investment has been $8.6 million.

4. Nepal's 20-year highway plan resulted first in the building of trunk road links, which in turn led the Government in 1969 to ask UNDP to strengthen the roads department and survey needed feeder roads that could alone complete the development. This has already resulted in $17.2 million of followup road construction investment. Two new UNDP projects under LDC special measures funds are making recommendations on cableways to link mountainous regions on a cost-beneficial basis, and to introduce containerized road transport.

Agricultural Production in Egypt

Background

Agriculture accounts for about one-third of Egypt's gross domestic product and 85 percent of her export earnings. It provides employment to nearly half the working population.

Yet, less than 4 percent of the country's total land area is cultivated, virtually all of it under irrigation. The 7,413,000 acres which can be farmed are located in the valley and delta of the Nile River—an area which also holds 97 percent of Egypt's nearly 40 million people (map overleaf).

The construction of the Asswan High Dam during 1960–72 provided irrigation water which led to the reclamation of nearly 1 million acres of unused land in this region, and made possible the growing of two or three crops a year on an additional 700,000 acres which had previously yielded a single crop annually.

However, because the newly irrigated land lacked adequate drainage facilities, water seeped into the ground. This caused waterlogging and, through capillary action which brought saline underground water to the surface, salinization. Together with increased cropping intensity, this so depleted the soil that it was feared much of the area could become barren within 35 years, and that productivity on remaining fields would decline by as much as half.

The project

In the early sixties, Egypt requested UNDP's assistance for the development of an effective drainage system. During 1961–64, UNDP contributed $365,000 and

the Government $1 million for an FAO survey of six pilot areas. This project confirmed the desirability of installing tile drainage, which removes excess soil moisture through concrete or clay pipes buried horizontally below the crop root zone. The system needs only minor maintenance and has the additional advantage of not using up any surface land. (About 14 percent of Egypt's cultivable acreage is now taken up by drainage canals). The project also demonstrated that the tiles, first installed by hand, could be mechanically laid at half the cost.

Results

The UNDP project recommendations led Egypt to undertake two massive tile drainage installation projects, backed by IDA credits:

A $147 million, 8-year project, launched in 1970 with an IDA credit of $26 million, to install the system under 1 million acres in the Nile Delta;

A $123.8 million, 6-year project, launched in 1974 with a $36 million IDA credit, for tile draining 311,400 acres in Upper Egypt.

Of the latter project's funds, $8.1 million have been allocated to coordinated control of Schistosomiasis (Bilharzia), the waterborne, delibitating disease which has been a serious health hazard in Egypt since ancient times and, unless checked, is likely to spread with drain installation. In addition, the world food program is providing coordinated assistance worth $12.7 million to these operations.

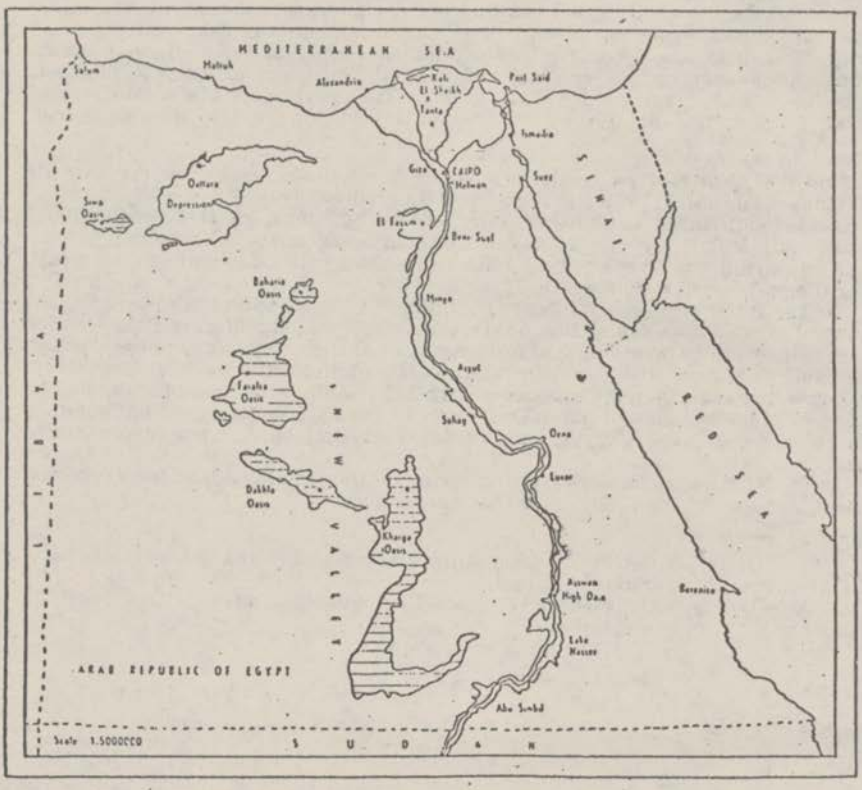
As of May 1975, more than 311,400 acres in the Nile Delta region, and another 31,140 acres in Upper Egypt, had already been drained and put to productive use.

In the Nile Delta, farmers growing cotton on the reclaimed land have reported yield increases of from 700 to 1,000 pounds per acre.

Project areas

1. Nile Delta.—The triangle from Cairo opening northward to near Alexandria in the west and Port Said in the east.

2. Nile Valley.—Along the river from Beni Suef just below Cairo, south to Asswan.


MEDITERRANEAN SEA
Sollum
Matruh
Alexandria
Kafr El Sheikh
Tanta
Port Said
Ismailia
Suez
Giza
CAIRO
Helwan
El Fayum
Beni Suef
Minya
Asyut
Sohag
Qena
Luxor
Aswan High Dam
Lake Nasser
Abu Simbel
Qattara Depression
Siwa Oasis
Bahariya Oasis
Farafra Oasis
Dakhla Oasis
Kharga Oasis
LIBYAN DESERT
EASTERN DESERT
SINAI
RED SEA
Berenice
ARAB REPUBLIC OF EGYPT
SUDAN
Scale 1:5000000

NOTES

1. An overview map of UNDP's major global, interregional, and regional fisheries projects is provided overleaf.

In these multicountry projects, UNDP has secured and is coordinating increasing additional bilateral assistance. In the 26-country Indian Ocean program, Norway is helping off Southwest India and in the Arabian Sea; Sweden is working with UNDP in the Bay of Bengal project; Australia is assisting in the Eastern Indian Ocean survey; and the U.S.S.R. has contributed research vessels. In the newer 17-country east-central Atlantic fisheries development effort, Canada, Poland, Japan, and Korea will assist with various components in the project. The U.S. Department of Commerce—National Oceanic and Atmospheric Administration—has invited UNDP's fisheries experts to Washington to review coordination with U.S. assistance.

2. Caribbean fishery development project results:

Over 1½ million square miles were surveyed by UNDP-financed vessels. Valuable fish resources were found along the Guyana shelf, up to 200,000 tons per year; rich snapper grounds in the north Caribbean; and 5 million pounds annually of shark meat resources. The project has additionally trained local skippers, crews, and fishery officers and surveyed port facilities, marketing networks, and processing plant needs.

Results to date include that Guyana has launched a $25 million investment program in shrimp and fish trawlers and storage and processing facilities; Trinidad and Tobago has developed a 20-acre harbor-front site, with a private consortium constructing a $1 million processing plant; in Barbados, a new trawling company is operating commercially; in Grenada, a fish marketing scheme with ice storage has been launched, with $250,000 Canadian aid for distribution systems; in St. Vincent, St. Lucia, and Antigua, similar facilities are underway with British followup aid; and Jamaica has invested over $1 million for fish terminals.

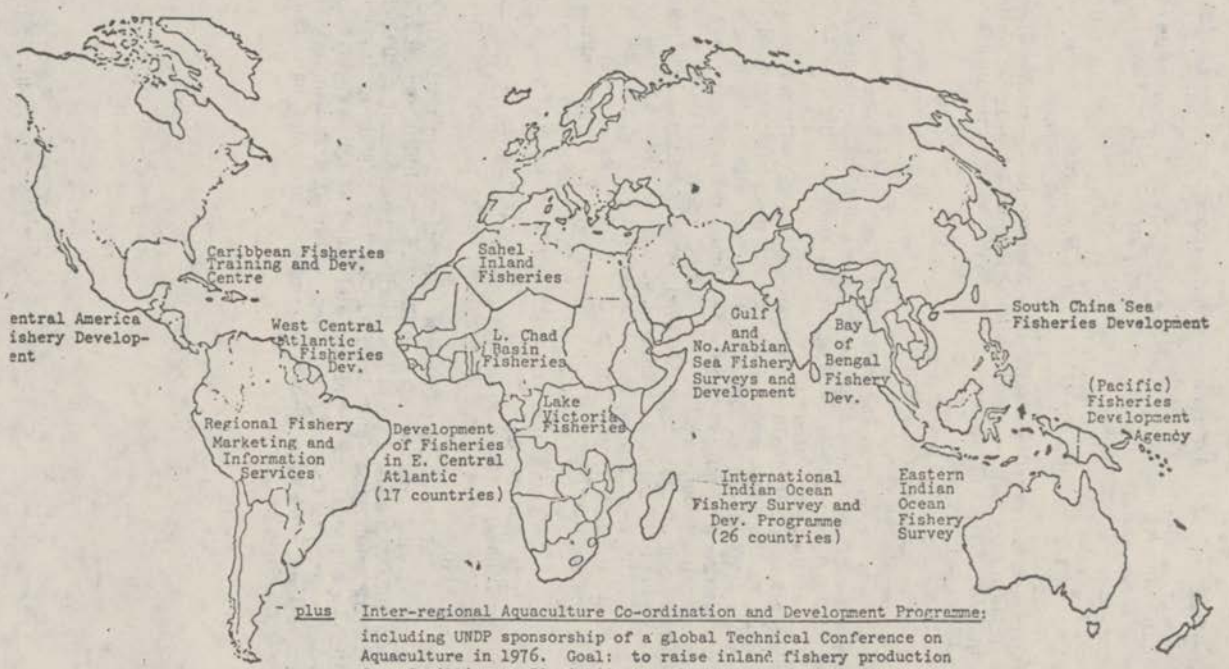
3. Taking only the last 3 years—1972–74—UNDP fisheries development work directly resulted in $99,370,000 of followup investment in 20 countries and 3 multicountry regions. About 75 percent of this investment was in sea fisheries; 25 percent inland—the great bulk of aquaculture followup is of course at village levels by thousands of local efforts not quantified here.

A further $82,540,000 in followup investments used some UNDP findings or was otherwise indirectly linked with UNDP work. Taken together, followup 1972–74 totaled $181.9 million.

Indonesia reported the largest followup investment from its UNDP fisheries projects in this period, totaling $31.6 million. In the Philippines, UNDP work resulted in a 100,000-ton increase in sea catches—representing a 300-percent return on UNDP assistance—and in 1972–74 direct followup investment of $21.3 million. An encouraging trend was $3,160,000 of followup investment for inland fisheries in protein-deficient Africa, where UNDP also has underway major new regional river basin fishery development programs, as in the Senegal and Niger River basin projects.

UNDP GLOBAL, INTER-REGIONAL AND REGIONAL FISHERY DEVELOPMENT

Note: This map illustrates only major global, inter-regional and regional projects ongoing or very recently concluded. Overall, UNDP with FAO has set up 154 fishery projects costing $85 million in UNDP funds, of which 95, costing $81 million, are large-scale. National-level projects are in operation in virtually every developing country.



- plus Inter-regional Aquaculture Co-ordination and Development Programme: including UNDP sponsorship of a global Technical Conference on Aquaculture in 1976. Goal: to raise inland fishery production from 5 million to 50 million tons by year 2000.

plus Southern Oceans Fisheries Survey Work is beginning on a programme to reach all around the bottom of the globe,

UNDP WORK ON "ALL-PURPOSE DOCTORS" FOR CAMEROON

Background

The United Republic of Cameroon has only one doctor for every 15,000 citizens and, since most existing doctors live in towns, the rural ratio is very much worse. Until 6 years ago, the country had no medical teaching institution at all, and faced not only the desperate urgency of increasing medical and health staff of all kinds, but the challenge of training staff truly appropriate to African circumstances and needs.

The project

In 1969 the Government asked UNDP and WHO to help establish the needed teaching and training facilities, and a $1.8 million UNDP-financed project was formulated at the University Centre for Health Sciences at Yaoundé—with the Government contributing another $1.5 million. The centre program was designed with Government by WHO specialists, emphasizing operational research to ensure continuous evaluation of the nation's health situation; ongoing training of a new kind of health team especially geared to rural areas; and evolution of health development schemes.

The project has selected a number of strikingly new approaches to medical and health staff training. These include multidisciplinary classrooms with a fixed place, complete with instrument set, for each student—the lecturers come to the students. Theme teaching insures understanding of systemic human medicine, replacing classical Western separate teaching in the anatomy, physiology, and pathology of the same organ at quite different times.

Above all, the Centre has adopted coordinated training of doctors, nurses, laboratory and sanitary technicians, dental mechanics, nutritionists, and pharmacy assistants to achieve integrated health teamwork in rural areas. All categories of students are taught together in their first year; they then divide according to their specialization for subsequent classwork; but in the operational field work-study that is integrated throughout the curriculum, they form complete health teams on the model on which they will be deployed after graduation. Medical students must spend 2 straight months working in villages in their fourth year; and another 6 months before graduation.

The project design emphasizes both community medicine and training in community health planning and analysis, with the Centre's public health unit working with the students to prepare their field-study work plans, and analyzing results and experiences when they return for further class studies.

The Centre's research and training teams are holding off drawing up the curriculum for pharmacists until they have completed sociomedical studies and identified the package of medicines that can be manufactured from extracts of medical plants growing in the Cameroon. This is part of the total effort to design a new kind of health team from African needs and resources, rather than from a generalised international model.

The first 32 medical graduates, trained as all-purpose doctors and including four women, will receive their diplomas this month—September 1975. Another 170 students are in earlier stages of the medical curriculum; 50 are in post-graduate nursing, and 45 in the medical technician course, with Niger, Chad, Dahomey, and Ivory Coast now reported to be seeking to send their students to the course.

The UNDP project has attracted bilateral assistance from France, the United States, Britain, Canada, and Federal Republic of Germany, including experts from these countries on the teaching staff. The director and deputy are Cameroonian; 75 percent of the staff are already Cameroonian.

UNDP WORK TO COMBAT RIVER BLINDNESS IN AFRICA

($2.5 million)

Background

Onchocerciasis is a disease afflicting almost 1 million people in the seven west African countries of the Volta River basin—Dahomey, Ghana, Ivory Coast, Mali, Niger, Togo, and Upper Volta. About 70,000 people in this region have been blinded by the disease, and another 30,000 see only poorly. Onchocerciasis is often called river blindness because the tiny blackfly which carries the onchocerciasis worm is generally found close to fast-flowing rivers, where its eggs are laid. The blackfly needs to suck blood, preferably from a human, for its eggs to mature. In this way, humans become infected. River blindness exacts a heavy economic toll. Along the White Volta alone, some 50 villages have been abandoned to the blackfly. People have fled the fertile valleys to crowd upon drought-stricken plateaus.

With the World Health Organization as executing agency, UNDP initially sponsored onsite research and pilot programs designed to eliminate the disease in a 700,000 square kilometer area. Ecological considerations prohibited massive use of DDT to combat the disease carrier over such a vast area. But specialists, testing less toxic insecticides, found that the American product, Abate, appeared promising. It was found harmless to humans, fish, and freshwater organisms, but lethal for blackfly larvae. Encouraged by these findings, the seven west African Governments concerned met in Accra, Ghana, in 1973 to approve an action plan devised by United Nations agencies. The plan calls for a 20-year, $120 million program designed to wipe out river blindness and restore the rich valleys of the Volta basin to full economic productivity.

Achievements

The international campaign against river blindness has thus far attracted pledges of help from the governments of Canada, the Federal Republic of Germany, France, the Netherlands, the United Kingdom, and the United States, as well as from UNDP and the World Bank—the latter has agreed to take the lead in mobilizing international assistance for the effort. Systematic dosing of blackfly breeding areas began in late 1974. In some 150 test villages, specialists are regularly examining long-time inhabitants and new settlers to assess progress against the disease. Some time in 1976, people will begin moving back to the abandoned valleys. In Upper Volta alone, some 200,000 people will be resettled over a 20-year period. At the same time, average farm yields in this area are expected to triple.

Development efforts will go hand in hand with control of the disease, ranging from major irrigation projects to the establishment of small family farms. Small industries will be developed alongside plantations of such crops as sugarcane, oil seed, fibers, and cotton. In all, FAO estimates the potential output of the deserted valleys at $30 million to $40 million annually. Upper Volta could increase its cereal crop by 20 percent, bringing that nation close to self-sufficiency in food supplies. In Ghana's upper region, increased cereal and meat production could also wipe out food deficits. Some 200,000 jobs could spring up around small industry, crafts, trade, transport, administration, and tourism. Not least, development projects costing over $300 million, already underway in the area, will no longer seem doomed to eventual failure by the spread of river blindness to the people involved.

UNDP Assistance to UPEB (Union of Banana Exporting Countries) (Latin America)

Background

In 1974, several Latin American countries—Panama, Guatemala, Costa Rica, Colombia, and Honduras—which depend heavily on banana exports for much-needed foreign exchange, formed a producers' association called UPEB—Union de Paises Exportadores de Banano. Its aims: to learn more about the banana industry, to seek new markets, and to increase their earnings from the sale of bananas. To help them in this effort UPEB members requested technical assistance from UNDP.

The projects

As a first step a team composed of representatives of UNDP, UNCTAD, and the Central American Integration Secretariat—SIECA—visited the UPEB countries and recommended UNDP help for the following reasons. They reported that between 1950 and 1972 the price of bananas in real terms had diminished 44 percent in the United States, 59 percent in the Federal Republic of Germany, 32 percent in France, and 50 percent in Belgium. At the same time, because of world inflation, the real purchasing power of earnings from banana exports had declined 61 percent.

The UNDP-led mission highlighted other serious problems the UPEB countries faced. The predominant control of the marketing and distribution system of the banana industry was in the hands of three major U.S.-based transnational corporations. Often the UPEB governments were not able to obtain vital information about the industry from these concerns, and their lack of participation in the industry left them with few persons skilled in the intricacies of the banana market. Competition among the transnationals as well as the increased production the countries had been able to attain kept banana prices low.

The UNDP mission also pointed out that a very small percentage of the banana dollar stayed in the countries concerned. At present, they indicated, UPEB countries receive only about 11.5 cents from every dollar's worth of bananas sold. Foreign enterprises receive 88.5 cents from:

	Cents
1. Packing; transport to port, loading, et cetera	26.1
2. Freight and insurance	11.5
3. Ripeners' gross margin	19.0
4. Retail gross margin	31.9

NOTE.—The transportation of bananas to markets was almost entirely conducted in foreign vessels—99 percent.

Early in 1975 UNDP began work on a 1-year project of technical assistance to UPEB to lay the groundwork for a long-range program. UNDP is financing experts in trade policy and economic and statistical analysis to help UPEB identify and seek new markets and to gain more participation in the industry by developing the needed competency in the trade, transportation, and marketing of bananas.

For many of the UPEB countries bananas constitute almost half of their total exports. If the UNDP assistance can help them to form the necessary economic infrastructures, that effort would go a long way toward improving their trade position and lessening their economic dependence on foreign enterprises.

UNDP/WHO ASSISTANCE TO HEALTH SERVICES IN THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN—$1,396,226

Background

Democratic Yemen is an arid, mountainous country which covers an area of about 130,066 square miles and is located at the bottom of the Arabian peninsula. Unlike many of its neighbors, it does not have oil riches. The U.N. has named it among the world's least-developed nations.

Health is a major problem for the country's 1,800,000 people, more than half of whom are under the age of 20. Communicable diseases such as tuberculosis, trachoma, schistasomiasis, and gastroenteritis are common, as is malaria, which the tropical climate makes particularly difficult to control.

On gaining independence in 1967, Democratic Yemen faced an acute shortage of health manpower. Many preventive and curative health services previously staffed by foreigners had to be curtailed. To improve this situation, the Government allocated 5 percent of its national budget to public health, and set out to make health care universally available. Steps included setting up medical institutions in each of the country's six governates with priority given to opening up rural health posts. Villagers themselves build these rural units in their spare time; the number has risen from 80 to 230 since independence.

Health services were made state responsibility in 1973. This met with the approval of both the people—who may now visit a doctor for as litle as 0.05 dinars—$0.15—and the doctors, who are well paid and have been provided with auxiliaries to perform routine medical procedures.

The project

To train the personnel needed to staff hospitals and health centers throughout the country, and to improve these facilities, in 1970 Democratic Yemen requested UNDP/WHO assistance. A 5-year project was organized to carry out a comprehensive training program for health and paramedical personnel at the middle and technical levels, and to advise the Ministry of Health on planning and development of services. UNDP is contributing $1,396,226 and the Government $2,404,321. The project was to help set up an Institue of Health Manpower Development in the capital city of Aden, with training courses for medical assistants, nurses, nurse-midwives, health inspectors, laboratory technicians, radiographers, and pharmacy technicians.

Results

Now firmly established, the institute has trained more medical personnel than originally envisioned. For example, the project's goal of 60 trained medical assistants—to head up the rural health posts—has been far surpassed. By May 1975, 123 were already under training. Thus, the Government's estimated need for 180 of these professionals by 1979 is well on the way to being met.

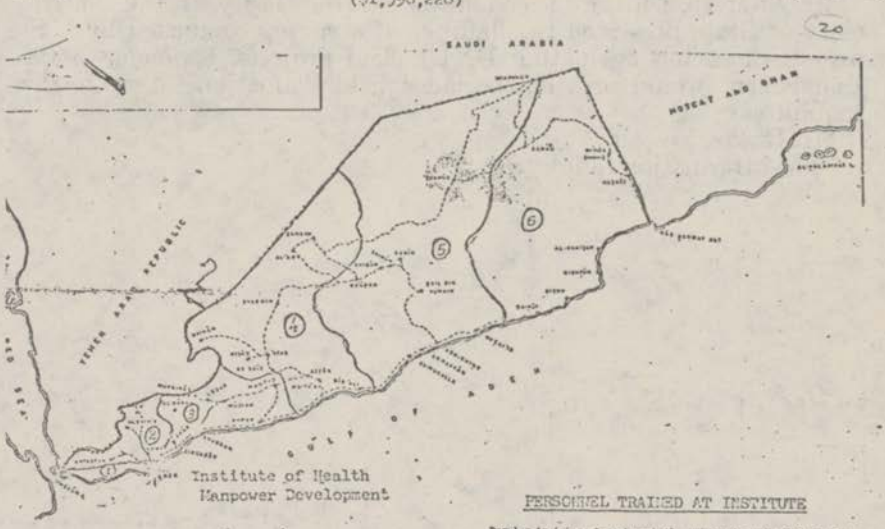
The project has also provided short-term training courses around the country. For example, 6 weeks of intensive training has been given to Giddas, the tradi-

tional birth attendants, and short courses in health education were held for school teachers.

UNICEF has assisted the program by providing monthly stipends for students in some categories; and UNFPA—UN's Fund for Population Activities—will give stipends to students enrolled in courses for its maternity-centered family planning program.

UNDP plans to continue its support to the training activities with a followup 6-year project, during which a course for dental assistants and postbasic courses in specialized medical branches will be started. Democratic Yemen will subsequently assume full control of the institute.

UNDP/WHO ASSISTANCE TO DEMOCRATIC YEMEN'S HEALTH SERVICES
($1,396,226)



HEALTH INSTITUTIONS IN EACH OF SIX GOVERNATES

District Hospital (100 beds) -- staffed by specialists -- provides varied medical services

Rural hospitals (40 beds) -- directed by doctor -- perfores surgical operations

Small hospital centres (15 beds) -- headed by senior medical practitioners -- provides obstetrical and mother and child health care.

Rural health posts -- built by villagers -- headed by medical assistants -- renders preventive medical services

PERSONNEL TRAINED AT INSTITUTE

Regular training: targets outputs and requirements 5 Years Plan

Category of trainees	Target number	Number graduated 1970 - 74	Number under training (May 75)	Requirements 5 Y. plan (1975 - 79)
1. Senior Medical Practitioners * (½ Y. Post-Med. Assistant)	20	13	-	-
2. Medical Assistants (3 Y. training)	60	-	123	180
3. Professional Nurses (3 years training)	60	56	89	200
4. Nurse - Midwives (1 year post-nursing).	60	26	4	50
5. Practical Nurses (1year training)	100	236	154	300
6. Community Nurse-Midwives (18 months training)	50	65	71	325
7. Health Inspectors (3 years training)	40	11	9	90
8. Assistant Health Inspectors (18 months training)	60	21	26	120
9. Assistant Laboratory Technicians (18 months training	30	6	47	150
10. Assistant Radiographers (18 months training)	30	25**	15***	90
11. Pharmacy Technicians (3 years training)	30	-	35****	90
12. Assistant Pharmacy Technicians***** (Dispensers) 18 months training	50	19	-	150

* Discontinued

** 6 m. in-service training *** 18 months training.

**** Out of these 10 in-service training of 2 years duration.

FIELD EVALUATION SURVEY

Mr. SHRIVER. During the committee hearings last year, the Department of State presented the findings of a survey conducted by U.S. overseas missions evaluating UNDP field projects. I wonder if the Department would provide the latest field evaluation survey to the committee?

Mr. LEWIS. Yes, sir.

[The information follows:]

EVALUATION OF UN ASSISTANCE PROGRAMS

The following summary comments and observations are based upon responses for 1975 from 93 posts, four reports from which were submitted voluntarily. Particular attention in these remarks is given to UNDP-funded activity.

The majority of posts reported that the Res Reps are effective leaders of UNDP activities, and have continued to make visible progress in pursuing their mandate to be the "leader of the team" for all UN development assistance activities. Among the few posts which were critical, most nevertheless reported that the Res Reps were effective regarding UNDP activities but still in need of strengthening their role vis-a-vis other UN system assistance. Cases of agencies by-passing the UNDP are reportedly becoming fewer in number, but still serve to highlight the continuing need for improvement. The Res Reps reportedly have, with few exceptions, established effective working relationships with host government officials, and there are more reports than in previous years of close UNDP/IBRD working relationships, as well as of UNDP/IBRD undertakings being coordinated and complementary. In addition, there are fewer reports than previously of vacancies in Res Rep posts. There were not enough responses to the question concerning UNICEF participation in the UNDP country programming exercise to draw useful conclusions on this point.

A wide variety of coordination mechanisms and procedures were reported. The informal exchange of information, including periodic informal donor meetings and other coordination activities, continues to expand under the aegis of the Res Reps. While some donors, reportedly, are still reluctant to participate in coordination activities, these activities nevertheless are increasingly expanding to include all or at least the majority of bilateral and multilateral donors. The UNDP country programming exercise continues to provide a vehicle for increasing donor coordination. A number of Res Reps publish useful compendiums of the development

assistance inputs of all donors. On the other hand, the reports indicate that host governments still generally reserve their prerogative concerning more formal donor coordination, and about one-third of the posts reported government sensitivity to any but the most informal, low-key donor coordination efforts by the Res Rep. The U.S., in encouraging expanded coordination of donor activities, always has recognized that it is the right of host governments to determine the manner in which this coordination takes place.

More than one-third of the posts reported Res Rep involvement in, and responsibility for various UN activities outside the usual realm of technical assistance, including such "ad hoc" activities as refugees and disaster relief. In several cases, the Res Rep has been designated the coordinator for "ad hoc" programs of disaster relief and rehabilitation following serious floods. In another instance a Res Rep coordinated all donor inputs following a cyclone. In some cases the Res Rep has responsibilities vis-a-vis the UN Disaster Relief Office (UNDRO); in some he is the local representative for the UN High Commissioner for Refugees (UNHCR), or the World Food Program (WFP). In reporting the Res Rep's responsibilities for a variety of activities outside the usual realm of technical assistance, including functioning as the UN's "diplomatic" respresentative, it was sometimes noted that these "ad hoc" assignments represent very time-consuming demands on the Res Rep and that staff size does not reflect this dimension of the UNDP's role. In this connection it was suggested that in some areas particularly prone to recurrent natural disasters, giving the Res Rep the primary leadership role in disaster relief might put too great a continuing burden on his time at the expense of his technical assistance responsibilities.

At this point, near the end of the first UNDP programming cycle (1972-76), the majority of posts reported that one or more annual program reviews had been held. There were a few reports of government sensitivity to holding the reviews, of reluctance to permit other donors to participate and of lack of adequate preparation on the part of the participants. The consensus, however, is that participation

in the reviews has been generally enthusiastic, including some involvement of other donors, and that, on balance, the review process has been effective in delineating and helping to remedy program deficiencies with resultant improvements in sectoral concentration and control of implementation. The introduction of a new management tool, the Country Program Management Plan, also was cited. This provides an ongoing listing of projects with implementation tables and continuous updating of these within successive six-month time frames. Only a handful of posts did not answer the question concerning the annual program review.

In June 1973, the U.S. revised its system for reviewing UNDP country project proposal summaries transferring the primary responsibility for this function to the field. This was in keeping with UNDP procedures under which the UNDP Res Rep was instructed to send copies of these summaries to the local representatives of bilateral aid agencies, provided the host government has no objection, to keep bilateral donors informed and to request comments, particularly where there might be opportunities for cooperation and complementary activities between UNDP and bilateral donors, or to avoid possible duplication.

In most cases, posts reported that they had implemented this procedure. Many posts reported a continuing liaison with the Res Rep for the purpose of ensuring maximum coordination and consultation in the formulation and implementation of UNDP projects. Both project proposals and important changes in approved programs were discussed. In some instances, USAID's also provided Res Reps with draft USAID project proposals and other program documentation to ensure further coordination. One post reported that the UNDP is cooperating with USAID in the implementation of project design and evaluation courses for personnel of both agencies. In some cases, however, posts reported that they were too understaffed or that they lacked the technical expertise to undertake such reviews. Some posts reported that there had been no new projects to be reviewed. There were also some reports of government sensitivity to such reviews. Most posts, however, expressed the belief that the procedures provided an effective review method in areas of mutual concern.

On balance, the reports indicate that the majority of UNDP projects are considered generally successful, and that implementation, both in terms of timing and quality, is improving. Country program reviews have been useful in identifying project deficiencies, and as a result some activities have been modified or terminated. However, there are still numerous reports of shortages of counterpart personnel and delays in arrival of experts and, to a lesser extent, of equipment. Some posts reported that factors such as housing and allowances hindered project implementation. In several cases, posts noted that there were still too many small-scale projects, and that this also was an obstacle to implementation. It was suggested, with regard to the shortage of counterpart personnel, that the training components of country programs should be further expanded.

The posts, with fewer than a dozen exceptions, reported that the UNDP tripartite review system for all large scale projects, with participation by the Res Reps, host government and executing agency concerned, had been implemented in their respective countries. The consensus is that the system is successful, and has had a streamlining effect on operations. It has highlighted implementation bottlenecks and encouraged solutions of these problems. Despite some reported instances of government sensitivity or limited participation, the system has reportedly inspired greater government involvement in, and appreciation of, projects, and as a result has produced more effective resolution of implementation problems raised with governments. The new Country Program Management Plan was also cited as an aid in these tripartite reviews. On the other hand, the Res Reps' annual report, while still being prepared in many cases, is reportedly no longer a required exercise.

Almost all posts responded to this new CERP 0008 question concerning progress in the integration of women in development, particularly pursuant to the decision of the 19th UNDP Governing Council on this subject. Almost all commented that the Res Reps had received instructions from UNDP Headquarters in this regard, and in many cases progress had ensued. In some cases new projects are being

initiated, particularly in such areas as education, health and rural development. One post reported a pilot project on the integration of women in development in the final stages of project design which would include instruction and activities relating to handicrafts, nutrition, cash crops, sanitation and poultry farming, with day care centers to be organized as well.

In many instances, also, Res Reps reportedly are working with the governments and executing agencies to review and reorient existing projects and to modify project proposals, as appropriate, vis-a-vis their impact on women. Some efforts to increase the number of women "experts" and counterpart personnel on projects also reportedly are underway.

On the other hand several posts reported that Res Reps were waiting until the start of the second programming cycle to take action on this subject as all their funds were fully committed. Some posts also mentioned host country conservatism regarding the role of women, and most posts commented on the continuing paucity of women "experts" on projects as well as of women at the Res Rep and Deputy Res Rep levels and in other decision-making positions in the UNDP and the agencies.

Some of the follow-up requests were "country specific", but the majority sought remedies for more general problems such as shortages of counterpart personnel and delays in experts and equipment. One post urged greater communication at the working level among technicians of related UN programs and those of bilateral donors. Another suggested establishment of criteria for joint bilateral/multilateral development projects. It was also suggested that all UN assistance programs should be included in the country program, not just those funded by the UNDP. Several posts also suggested that the Res Reps needed to be given more authority to direct all UN activities. The assignment of more program officers and economists to the Res Reps' Staffs also was requested. Appointment of more women in decision-making positions including women "experts" on

projects, and increased efforts to integrate women into development, including expanded agricultural extension work and other training programs, were suggested. One post recommended that consideration be given to increasing the research and analysis capability at the field level to augment the largely operational role of the present staffs. It was also suggested that UNDP Headquarters program and project evaluation capability be strengthened to provide identification of specific reasons why projects were successful or unsuccessful. One post wanted further decentralization of UNDP functions to the field. In summary, more than half the posts reporting supplied specific recommendations, including the foregoing, for follow-up with the UNDP and the executing agencies as appropriate. The follow-up will be the subject of future communications with USUN and the embassies located near the headquarters of the specialized agencies concerned.

U.S. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND DEVELOPMENT BANKS

Mr. SHRIVER. Would you also put in information showing U.S. voluntary contributions to international organizations and development banks as a percentage in each case of total contributions?

Mr. LEWIS. Yes, sir. We will provide a list.

[The information follows:]

U.S. voluntary contributions to international organizations and development banks

Organization or activity	*U.S. share (percentage of total contributions fiscal year 1975)*
Asian Vegetable Research and Development Center (AID)	35.0
Inter-American Development Bank:[1]	
Paid-in capital	37.2
Callable capital	48.9
Fund for special operations	67.9
International Bank for Reconstruction and Development:[1]	
Paid-in capital	25.7
Ordinary capital	25.7
International Development Association:[1]	
Paid-in capital	39.8
International Finance Corporation:[1]	
Paid-in capital	32.8
International Atomic Energy Agency[2]	30.0
Intergovernmental Committee for European Migration:	
Administrative budget	35.0
Latin American migration program	53.5
Refugee and migration	39.6
International Planned Parenthood Foundation—AID	33.0
Indus Basin grants—AID	60.2
Organization of American States—AID	66.0
Pathfinder fund—population planning—AID	90.0
Southeast Asian Ministers of Education organizations—AID	50.0
Southeast Asian Agency for Transportation and Communication—AID	30.0
United Nations development program	19.4
United Nations Institute for Training and Research	26.7
United Nations Relief and Works Agency	40.0
United Nations fund for Namibia	33.3
United Nations environment fund	40.0
United Nations fund for population activities	40.0
United Nations fund for drug abuse control	71.4
United Nations force in Cyprus	45.0
United Nations High Commissioner for Refugees:	
Refugees from Chile	33.3
Pakistan/Bangladesh exchange of persons	35.0
World Heritage Trust Fund[3]	100.0
World Meterological Organization[2]	34.0

[1] Percentage based on cumulative totals.
[2] Percentage refers to cash contribution, but in-kind contributions add to total.
[3] Represents contribution to a special fund established to accept contributions pending ratification of the convention by the necessary 20 members of UNESCO. States contributing to the special fund can determine the uses to which their contributions will be put.

Mr. SHRIVER. My 5 minutes are up, Mr. Chairman.

NEED FOR ACCURATE RECORD

Mr. PASSMAN. We will be coming back. I know we all want an accurate record. Even though it may embarrass all of us, I think we have agreed and the record is abundantly clear that we have over three technical aid programs, the U.N. technical aid program, the Peace Corps technical aid program, and the bilateral technical aid program.

UNDP EXPERTS

You stated in your hearings, I believe, that you had 9,801 experts; but you have how many now?

Mr. LEWIS. The figure I have is 9,809, Mr. Chairman.

Mr. PASSMAN. All right.

Mr. LEWIS. We are pretty close together, anyway.

Mr. PASSMAN. That is almost 10,000 experts.

I wonder if at this point in the record you would put the number of experts the Peace Corps has in the countries, the number of bilateral experts, and the number of experts that you have.

[The information follows:]

LISTINGS BY COUNTRY OF FIELD EXPERTS UNDER PEACE CORPS, AID AND UNDP

The following information is provided concerning the numbers of experts to carry out field operations employed by the Peace Corps, AID, and the UNDP.

One: Peace Corps has no such category of employment as such. Field activity is conducted by the Peace Corps Volunteers themselves. All PCV's possess some measure of expertise in one or more activities. The accompanying lists show distribution of PCV's by region and country for the period specified.

Two: AID employs experts through nondirect hiring of contract personnel. As of February 29, 1976, there were 1,274 such employees worldwide of which total 650 were U.S. nationals and 624 were foreign nationals. The attached listing shows personnel distribution by region and country.

Third: The UNDP variously engaged 10,000 to 11,000 experts per year in connection with its country and intercountry projects. The attached tables showing the number of experts serving in the field during 1974 and 1975 contain accumulative totals. At any given time in any one country, there are likely to be fewer personnel than shown in the tables owing to arrivals and departures during the calendar year. As projects are completed or contracts terminated, the experts depart. The reverse is also true. The totals therefore represent all experts in the country during the course of each year.

PEACE CORPS VOLUNTEERS

Africa

Volunteers on board as of Dec. 31, 1975:

Botswana	109	Mali	35
Cameroon	79	Mauritania	7
C.A.R.	42	Mauritius	7
Chad	50	Niger	117
Benin	63	Nigeria	3
Ethiopia	36	Rwanda	3
Gabon	30	Senegal	83
Gambia	22	Seychelles	6
Ghana	217	Sierra Leone	205
Ivory Coast	85	Swaziland	122
Kenya	205	Togo	97
Lesotho	62	Upper Volta	88
Liberia	226	Zaire	206
Malawi	15		

Latin America

Volunteers on board as of Dec. 31, 1975:

Belize	46	El Salvador	98
Brazil	99	Guatemala	105
Chile	73	Honduras	126
Colombia	145	Jamaica	135
Costa Rica	107	Nicaragua	103
Dominican Republic	57	Paraguay	70
Eastern Caribbean	131	Venezuela	38
Ecuador	181		

Asia, North Africa and the Pacific

Volunteers on board as of Mar. 31, 1976:

Afghanistan	67	Nepal	115
Bahrain	14	Oman	23
Fiji	127	Philippines	307
Gilbert Islands	3	Solomon Islands	34
India	18	Thailand	201
Iran	68	Tonga	89
Korea	160	Tunisia	114
Malaysia	265	Western Samoa	114
Micronesia	243	Yemen	22
Morocco	167		

AID NONDIRECT HIRE PERSONNEL ABROAD

	U.S. Nationals
Africa:	
Botswana	[1] 3
Ethiopia	17
Ghana	14
Kenya	27
Lesotho	[1] 3
Liberia	17
Niger	[1] 6
Nigeria	29
Senegal	1
Sierra Leone	2
Swaziland	[1] 36
Togo	2
	[1] 3
U.R. Cameroon	[1] 1
U.R. Tanzania	42
Zaire	2
Asia and Pacific:	
Afghanistan	35
Bangladesh	4
Indonesia	13
Nepal	11
Papua New Guinea	14
Philippines	48
Republic of Korea	18
Thailand	[1] 17, 12
Europe, Mediterranean:	
Morocco	5
Tunisia	2
Turkey	1
Yemen	4
Latin America:	
Barbados	2
Bolivia	12
Brazil	24
Chile	3
Colombia	10
Costa Rica	1
Dominican Republic	10
Ecuador	8
El Salvador	12
Guatemala	[1] 13, 14
Haiti	17
Honduras	9
Mexico	1
Nicaragua	12
Panama	6
Paraguay	13
Peru	7
Uruguay	2
Venezuela	1

[1] Personnel assigned to regional offices.

Table 5

UNDP: Number of Experts Serving in the Field, by Country or Area of Assignment, 1974 and 1975[a/]

	1974	1975		1974	1975
AFRICA			ASIA AND THE PACIFIC		
Benin	56	71	Afghanistan	164	135
Botswana	52	53	Australia	1	-
Burundi	98	78	Bangladesh	46	132
Canary Islands	3	-	Bhutan	7	16
Cape Verde	-	7	Brunei	-	1
Central African Republic	57	45	Burma	81	59
Chad	62	55	Cambodia	62	52
Comoros	1	2	Cook Islands	5	5
Congo	43	48	Fiji	26	39
Equatorial Guinea	25	17	Gilbert and Ellice Islands[b/]	4	3
Ethiopia	168	136	Hong Kong	12	3
Gabon	42	59	India	153	131
Gambia	33	16	Indonesia	316	367
Ghana	66	77	Iran	291	292
Guinea	27	38	Lao, People's Democratic Republic	44	36
Guinea-Bissau	-	15	Malaysia	117	104
Ivory Coast	111	111	Maldives	6	7
Kenya	116	80	Mongolia	46	51
Lesotho	61	76	Nepal	86	100
Liberia	96	86	New Hebrides	3	5
Madagascar	55	44	Pakistan	100	146
Malawi	71	45	Papua New Guinea	29	39
Mali	82	84	Philippines	121	152
Mauritania	41	47	Republic of Korea	86	108
Mauritius	33	25	Republic of South Viet-Nam	76	48
Mozambique	-	1	Singapore	38	52
Niger	84	62	Solomon Islands	22	9
Nigeria	241	209	Sri Lanka	94	96
Rwanda	63	63	Thailand	105	128
Sao Tomé and Principe	-	10	Tonga	3	26
Senegal	135	110	Trust Territory of the Pacific Is.	-	2
Seychelles	4	5	Western Samoa	39	37
Sierra Leone	50	63	Sub-total	2 183	2 381
Somalia	91	112			
Swaziland	68	72			
Togo	74	52			
Uganda	67	99			
United Republic of Cameroon	105	92			
United Republic of Tanzania	112	143			
Upper Volta	57	79			
Zaire	159	93			
Zambia	124	112			
Sub-total	2 833	2 692			

a/ Data include experts who were members of firms and organizations working under subcontract to the Participating and Executing Agencies.

b/ Now Gilbert Islands and Tuvalu.

Table 5 (continued)

UNDP: Number of Experts Serving in the Field, by Country or Area of Assignment, 1974 and 1975

	1974	1975		1974	1975
EUROPE, MEDITERRANEAN AND THE MIDDLE EAST			LATIN AMERICA		
Albania	3	1	Antigua	14	11
Algeria	171	149	Argentina	148	133
Austria	-	4	Bahamas	15	22
Bahrain	27	38	Barbados	32	31
			Belize	8	11
Bulgaria	24	23	Bolivia	74	104
Cyprus	50	39	Brazil	226	292
Czechoslovakia	23	34	Cayman Islands	4	7
Democratic Yemen	66	80	Chile	128	114
			Colombia	125	140
Egypt	155	147	Costa Rica	72	63
France	40	6	Cuba	31	44
Greece	70	92	Dominica	6	5
Hungary	78	82	Dominican Republic	69	54
			Ecuador	111	171
Iceland	16	15	El Salvador	27	70
Iraq	135	126	Grenada	7	3
Ireland	5	-	Guatemala	48	79
Israel	24	26	Guyana	59	76
			Haiti	55	68
Jordan	99	116	Honduras	48	59
Kuwait	11	11	Jamaica	53	32
Lebanon	73	71	Mexico	172	226
Libyan Arab Republic	36	27	Montserrat	-	3
			Multi-Islands projects	-	11
Malta	25	30	Netherlands Antilles	18	20
Morocco	126	162	Nicaragua	51	77
Netherlands	-	3	Panama	77	59
Oman	15	40	Paraguay	41	79
			Peru	130	171
Poland	43	32	St. Kitts-Nevis-Anguilla	16	14
Qatar	29	37	St. Lucia	6	11
Romania	83	94	St. Vincent	2	3
Saudi Arabia	101	75	Surinam	24	21
			Trinidad and Tobago	40	36
Spain	65	85	Turks and Caicos Islands	2	-
Sudan	157	183	United States of America	4	-
Switzerland	1	1	Uruguay	57	92
Syrian Arab Republic	65	93	Venezuela	142	128
			Virgin Islands (UK)	2	2
Tunisia	114	61	West Indies	4	6
Turkey	131	109	Sub-total	2 148	2 555
United Arab Emirates	9	18			
United Kingdom	1	-	INTERCOUNTRY		
Yemen	98	126	Regional projects	1 095	1 166
Yugoslavia	92	70	Interregional projects	140	259
			Global projects	-	1
Sub-total	2 261	2 306	Sub-total	1 235	1 426
			Total a/	10 660	11 360

a/ The totals differ from those in Table 6 because some experts had more than one assignment during the year concerned.

MULTILATERAL PROJECT APPROVAL

Mr. PASSMAN. We find and it is indeed frightening that the multilateral organizations fund projects that this committee disapproved.

I know last year we had one witness, Dr. Adams, where the committee especially thought there was a bad project, and we denied the funds, and the International Development Association picked up the difference. The project was restructured, and they took the money out of the International Development Association.

Now we look at the record and we find India has gotten 44 percent of all the money that has gone into IDA since its inception.

It appears that the trend is that we are cutting back bilateral aid to India; is that correct?

Mr. LEWIS. Yes, sir.

Mr. PASSMAN. And if we cut back and pull the technicians out of the bilateral program, are they then going to increase the number under the multilateral organizations, such as the UNDP?

Mr. LEWIS. It is certainly possible, Mr. Chairman. We don't decide ourselves.

MULTILATERAL VERSUS BILATERAL

Mr. PASSMAN. This frightens me to think that these multilateral organizations have grown, gotten so strong -and convinced so many people of how good they are, and when basically they are used to offset the work of this committee. We know that. Multilateral programs are now bigger than bilateral; isn't that right?

Mr. LEWIS. Yes, sir; I believe so. I am not certain.

Mr. PASSMAN. Give them 2 or 3 more years; there won't be a bilateral program. The international organizations will take it over and abolish this committee, and say when it is authorized there is a moral obligation you shouldn't cut it.

Dr. Long?

INDIA'S PERFORMANCE

Mr. LONG. The chairman's statements about India are well taken. In view of the vast treasure that has gone to India, I can't think of anything more depressing than the article by Ved Mehta in the current issue of the New Yorker magazine. It is a careful and scholarly article, and I hope you see that all of your people read it.

Mr. LEWIS. Yes, sir; I am familiar with it.

Mr. LONG. It is a very dismal performance, not just the fact that India has administered the coup de grace to democracy. But Mr. Mehta documents the same way I did in my additional views, on "India—the strange case of wasted billions," the failure of Indian economic policies.

These moneys have been almost entirely wasted on the prestige projects or have gone to benefit the urban, military-bureaucratic well-to-do classes of India.

In fact, the 500 million people whom we talk about trying to help, the people whom you cite in order to evoke the sympathies of the average American, they have gotten really nothing out of it. There are more people living in misery in India right now than there ever have been in history, and the situation is going to be worse in the future.

I was always told we had to keep India alive because at least it was a democracy, and now that it clearly isn't and is moving rapidly toward a totalitarian dictatorship, I hope we wake up.

Can you tell us if you are doing any rethinking on India?

RETHINKING ON INDIA

Mr. LEWIS. We have been rethinking our policy toward India rather exhaustively over the last year. The question of what to do about Indian development is one nobody has yet resolved. I have been in India; I am sure you have. It is a tragic situation.

INDIA'S POPULATION PROBLEM

Although they have devoted a lot of resources to birth control efforts, the birth rate has not dropped sharply, and they have made little progress on that front. That seems to me to be the key to the question of development. Until you have the population leveling off, you can't make much——

Mr. LONG. The development policy is not any good.

Mr. LEWIS. There have been good projects, Mr. Long. I would disagree with Mehta on that point. A lot undoubtedly have been inefficient. The nature of the development process means that many projects are chancy at best. But I wouldn't be as totally negative as you have suggested you are.

Mr. LONG. I suppose it would be impossible to put as vast a treasure into India without by accident doing some good with it, but it seems to me that we have been about as careful to avoid doing good as it would be humanly possible to do. I hope you don't feel that it is just the population increase that represents the problem there.

Mr. LEWIS. Oh, I don't. But that is a major factor in the problem.

Mr. LONG. It is certainly a major factor, but it is not in my opinion the major factor.

UNICEF EARMARK

The Appropriations Committee report directs that not more than $20 million be expended for UNICEF. Now it is the intent of the committee, as discussed at considerable length, that $20 million be expended for UNICEF. The language "not more than" had to be put in there, I believe, to avoid being ruled out on a point of order.

Mr. PASSMAN. Will the gentleman yield?

Mr. LONG. Yes.

Mr. PASSMAN. It was the intent of the committee to earmark $20 million for UNICEF and to make sure the $20 million was spent for that purpose but if you did not change the language they could have spent $100 million.

But so far as I know, the commtitee was unanimous that $20 million would be spent on UNICEF.

Mr. LONG. The Senate has struck out the language. Can the administration assure this committee that the $20 million will be provided to the UNICEF in any case?

Mr. LEWIS. Yes; we understand the committee's intention. We have every intention of carrying it out.

UNDP INTERMEDIATE TECHNOLOGY ACTIVITIES

Mr. LONG. Could you provide for the record a list of activities by the UNDP in the field of intermediate or light capital technology? By this time, do you understand the committee's interest in the whole problem of appropriate technology?

Mr. LEWIS. Yes, sir; we do. We will be happy to provide that for the record.

[The information follows:]

UNDP PROJECTS EMPLOYING INTERMEDIATE
OR LIGHT CAPITAL TECHNOLOGY

The Use of Intermediate Technology in UNDP Programs

In the UNDP framework "intermediate technology" is an input - a tool, a consumable input or a system - qualitatively different from what was hitherto available to a small farmer, craftsman or trader. This technology is used by the individual producer to improve his productivity, under his own control, at a price he can afford, and in a way that is compatible with his social, economic and ecological well-being. UNDP's distinct activities in intermediate technology include

a) applied research and development on a laboratory/bench scale of a product (e.g., a tiller) or a process.

b) the introduction of inexpensive equipment for the modernization of rural/cottage industries.

c) the promotion of intermediate technologies for small-scale industries and industrial estates, and for repair, maintenance and packaging activities supporting large-scale enterprises.

Some Examples of Intermediate Technologies in UNDP-assisted projects

	Technology	Country	Purpose
1.	Bamboo and fabric windmills and solar driers	India	to develop alternative energy sources for agriculture at less than $100 in production/purchase cost.
2.	Production of plows and ox and donkey carts	Madagascar	to provide farmers with agricultural implements made from old truck parts and rails from abandonded mines.

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	Technology	Country	Purpose
3.	Biogas generators	India/ Philippines	to supply energy for rural lighting, pumping water and cooking for less than $300.
4.	Small "walking tractors"	Grenada	to facilitate agricultural production through small-scale equipment.
5.	Ferro-cement fishing boats	Fiji/ Thailand	to provide low-cost small boats for poorer fishing communities.
6.	Manufacture of farm implements	Tanzania	to manufacture maize shelters, cultivators and wheel barrows (all about $8) and ox carts ($40), using bush poles, tree trunks and scrap iron.
7.	Small village-made grain silos	Pakistan/ Nepal/ India	to protect grain from pests and rats. Silos cost about $40.
8.	Circular or gang saw	Sudan	to improve village lumber and forestry projects through more efficient instruments than pitsaws.
9.	Mobile pesticide spray units	India	to facilitate plant protection using hand-held motor-operated spray units.
10.	Charcoal for fuel and energy	Ghana	to provide more fuel for village households and industries through better charcoal production.

Overall UNDP involvement in intermediate technology promotion

UNDP is promoting intermediate technologies in the following sectoral activities: crop production; crop protection; crop storage; farm mechanization; agricultural education and

training; livestock production; irrigation; fisheries; forest industries; fertilizer use; soil surveys; rubber replanting schemes; village poultry production; hides, skins and leather development; furniture manufacture.

UNDP activities in intermediate technology are taking place in the following 30 countries; including 12 least-developed countries:

Africa:	Cameroon, Chad, Ethiopia, Gabon, Gambia, Ghana, Madagascar, Malawi, Mali, Niger, Senegal, Sudan, Tanzania, Upper Volta, Zaire.
Asia/ Pacific:	Bhutan, Fiji, India, Indonesia, Laos, Nepal, Pakistan, Philippines, Papua New Guinea, Thailand.
Latin America:	El Salvador, Grenada, Haiti.
Middle East:	Iraq, Yemen

Mr. LONG. In doing that, please provide sufficient details to show that the technology utilized is, in fact, intermediate rather than primitive. It is always a problem after you get a principle accepted to make sure that there isn't simply a redefinition of activities that have gone on all along.

I know from some of the memoranda that have been provided to us in some areas that some people in the agencies don't really understand what intermediate technology is. They have simply redefined things that have been done all along, which are not really intermediate technology at all.

Mr. LEWIS. We will review the material.

Mr. LONG. Please try to give us the information. The most helpful thing would be what the average cost of various types of equipment is. When you tell me that little plow, or tiller, or spreader, or something, is $100, $150, then I know you are talking about intermediate technology. When you get into much larger sums, I know there is some question about it, without understanding it all.

Mr. LEWIS. I understand.

Mr. LONG. Representatives of the Georgia Institute of Technology briefed me the other day, and it is pretty clear to me—and I believe they are doing some work for AID—pretty clear that they know what intermediate technology is, and they have some good examples. I was very much impressed with the things they showed me. That is the kind of thing I would like to see encouraged, and I think the committee would, too.

OAS INTERMEDIATE TECHNOLOGY ACTIVITIES

Please list for the record any project activities by the four Organization of American States (OAS) programs in the field of intermediate or light capital technology, and again, sufficient details to enable us to come to grips with it.

Mr. LEWIS. Yes, sir, I will be happy to.

[The information follows:]

OAS PROGRAMS—INTERMEDIATE TECHNOLOGY

OAS programs in the area of technology do not determine what level of technology a country should have. Rather the focus is on developing host country research and development capability so that they can adapt or develop technology deemed appropriate to their needs. Thus OAS programs seek to expand and strengthen the Latin American technological infrastructure through training of research and other specialized personnel. Typically the Latin countries have concentrated on such areas as expanding food production, food technology, and low-cost housing. Since much of the information and many of the researchers come from the United States, there is the natural tendency toward adaptive approaches to the areas mentioned above without regard to the level of technology. Some illustrative examples of these programs are:

1. Food Technology in Colombia. This involves the technology of elaborating of enriched flour, with vegetable products, for use in popular foods.
2. ICAITI—Central America. This is technology for the production of flour for human consumption from cotton seed.
3. INTEC—Chile. This is for the elaboration of children's food from native legumes and soybeans.
4. Housing—Monterrey, Mexico. The Monterrey Technology Institute is developing home heating through the use of solar energy.

5. Solar Energy—Trinidad and Tobago. The University of the West Indies is developing uses and applications for solar energy.
6. UNAM—IPN Mexico. Prototype of refrigeration system for rural areas.

Mr. Chairman, how much time do I have?

Mr. PASSMAN. We will come back to you. Mr. Conte?

U.S. NATIONALS EMPLOYED IN INTERNATIONAL ORGANIZATIONS

Mr. CONTE. Last year I asked Dr. Morey a question about the number of Americans employed by the U.N. Out of the total the answer was supplied for the record and by figures turned out to be accurate. In response it was indicated that because so few Americans were employed "we are continuing every effort to improve the situation." What are you doing about it and what has been accomplished?

Mr. LEWIS. The answer supplied for the record last year reflected the employment situation as of the end of 1972. The situation at the end of 1975, compared to 1972, is as follows: Total employment increased from approximately 45,000 to 52,173, of whom 6,160 were U.S. citizens. Of this number, there were 3,383 Americans serving in professional posts and 2,777 in nonprofessional posts. Stated in terms of percentages of total, Americans held 15.82 percent of the professional posts in 1975 compared to 14.32 percent of these posts in 1972. In the nonprofessional posts, Americans held 9.01 percent in 1975 compared to 8.11 percent in 1972. Thus, American employment increased numerically as well as percentagewise during this period. This increase was accomplished in the face of greater demands from the less developed countries for increased employment in the organizations and the admission of new member states.

In some of the organizations, such as the U.N. Secretariat, we are well represented; in others we are not. The reasons for the underrepresentation vary from organization to organization but, in general, may be attributed to such factors as (1) increased pressures from other member states to have their nationals appointed to the organizations; (2) the tendency of non-Americans to remain in the organizations in contrast to the large American turnover because our people do not wish to spend their lives abroad; (3) the traditional domination of the British, French, and other Europeans in certain organizations which tends to limit the number of possibilities for Americans; (4) the general lack of foreign language proficiency among Americans; (5) the length of time required to make appointments; (6) the highly specialized qualifications required by some organizations, qualifications which often are in short supply in this country, for example, medical doctors for the WHO.

The relatively low level of U.S. representation in some of the organizations is a cause of great concern to us, and we make representations on every occasion to the international organizations to take appropriate measures to increase the number of American staff members. Beyond that, our missions make every effort to identify upcoming vacancies which represent good possibilities for American candidates and to facilitate the selection of these candidates. One major impediment to the hiring of Americans by the organizations which worked to our disadvantage related to Executive Order 10422, the order re-

quiring Americans to undergo a loyalty clearance prior to appointment. This caused delays in appointments and, in some cases, resulted in the loss of appointments by Americans for the simple reason that the organizations could not wait for the clearance to be completed. On December 10, 1975, the President signed Executive Order 11890, which amended Executive Order 10422 to eliminate, in most instances, the requirement for full-field background investigations, and which provided for other changes which permit cases to be processed more rapidly than in the past. Thus, the loyalty clearance program should no longer be a significant deterrent to the hiring of Americans by international organizations. We will continue our efforts not only to increase the number of Americans working in the organizations but also to facilitate their processing in every way feasible.

CHECKS AND BALANCES TO AVOID DUPLICATION

Mr. CONTE. What types of checks and balances are employed by the various international organizations to avoid duplicative resource expenditure?

Mr. LEWIS. There are several bodies in the U.N. including the Administrative Committee on Coordination and the Interagency Coordination Board which provide for an exchange of technical assistance project information and program coordination. However perhaps more important, in each country the UNDP's Resident Representative, working together with the local government and representatives of other U.N. agencies, is responsible for formulation of a comprehensive country program of technical assistance activities to assure the best possible use of available resources.

UNDP EXPERTS

Mr. CONTE. The justification on page 6 states that 1,152 of the 9,809 experts were American, which would rate the United States third in this category. Would you indicate who the first two are and their comparative share of the contribution to UNDP?

Mr. LEWIS. The first two are the United Kingdom, 1,446, and France, 1,169. Their respective shares of the contributions to UNDP in 1974, the year from which the figures in the question are taken, were 6.5 percent and 3 percent. Much of UNDP development assistance activity takes place in the least developed countries of Africa with which Britain and France were long associated. Consequently, experts are often found among English and French technicians because of their area experience. In the latter case, there is also the factor of special linguistic skill.

U.S. SHARE OF UNDP EXPENDITURES

Mr. CONTE. I was glad to see that $13.4 million worth of equipment and $4.9 million of contract services was expended with American firms. What percentages do these figures represent? Do you expect this to continue?

Mr. LEWIS. These figures represent 28.6 percent and 17.8 percent of the world totals expended by UNDP on equipment and contract services respectively.

As to whether this situation can be expected to continue, it should be noted that in 1975—the following year—$19.8 million worth of equipment was ordered from American firms out of a total value of $68.3 million worth of equipment ordered from all countries, and $20 million of contract services were expended with American firms out of a total cost of $56.6 million. For 1975, therefore, the corresponding U.S. percentages of the world totals for UNDP expenditures on equipment and contract services were 29 percent and 35.3 percent respectively, representing increases of 4 percent and 17.5 percent over the previous year.

PROGRAM ALLOCATION

Mr. CONTE. During the next 5-year program cycle, how much will be allocated to nations with a GNP per capita of $500 or less?

Mr. LEWIS. In the next programing cycle—1977–81—80 percent of the program's resources will be directed to countries with GNP per capita of $500 or less.

INCREASED OPEC PARTICIPATION

Mr. CONTE. Have the OPEC nations increased their contributions to international organizations since last year?

Mr. LEWIS. Yes. The following OPEC nations increased their pledges to:

U.N. Development Program: Algeria, Bahrein, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, United Arab Emirates, Venezuela, and Saudi Arabia.

U.N. Children's Fund: United Arab Emirates, Iran, Iraq, Kuwait, Algeria, Ecuador, Gabon, Qatar, and Nigeria.

International Atomic Energy Agency Operational Fund: Algeria, Iraq, Indonesia, Kuwait, Nigeria and Iran.

World Meteorological Organization: No change up to March 15, 1975.

U.N. Food and Agricultural Organization: World Food Program: Saudi Arabia and the United Arab Emirates.

U.N. Institute for Training and Research: Saudi Arabia, Kuwait, and Nigeria.

U.N. Relief and Works Agency for Palestine Refugees: Saudi Arabia, Kuwait, Qatar, United Arab Emirates, and Libya.

U.N. Educational and Training Program for Southern Africa: Nigeria, Qatar, Saudi Arabia and Libya.

U.N. Revolving Fund for Natural Resources Exploration: Do not participate.

Organization of American States: Two OAS members, Ecuador and Venezuela, are members of the OAS. Their contributions to the voluntary OAS funds have been tied to the assessed contribution percentage to OAS.

U.N. Environment Program: Kuwait, which did not contribute in 1974, gave $33,300 in 1975. The other OPEC nations gave contributions at approximately the same level as in 1974.

UNDP PROJECTS IN OPEC COUNTRIES

Mr. CONTE. How many projects are UNDP contributions sponsoring in OPEC countries?

Mr. LEWIS. 798 projects. The breakdown is as follows:

	As at June 30, 1975	As at Dec. 31, 1975
Algeria	50	47
Bahrain	23	24
Ecuador	60	53
Gabon	32	32
Indonesia	155	168
Iran	153	156
Iraq	78	78
Kuwait	6	6
Libya	17	12
Nigeria	117	116
Qatar	20	16
Saudi Arabia	38	33
United Arab Emirates	9	10
Venezuela	40	35
Total	798	786

UNDP FELLOWSHIPS

Mr. CONTE. How many fellowships does UNDP sponsor?

Mr. LEWIS. In 1975 UNDP sponsored 6,808 fellowships classified by region of recipients as follows:

Africa	1,891
Asia and the Pacific	1,627
Europe, Mediterranean, and the Middle East	1,866
Latin America	1,358
Unspecified	66
Total	6,808

U.S. CONTRIBUTION

Mr. CONTE. How much has the U.S. percentage contribution to UNDP dropped since 1966?

Mr. LEWIS. The U.S. contribution has dropped from 37 percent in 1966 to 19 percent in 1975.

"NEW DIMENSIONS" OF THE U.N. DEVELOPMENT PROGRAM

Mr. CONTE. Tell the committee the purpose of the "New Dimensions" program launched by UNDP.

Mr. LEWIS. In our view, the "New Dimensions," approved by UNDP in June 1975, in emphasizing greater self-reliance of the recipient developing countries, may be one of the more significant recent developments in the program. It is aimed at making better use of local experts and local institutions in the developing countries, and sharing of appropriate technology. The "New Dimensions" also permits greater flexibility in type of project by focusing on the results to be achieved rather than predominantly providing for the hiring of foreign expertise.

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. CONTE. What types of equipment are among the $600,000 requested by International Atomic Energy Agency?

Mr. TAPE. Although the exact types of equipment to be included have not yet been determined, they will probably be similar in nature to those the Agency requested in 1976, that is, equipment to be used by the Inspectorate for the independent verification of nuclear material flow and inventories.

Additional emphasis will be placed on instrumentation for material assay, containment and surveillance devices, and improvement of systems for information processing, all of which are directed toward more effective procedures and a more efficient utilization of manpower.

Mr. CONTE. What do you hope to accomplish this year in safeguards and physical protection at IAEA?

Mr. TAPE. The 1976 workload is increasing as more facilities come under IAEA safeguards. Also, the Agency is continuing to refine its procedures for analysis and evaluation, as well as developing advanced instrumentation and techniques.

With respect to safeguards, the Agency plans during 1976 to apply its safeguards pursuant both to agreements in connection with the NPT and to unilateral submission agreements, safeguards transfer agreements and projects concluded under the Agency's safeguards system—1965 as provisionally extended. It will continue preparations for undertaking safeguards in regard to Euratom and the U.S. and U.K. voluntary offers, and its efforts for developing concepts, procedures, techniques, and equipment for improving the technical and economic effectiveness of safeguards. It will also continue its efforts to insure standardization in arrangements with state authorities for implementing safeguards, to codify safeguards procedures and to lend logistical support in the application and administration of safeguards.

Concerning physical protection, the Agency is considering activities to facilitate international cooperation in dealing with the problems of physical protection, including consultations on the possibility of an international convention on this matter. In 1977, the Agency plans to review and update its recommendations on the physical protection of nuclear material to reflect advances made in the state of the art or in the introdutcion of new types of facilities.

WORLD FOOD PROGRAM EXPENDITURES

Mr. CONTE. How much was spent by the U.N./FAO World Food Program on crop diversification and other technical assistance projects as opposed to food assistance?

Mr. LEWIS. Food assistance, of course, is the stock in trade, the reason for being, of the world food program. The program's main operating procedure is to use food for development purposes through food-for-work projects.

Development projects in general, as opposed to emergency projects, account for the great bulk of WFP expenditures. From its beginning until mid–1975, the program had spent or obligated $1,955 million to such projects; 54 percent of this amount, or $1,057 million, was al-

located to rural development. A small part of this, 4 percent, was attributed to crop production and diversification as such, but much larger amounts were devoted to closely related purposes: land development and improvement, land settlement, and animal production and dairy development. In the broader category of technical assistance projects, besides rural development, there should be included the WFP's social infrastructure projects—such as public health and transport—which accounted for $243 million, or 12 percent, of total allocations. So technical assistance was the purpose of $1.3 billion, or two-thirds, of the program's development expenditures. Even the remaining amount of $655 million, which was allocated to human resources, had a strong technical assistance element through the distribution of most of its food through education projects.

Emergency projects, on the other hand, are for the purpose of feeding people only on the basis of special needs. Emergency operations had totaled $165.9 million by mid–1975, as compared to almost $2 billion in development projects.

UNDP FUNDING AND THE ILO AND UNESCO

Mr. CONTE. There was a complaint that UNDP provides "backdoor" funding to the ILO and UNESCO in the face of congressional intent not to fund these agencies. Does UNDP fund the ILO and UNESCO?

Mr. LEWIS. No. The UNDP does not fund either the ILO or UNESCO. The UNDP pays part of the costs of development projects in over 100 different countries by allocating to each country a proportion of the total contributions received and these funds then become the basis for the UNDP country program. When a government has decided which development projects to include in its country program the government selects one of the specialized agencies of the U.N. or some other agency to execute the project by hiring technicians, ordering equipment and arranging for training. The ILO and UNESCO execute projects for the developing countries which are funded by the UNDP and part of the overhead administrative costs are reimbursed to the agencies by the UNDP. As a result of careful cost accounting it has been determined that these reimbursements are less than the actual expenditures by the agencies and, therefore, it is clear that the UNDP does not fund the regular activities of any U.N. agencies including ILO and UNESCO. In fact, ILO and UNESCO by absorbing part of their overhead expenses, fund UNDP activities in the course of acting as executing agents for the UNDP.

INCREASES AND DECREASES IN UNDP CONTRIBUTIONS

Mr. CONTE. How many nations have reduced their contributions to UNDP from previous years and for what reasons? How many nations increased their contributions or pledges in calendar year 1974, 1975, and 1976?

Mr. LEWIS. The record shows two categories of decreases—actual reductions in terms of a nation's own currency, and exchange rate

reductions, resulting from fluctuations in exchange rates between the contributor's currency and the U.S. dollar, which is the UNDP's unit of account.

	Number of countries
Actual reductions:	
1974	9
1975	2
1976	3
Exchange rate reductions:	
1974	8
1975	7
1976	20

Increased contributions were as follows: 91 countries in 1974, 86 in 1975, and 60 in 1976. It may be noted that all of the pledges for 1976 have not yet been received. Further, the above enumeration relates only to increases after country contributions are converted to U.S. dollars. A number of countries increased their levels of contributions in their own currencies, but due to the strengthening of the U.S. dollar, their contributions appear to have decreased, particularly in 1976.

UNDP STAFF AND EXPERTS: HEADQUARTERS AND FIELD

Mr. CONTE. There is criticism that UNDP is a topheavy organization with 1,050 personnel in the field and headquarters, and 9,081 experts hired in 1974. What is the actual breakdown of staff at headquarters and field and has there been a reduction in these two areas?

Mr. LEWIS. Mr. Chairman, I would like to provide that information as an insert for the record, if I may. There may be more recent statistics available.

[The information follows:]

	1974	1975	
		Headquarters	Field
A. UNDP staff (at year end):			
Professional and higher categories [1]	603	263	380
General services	358	345	25
Field service staff [2]	106	.....	109
Senior agricultural advisers (UNDP/FAO) [2]	50	.....	50
Senior industrial development advisors (UNDP/UNIDO) [2]	15	.....	21
Junior professional officers [2]	43	.....	69
Total	1,175	608	654
B. Executing agencies (employed during year): Experts/consultants	9,809	.....	10,698

[1] Includes assistant administrator and above.
[2] Located only in the field.

At the January 1976 session of UNDP's governing council, the administrator reported on plans to reduce the size of headquarters staff in line with program size and also with the continuing process of decentralization—commenced some years ago and now virtually complete. The total number of posts that will be involved is now being worked out, and Mr. Morse will report the reductions to the June 1976

council session. The reductions are likely to be in the order of at least 60 positions in the professional and higher categories alone by mid-1977.

ISRAELI PARTICIPATION IN UNDP

Mr. CONTE. Does the State of Israel receive funds from UNDP? Does Israel contribute to UNDP, and will it continue to participate in the program in the coming years?

Mr. LEWIS. Israel makes regular contributions to the UNDP and from 1959 through 1975 they totaled $3.4 million. Israel has also been a recipient of UNDP assistance which has totaled $10.8 million for projects during the same period.

The Israeli Government has informed the UNDP that it intends to continue to contribute to the program in coming years and to pay the cost of the UNDP office, but that it will not request UNDP assistance during the next 5-year program cycle beginning in 1977.

UNDP AUDITS

Mr. CONTE. Congress has, in the past, been interested in expressing concern with funds to UNDP and how they are utilized. Why can't the United States audit UNDP funds?

Also, what are the audit procedures utilized by UNDP? Would you provide the committee with a copy of this audit report?

Mr. LEWIS. The accounts of the UNDP are audited every year by the U.N. board of auditors which is made up of the auditors general of three member governments of the United Nations. These annual audits are supplied to all member states of the U.N. as official U.N. documents. These audits are conducted in conformity with generally accepted auditing standards following procedures which have been established by the U.N. General Assembly. The United States played an active role in the formulation and approval of these procedures.

The latest audit of the UNDP is dated June 25, 1975. The auditors in their thorough eight-page report comment on the financial statements of the UNDP, the reconciliation of allocations—project budgets—issued to the executing agencies, evaluation of program implementation, remittances to agencies, verification of bank accounts, balances receivable from governments, and level of imprest funds. I think you will agree with me that this is a comprehensive and useful audit.

UNDP PROGRAMS IN OPEC COUNTRIES

Mr. CONTE. This committee has been critical of continued UNDP funding of projects for the OPEC nations. What is the total amount received during the first development cycle, 1972–76, and what is the relationship of contributions and participation in funding of these projects undertaken by the OPEC nations themselves?

Mr. LEWIS. In response to another question I provided a table which has been prepared by the UNDP showing the assistance given to the various OPEC nations and the contributions made by these countries to the UNDP. You will note that most of them have increased their

general contributions to the UNDP and that all of them are paying a substantial share of the cost of the projects in which the UNDP is participating.

CONTRIBUTIONS BY UNDP AID RECIPIENTS

Mr. CONTE. Do recipient countries of UNDP contribute funds to this program? Would you provide a chart of such contributions?

Mr. LEWIS. There are 147 countries or territories receiving UNDP assistance of which total 113 contribute funds to the program. A chart showing their contributions to central program resources for the period, 1974–76, is attached. The 113 countries and their total contributions or pledges for this period are those which have not been marked with a check.

It should be noted that, in addition to their pledges, all these countries make counterpart contributions in cash, materials, or services toward the local costs of their projects. Some of the richer developing countries, particularly the OPEC nations, also make cost-sharing contributions in U.S. dollars, which means that they share the international costs of many of their projects. In addition, they contribute to the local costs of UNDP offices.

UNDP Contributions pledged, all countries for 1974, 1975 and 1976 a/

(US Dollars)

Country	1974	1975	1976
Afghanistan	136,500	143,325	-
Albania	6,878	7,217	7,217
Algeria	390,000	450,000	473,000
Argentina	950,000	954,499	1,050,000
Australia ✓	3,421,092	3,334,397	b/
Austria ✓	2,500,000	2,907,440	3,200,000
Bahamas	10,000	10,000	- b/
Bahrain	10,000	13,000	13,000
Bangladesh	75,000	78,750	78,750
Barbados	17,250	19,838	19,838
Belgium ✓	5,750,231	7,300,752	9,102,564
Bhutan	2,300	2,300	2,645
Bolivia	-	-	34,500
Botswana	11,488	11,904	9,227
Brazil	1,300,000	1,300,000	1,300,000
Bulgaria	131,394	208,333	241,667
Burma	100,000	100,000	100,000
Burundi	12,498	b/	b/
Byelorussian Soviet Socialist Republic ✓	172,322	191,189	177,632
Canada ✓	22,371,134	24,000,000	28,217,822
Central African Republic	6,437	b/	7,935
Chad	2,000	b/	b/
Chile	375,000	375,000	375,000
China ✓	2,200,000	-	2,233,302
Colombia	500,000	500,000	500,000
Congo	10,905	10,905	22,422
Costa Rica	5,000	10,000	15,000
Cuba	149,160	170,187	232,243
Cyprus	45,070	-	336
Czechoslovakia	1,134,330	1,289,134	1,200,686
Dahomey (formerly Dahomey)	4,000	2,000	4,818
Democratic Yemen	2,000	2,300	-
Denmark ✓	33,584,932	38,361,917	39,108,910
Dominican Republic	25,000	30,000	30,000
Ecuador	150,000	150,000	150,000
Egypt	323,895	362,228	362,228
El Salvador	17,250	17,250	23,000
Equatorial Guinea	4,274	b/	b/
Ethiopia	107,300	114,600	126,060
Fiji	11,000	11,000	11,000
Finland ✓	4,113,584	3,571,429	5,657,895
France ✓	10,000,000	10,459,770	10,000,000
Gabon	57,500	62,787	b/
Gambia	5,139	5,000	5,750
German Democratic Republic ✓	772,208	845,957	784,314
Germany, Federal Republic of ✓	24,383,467	29,304,615	30,384,615
Ghana	250,000	299,000	299,000
Greece	460,000	460,000	460,000
Guatemala	27,000	27,000	27,000
Guyana	140,347	155,897	140,439
Haiti	2,300	2,645	3,450
Holy See ✓	2,000	2,000	b/
Honduras	17,250	19,836	b/
Hungary	240,964	289,157	415,851
Iceland	72,074	64,587	72,812
India	3,750,000	3,750,000	3,700,000
Indonesia	300,000	360,000	460,000
Iran	1,000,000	4,000,000	4,000,000
Iraq	345,000	500,000	508,475
Ireland ✓	353,945	491,702	599,431
Israel	212,000	243,000	242,000
Italy ✓	5,450,000	5,450,000	5,301,915
Ivory Coast	110,000	119,825	b/
Jamaica	110,000	120,000	133,333
Japan ✓	14,000,000	19,000,000	21,000,000
Jordan	66,000	70,000	80,500
Kenya	90,414	94,207	79,199
Khmer Republic	21,622	21,622	b/
Kuwait	350,000	400,000	500,000
Lao, People's Dem. Rep.	12,321	17,250	17,250
Lebanon	150,000	207,129	b/
Lesotho	15,000	20,000	20,000
Liberia	80,000	88,000	88,000
Libyan Arab Republic	350,000	500,000	- b/
Luxembourg ✓	69,270	80,268	73,077
Madagascar	25,417	32,535	32,091
Malawi	11,500	13,000	14,950
Malaysia	100,000	100,000	100,000
Maldives	1,440	3,500	b/
Mali	11,500	b/	b/
Malta	11,050	12,431	12,346
Mauritania	-	-	2,273
Mauritius	4,025	4,450	- b/
Mexico	550,000	605,000	b/
Monaco ✓	4,825	4,933	4,999
Mongolia	14,000	15,344	17,445
Morocco	304,155	337,300	327,670
Nepal	30,000	30,000	35,000
Netherlands ✓	27,815,934	38,685,731	44,943,820
New Zealand ✓	1,473,359	2,393,578	2,329,772
Nicaragua	37,500	37,500	40,000
Niger	-	-	9,091
Nigeria	142,402	500,000	813,008
Norway ✓	17,095,491	18,518,518	21,286,232
Oman	34,500	60,000	65,000
Pakistan	590,217	678,753	484,563
Panama	150,000	180,000	207,000
Paraguay	10,000	10,000	10,000
Peru	250,000	275,000	275,000
Philippines	500,000	500,000	500,000
Poland	806,552	847,777	975,928
Qatar	200,000	200,000	200,000
Republic of Korea	350,000	300,000	299,895
Rep. of South Viet-Nam	22,000	23,000	b/
Romania	402,414	482,897	483,764
Rwanda	10,000	10,000	10,000
Saudi Arabia	1,500,000	1,500,000	2,500,000
Senegal	84,250	100,000	114,416
Sierra Leone	75,000	75,000	75,000
Singapore	100,000	100,000	100,000
Somalia	4,029	5,031	5,774
Spain	642,000	720,000	720,000
Sri Lanka	180,000	180,000	180,000
Sudan	187,000	187,000	187,000
Swaziland	8,721	10,174	4,285
Sweden ✓	36,363,636	$1,781,529	$1,852,847
Switzerland ✓	6,500,000	7,150,000	7,900,000
Syrian Arab Republic	27,397	31,507	31,507
Thailand	408,825	470,149	470,149
Togo	8,147	10,138	10,000
Trinidad and Tobago	100,000	115,050	132,076
Tunisia	307,000	409,000	338,500
Turkey	765,765	765,765	765,765
Uganda	12,194	19,224	19,242
Ukranian Soviet Socialist Republic ✓	443,855	476,743	444,679
Union of Soviet Socialist Republics ✓	3,470,437	3,603,787	3,358,638
United Arab Emirates	250,000	500,000	500,000
United Kingdom ✓	22,220,870	24,917,348	26,212,434
United Republic of Cameroon	34,000	34,000	34,818
United Republic of Tanzania	98,453	83,338	84,227
United States ✓	70,000,000	77,877,000	b/
Upper Volta	-	5,000	5,179
Uruguay	237,350	238,432	274,221
Venezuela	920,000	1,500,000	1,500,000
Western Samoa	1,432	2,911	3,147
Yemen	3,000	3,000	2,917
Yugoslavia	1,168,000	1,343,000	1,344,700
Zaire	250,000	300,000	b/
Zambia	139,752	139,374	139,375
Estimated Pledges	-	-	134,444,444 c/
Total	337,477,189	406,474,743	434,337,444

a/ As of 25 March 1976. Excluding pledges totalling $7.8 million for 1974, and $11.0 million for 1975 and $6.9 million for 1976 for the benefit of least-developed countries.
b/ Pledges not yet reported as of 25 March 1976.
c/ Includes pledges not yet reported but anticipated based upon countries noted in footnote (b).
d/ The pledges of countries denominated in national currencies are translated to US dollar equivalent by using the UN rate of exchange on the date of payment. The unpaid amounts have been converted into their dollar equivalent by applying the UN rate of exchange as at 31 December 1975.

UNDP CONTRACTS

Mr. CONTE. I understand that UNDP places contracts for direct execution of projects and purchase of equipment and supplies from U.S. firms. What is the total dollar figure in 1974 and 1975? What is the percentage of American participation in comparison with other nations in these years?

Mr. LEWIS. In reply to your question, I would like to submit the following table covering the dollar value of contracts let and of equipment and supplies purchased for 1974 and 1975 together with the relevant statistics for the United States.

	From all countries	From United States	U.S. percentage
1974:			
Contracts placed directly by UNDP	$4,020,000	$1,314,000	32.7
Equipment and supplies ordered directly by UNDP	1,528,000	1,243,000	81.4
1975:			
Contracts placed directly by UNDP	12,098,000	5,700,000	47.1
Equipment and supplies ordered directly by UNDP	3,966,000	1,337,000	33.7

UNEP STAFF

Mr. CONTE. How large a staff does UNEP have?

Mr. HERTER. As of August 1975, UNEP had a staff of 235, of which 76 were professionals.

SCIENTIFIC RESEARCH

Mr. CONTE. Does UNEP do its own research or does it farm out projects to other groups?

Mr. HERTER. While UNEP has a professional staff with scientific competence, it does not normally undertake its own research programs. It was conceived as a catalytic and coordinating body, not an operational one. It therefore contracts most of its research out to other organizations, both within and outside of the United Nations.

MEDITERRANEAN CONFERENCE

Mr. CONTE. Can you tell us a little about the recent Mediterranean conference put together by this organization?

Mr. HERTER. This was a plenipotentiary conference of the Mediterranean coastal states held under UNEP's auspices February 2–16, 1976, at Barcelona, Spain. Representatives of 16 of the 18 littoral states were present. Only Albania and Algeria were absent. The participants agreed to—and 12 subsequently signed—a convention to protect the Mediterranean from pollution and two protocols, one to regulate dumping and the other providing for cooperation in combating pollution by oil or other harmful substances in cases of emergency.

VALUE OF MEDITERRANEAN CONFERENCE

Mr. CONTE. What is the long-term value of such conferences?

Mr. HERTER. By their actions at the conference, the littoral states have provided the political and legal framework for a many-pronged

attack on severe pollution problems of the Mediterranean. Other aspects of these same problems will be addressed by the research and monitoring network being developed for the area by UNEP and by national planning experts who will try to identify development trends and the environmental impacts of these trends. In this way, UNEP will provide on a continuous basis the type of information national decisionmakers need for sound planning. UNEP's next goal for the Mediterranean area will be a protocol limiting land-based pollution.

We regard the Mediterranean Conference as an extremely important example of the type of integrated programing that we hope, over the years ahead, UNEP will be able to apply to other problem areas. UNEP has in mind comparable efforts with respect to the Caribbean, the Persian Gulf, the Malacca Strait, and other critical areas.

U.S.A. PRIME MOVER BEHIND UNEP

Mr. CONTE. Is it not true that the United States was the prime mover behind the creation of UNEP and that is the reason for the disproportionate share of support?

Mr. HERTER. The United States did play a primary role in the creation of UNEP at the 1972 Stockholm Conference on the Human Environment. We felt then, and still feel now, that many environmental problems are global in scope and therefore require the type of global solution that only an international organization such as UNEP can develop and coordinate.

The United States underscored the importance it attaches to UNEP and its desire to see it promptly and well launched by proposing a $100 million environment fund to be met by voluntary contributions with the United States contributing up to 40 percent if other members contribute the remaining 60 percent. We would not anticipate that the level of our support will remain that high after the initial 5-year pledging period, 1973–1977.

EFFECT OF REDUCED U.S. SUPPORT FOR UNEP

Mr. CONTE. What effect would a reduction of the United States share of support for UNEP have on actual programs?

Mr. HERTER. Shortfalls in pledged contributions, principally those of the United States, will give UNEP a $12.2 million deficit at the end of 1977 on the basis of presently approved programs. Clearly, therefore, retrenchment will be necessary, but it is too early to specify what programs will be affected. The Executive Director of UNEP has indicated that he will seek the guidance of the 58-member states at the March 30–April 15 fourth session of the governing council as to what programs should be cut back.

FISHERIES AND OCEAN RESOURCES

Mr. CONTE. What efforts have been made in the fisheries and ocean resources areas?

Mr. HERTER. The Food and Agriculture Organization (FAO) has primary responsibility within the U.N. family for living marine

resources exploited by man. Its programs, to which UNEP has contributed to strengthen their environmental content, include the monitoring of aquatic resources, scientific and technical advice, and the promotion of conservation measures. UNEP also contributes to the efforts of the International Union for the Conservation of Nature and Natural Resources (IUCN) to develop a new scientific basis for the management of wild living resources, chief among them fisheries. UNEP has taken an active role in seeking to reduce the pollution that threatens living marine resources, and works with FAO, UNESCO's Intergovernmental Oceanographic Commission (IOC) and the Intergovernmental Maritime Consultative Organization (IMCO), as well as through its own Global Environmental Monitoring System (GEMS) to attain this important goal.

UNEP COORDINATION ROLE

Mr. CONTE. Does UNEP coordinate efforts of groups such as World Health Organization, the World Meterological Organization, et cetera?

Mr. HERTER. Along with the identification of environmental gaps and needs, and the catalyzing of selected programmatic responses through the use of the environmental fund, UNEP's principal responsibilities include the coordination of environmental activities conducted by the U.N. family of organizations, (that is, WMO, and WHO). In practice, this coordination function has been carried out only to a limited degree to date, largely consisting of UNEP sponsorship of review and planning meetings on selected topics which are attended by representatives of various U.N. and regional organizations as well as government experts.

Through the exchange of information, and UNEP's funding of certain gap filling and linking activities, some noticeable improvement in the coordination of program planning and implementation has occurred. However, UNEP is required to function within a family of older established organizations which have been pursuing long-term specialized work programs over many years, and which have their own budgets and governing bodies. This situation, when coupled with the limited funds UNEP has at its disposal—when viewed in relation to the spectrum of environmental problems—restricts its ability to exert leverage on other organizations necessary to coordinate in the full sense of the term.

The United States and other nations have been urging UNEP to pursue the coordination role more vigorously by, among others, undertaking additional program design work in emerging new areas where institutional responsibilities have not yet been fixed, that is, stratosphere pollution which would involve both WHO and WMO. The design work would define needed activities and identify the best organizations to carry out the work. UNEP would then be in a strong position to act as a focal point for program monitoring, review, and informational exchange during the implementation phase, and thus fulfill a broad-based coordinating function.

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OZONE AND FLUOROCARBON ACTIVITIES

Mr. CONTE. With the present funding level, will UNEP be able to start on proposed projects such as effects of Ozone Layer, Fluorocarbons, et cetera?

Mr. HERTER. UNEP has proposed a new program of work on "Risks to the Ozone Layer" under its "Outer Limits" activity area. The U.S. delegation intends to endorse this program strongly at the March 29–April 14 meeting of the UNEP Governing Council since it constitutes an important component of the overall U.S. strategy for dealing with the global problem of ozone depletion. This strategy—recently developed by a Federal interagency task force—looks to the OECD to address the institutional-legal-regulatory aspects of ozone depletion; and to UNEP to design, coordinate, and partially finance a science program to assess the extent of, and mechanisms for, ozone depletion in the stratosphere as well as the associated biological effects at the surface of the Earth.

The U.S. delegation will further seek to have UNEP increase the funding allocation of $105,000 in 1975 for this activity to $300,000 in 1976 and a similar amount in 1977. Within the present funding level, UNEP will be able to convene a meeting of United Nations and regional organizations and national institutions to design an integrated work program. However, without an increase in funding, UNEP may be unable to finance the implementation of whatever program is designed. Without UNEP financial support to catalyze the implementation effort, other organizations may be reluctant—or unable—to proceed unilaterally. This would be a setback for the U.S. objective of utilizing UNEP to stimulate increased worldwide awareness of this potentially global environmental problem, the solution of which will require international collaboration and cooperation on an urgent basis.

PROTECTION OF ENDANGERED SPECIES

Mr. CONTE. What has UNEP accomplished with regard to protection of endangered species? This is of particular concern to Congress and the United States because as a worldwide organization you should be able to do more about this than unilateral regulations.

Mr. HERTER. The International Union for the Conservation of Nature and Natural Resources (IUCN), a nongovernmental organization with consultative status to U.N. agencies and organizations, has long been the principal international body concerned with endangered species. Rather than duplicate IUCN's efforts, UNEP has endeavored to reinforce them. It has assigned the Secretariat functions for the Endangered Species Convention to IUCN and provided some support for this purpose. It has also become a major financial supporter of other IUCN activities related to endangered species, including research on the status of endangered species and the causes of the threats to their survival, the development of a worldwide network of reserves and national parks to save their vanishing habitats and conservation management training.

UNEP also contributes to UNESCO's Man and the Biosphere (MAB) Program Project 8, "Conservation of natural areas and of

the genetic material they contain." This project focuses on the establishment of a worldwide network of protected areas, or biosphere reserves, for the purpose of conservation of ecosystems and genetic diversity they contain and for appropriate research, monitoring and training programs to accomplish these conservation goals.

UNEP FOCUS ON DEVELOPING COUNTRIES

Mr. CONTE. How much of the UNEP is devoted to objectives of the developing countries as opposed to those of industrialized nations?

Mr. HERTER. After several years of debating the relative priorities between the different classes of environmental problems with which they are confronted, the industrialized and developing countries have now reached a tacit understanding that both classes are important, and that UNEP cannot attract the support and funding it requires to function as a viable institution unless it is responsive to both concerns. Hence, conceptually, the UNEP strategy is to seek to achieve a balance between those activities it carries out which address industrialized country objectives—for example, global monitoring systems, marine pollution conventions—and those that deal with priority concerns of the developing world—for example, prevention of waterborne disease transmission, low-cost waste water treatment, improved housing. However, it is also clear that many of the activities which are targeted on developing country needs, such as environmental education and establishing national environmental institutions, will over the long term contribute toward an improved worldwide capability to protect the global environment. The latter is, of course, a primary objective for UNEP as perceived by the United States and other industrialized countries. In addition, the United States stands to benefit significantly from such UNEP projects in developing countries as those designed to improve food production by preventing soil salination, or to otherwise improve the management of the natural resources base. It is therefore extremely difficult and misleading to divide the overall UNEP program into two distinct categories—for example, developing country-oriented and industrialized country-oriented.

However, based on criteria which include the types and locations of projects UNEP is carrying out and planning, the percentage of UNEP documentation which addresses issues and topics of direct U.S. interest, and the number of UNEP staff who appear to be working on problems of particular importance to industrialized countries, a relatively balanced program is being achieved. A recent UNEP analysis indicates that 79 percent of its funding is going toward activities of "global" relevance. The remaining 21 percent—$10,000,000 through December 31, 1975—has been targeted on so-called "regional activities" which largely address developing country priorities; although, as previously noted, many of these developing country-oriented activities also indirectly or directly address industrialized country objectives—that is, increased worldwide environmental awareness and capability; protection of agricultural land, wildlife and other natural resources.

Mr. PASSMAN. Thank you, Mr. Conte.

FAILURE OF FOREIGN AID

Let me make an observation at this point. I question whether there is a man in the Congress, certainly not on this committee or in this room, who knows any more about poverty than I do. My parents were sharecroppers, but they were Christians and I never had to apologize——

Mr. LONG. I can beat you in the poverty of my origins. My father was a schoolteacher.

Mr. PASSMAN [continuing]. They were Christians, and I never had to apologize for the poverty that I endured. But sometimes it is better to let people work out their own problems. If there is anything that has been proven a failure, it has been foreign aid. I hate to say that, but I will make my point.

AID TO VIETNAM

I was in South Vietnam some 20-odd years ago and met with President Diem. I don't think they had an adding machine in the bookkeeping office. Everything was in longhand, very primitive, living in grass huts.

You remember it, Mr. Secretary; not a foot of paved road. We moved in and gave them paved highways, took them off of wornout bicycles and put them in automobiles. Gave them TV's, radios, brick homes, fine water systems, and everything that you would want. We spent $138 billion in South Vietnam. If there is any place on the face of the Earth where we should have been loved by every person, it was South Vietnam. But they did not like, for some reason, what we were trying to give them. Any person would know that we have one friend left in the Far East and that is Korea. South Vietnam went down because the do-gooders, the clergymen, and the Vietcong, honeycombed the government of President Thieu; he was undermined.

KOREAN SITUATION

We have some clergymen who went to Korea, two from my district, supposedly to impart knowledge about the Holy Writings and our Saviour, Jesus Christ, but I don't expect they have taken the Bible out of the bag yet. They are preaching reform. You have to look at the fact that the assassination squad got within a few hundred feet of the Blue House and tried to assassinate the President. An assassin killed his wife and the communists are tunneling under parallel 38.

You must have strict discipline or Korea is gone.

THAILAND SITUATION

It is disgraceful how we let people push us around. Like Thailand, they said, "get out." We pleaded and we begged, you understand, to try to stay in there, but they still said get out and often we have supplied them with a great deal of aid.

FOREIGN AID AND THE U.S. BUDGET

We are going to drop the curtain soon, with a $76 billion deficit for this year.

Now I see Mr. Adams says we are going to have a deficit of $49,800 million in fiscal 1977. Where in the name of God are we going, gentlemen? When are we coming to our senses and realize that we are borrowing this money from unborn generations with no way to ever pay it back? You have to repudiate it, because the public debt was $259 billion when I came here and now it is $600 billion, and all we can look forward to is continued deficits and the continued decline in the value of the dollar.

Mr. Coughlin?

VOLUNTARY CONTRIBUTIONS

Mr. COUGHLIN. Who determines what the voluntary contributions will be or by what method are the contributions determined?

Mr. LEWIS. Each government determines its own level of contribution each year. Country pledges are made every fall at an annual UNDP pledging conference, to be confirmed by each pledging nation's legislative process, when appropriate. At the pledging conference the U.S. Government indicates, without commitment, the amount being requested of Congress in the Foreign Assistance Act.

TRIPARTY PROJECT EVALUATIONS

Mr. COUGHLIN. On page 8 of the justification material, you state there is an annual project evaluation and that the larger projects receive a triparty evaluation. Who conducts these evaluations and what are the results used for?

Mr. LEWIS. The evaluation is conducted by the recipient government, the executing agency concerned and the resident representative of UNDP.

The results are used to insure continued relevance of projects, for better coordination with other development activities and to effect changes in direction when required. They are also used to measure progress, identify problems, and overcome shortcomings in project design.

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. COUGHLIN. What other nations contribute to the IAEA and what percentages do these contributions play in the total program?

Mr. TAPE. Attached is a list showing other nations' contributions to the IAEA operational program in 1974 and in 1975. The list is current as of April 5, 1976.

Voluntary contributions to the General Fund for 1974 and 1975

(As of April 5, 1976)

Notes: 1. All contributions pledged have been fully paid except as indicated in the "Outstanding" columns.

2. A fully or partially paid pledge made in a currency other than the United States dollars is expressed in dollars at the rate of exchange of the United Nations Development Programme current at the time payment was made. For pledges in respect of which no payment has yet been received, the current rate at the time of pledging has been applied.

Member State	For 1974		For 1975		
	Pledged	Outstanding	Pledged	% age	Outstanding
Afghanistan	-	-	-		-
Albania	-	-	1 950	.05	1 950
Algeria	3 000	-	3 600	.09	-
Argentina	24 600	-	38 700	.91	-
Australia	46 300	-	67 050	1.59	
Austria	15 900	-	26 100	.62	
Bangladesh	-	-	4 500	.11	4 500
Belgium	28 517[a]	-	70 423	1.67	
Bolivia	-	-	-		-
Brazil	30 000	-	40 000	.95	-
Bulgaria	5 100	-	6 750	.16	
Burma	1 500	-	1 350	.03	1 350
Byelorussian Soviet Socialist Republic	-	-	27 285	.64	-
Cambodia	-	-	-		-
Canada	88 800	-	148 500	3.51	-
Chile	-	-	-		-
Colombia	-	-	-		-
Costa Rica	800[a]		900	.02	
Cuba	5 521	-	5 521	.13	-
Cyprus	-	-	-		-
Czechoslovakia	27 778	-	34 722[b]	.82	-
Democratic People's Republic of Korea	-	-	-		-
Denmark	21 240	-	29 250	.69	-
Dominican Republic	-	-	-		-
Ecuador	-	-	-		-
Egypt	12 778	-	12 778	.30	-
El Salvador	-	-	-		-
Ethiopia	-	-	-		-
Finland	16 800	-	21 000	.50	-
France	120 000[a]	-	125 517[b]	2.98	-

Member State	For 1974		For 1975		
	Pledged	Outstanding	Pledged	%-age	Outstanding
Gabon	-	-	-		-
German Democratic Republic	41 667	-	65 306	1.55	-
Germany, Federal Republic of	220 000	-	330 750	7.85	-
Ghana	2 200	-	2 200	.05	-
Greece	8 400	8 400	14 850	.35	14 850
Guatemala	-	-	1 500	.03	-
Haiti	-	-	-		-
Holy See	3 000	-	-		-
Hungary	20 080	-	34 483	.82	-
Iceland	1 200	-	1 200	.03	-
India	50 000	-	60 000	1.42	-
Indonesia	8 100	-	9 000	.21	
Iran	7 000	-	70 000	1.66	-
Iraq	2 100	-	25 000	.59	-
Ireland	5 600	-	7 200	.17	-
Israel	6 300	-	9 900	.23	-
Italy	-	-	-		-
Ivory Coast	-	-	-		-
Jamaica	-	-	-		-
Japan	259 000	-	333 000	7.90	-
Jordan	-	-	-		-
Kenya	-	-	-		-
Korea, Republic of	3 000	-	4 950	.12	
Kuwait	2 400	-	8 100	.19	-
Lebanon	1 500	-	1 500	.03	
Liberia	-	-	-		-
Libyan Arab Republic	-	-	2 100[b]	.05	-
Liechtenstein	1 400	-	1 400	.03	-
Luxembourg	-	-	-		-
Madagascar	1 200	-	-		-
Malaysia	-	-	-		-
Mali	-	-	-		-
Mauritius	-	-	-		-
Mexico	30 000	-	40 050	.95	-
Monaco	2 000	-	2 000	.05	-
Mongolia	-	-	1 200	.03	1 200
Morocco	2 700	-	2 700	.06	-
Netherlands	40 000	-	57 600	1.37	-
New Zealand	9 420	-	9 420	.22	-
Niger	-	-	986	.02	-
Nigeria	-	-	4 500	.11	4 500
Norway	12 500	-	20 250	.48	-
Pakistan	5 000[a]	-	6 750	.16	-
Panama	1 200	-	1 200	.03	-
Paraguay	-	-	-		-

Member State	For 1974		For 1975		
	Pledged	Outstanding	Pledged	%-age	Outstanding
Peru	3 000	-	3 150	.07	117
Philippines	9 000	-	9 500	.23	-
Poland	22 590[a]	-	30 120[b]	.71	-
Portugal	4 500	-	7 200[b]	.17	-
Republic of South Viet-Nam	2 100	-	2 100[b]	.05	-
Romania	10 500	-	13 950	.33	
Saudi Arabia	2 100	-	2 700	.06	-
Senegal	1 200	-	1 415	.03	-
Sierra Leone	-	-	-		-
Singapore	1 600	-	1 800	.04	-
South Africa	17 100	-	23 400[b]	.56	
Spain	30 000	-	30 000[b]	.71	
Sri Lanka	1 500	-	1 350	.03	49
Sudan	2 500	-	2 500	.06	2 500
Sweden	44 048	-	60 750	1.44	-
Switzerland	24 300	-	38 250	.90	-
Syrian Arab Republic	-	-	-		-
Thailand	4 000	-	4 950	.12	-
Tunisia	1 356	-	1 356	.03	-
Turkey	11 000	-	13 500	.32	-
Uganda	-	-	-		-
Ukrainian Soviet Socialist Republic	-	-	115 942	2.75	-
Union of Soviet Socialist Republics	533 436	-	684 932	16.25	-
United Kingdom of Great Britain and Northern Ireland	201 330	-	247 500	5.87	-
United Republic of Cameroon	1 200	-	-		-
United States of America	950 000[c]		1 106 400[bc]	26.25	110,000[d]
Uruguay	-	-	-		-
Venezuela	-	-	-		-
Yugoslavia	10 800	-	15 750	.37	-
Zaire	-	-	900	.02	900
Zambia	-	-	-		-
TOTAL	3 084 761	8,400	4 214 406		141,916

a/ Pledge is less than the Member's Regular Budget assessment ratio (General Conference Resolution GC(XVII)/RES/308) applied to the target of $3 million of voluntary contributions set by Resolution GC(XVII)/RES/305, para. 1.

b/ Pledge is less than the Member's Regular Budget assessment ratio (Resolution GC(XVIII)/RES/317) applied to the target of $4.5 million of voluntary contributions set by Resolution GC(XVIII)/RES/315, para. 1.

c/ When making this pledge, the United States of America also pledged to make contributions in kind in the form of cost-free experts, equipment for technical assistance, laboratory equipment, special nuclear materials, Type II Fellowships, to a total value of approximately $1 030 000 for the year 1974 and $1 143 600 for the year 1975. It is to be noted that other Members as well contribute to the Agency's resources in this way, and information relating to all such contributions is provided in the Agency's accounts for the respective year.

d/ Held for payment in local currencies in accord with Agency needs.

UNITAR'S TRAINING AND RESEARCH PROGRAMS

Mr. COUGHLIN. How many people belong to UNITAR groups, and how often do they meet and what would the proposed contribution of $400,000 do?

Mr. LEWIS. In fiscal year 1975, 605 government officials from 120 countries participated in 15 courses offered by UNITAR. There are three types of courses: (1) United Nations operations, that is, documentation or the making of a resolution; (2) United Nations current issues, that is, low of the sea or the Treaty on the Non-Proliferation of Nuclear Weapons; and (3) professional training, that is, international law or coastal zone management. UNITAR also sponsors a research program with three divisions: (1) International organization structure and functions; (2) peace and security issues; and (3) development and resource problems. These training and research programs have always been valuable to the United States since UNITAR was founded in 1965 as a source of objective analysis of ways to enhance the effective functioning of the United Nations system.

The research component has recently been improved as studies have become shorter, more policy oriented and a separate futures project has been started to identify major international trends and to recommend relevant advanced planning by the U.N. system. With the rapid growth in membership in the U.N. in the past two decades the training program has become more important to the United States as a means to raise the professional competence of both the U.N. Secretariat and the diplomats from small, newly independent states. The latter, if they lack training, are more prone to vote ideologically with blocs of other small nations from their region rather than examining their own nation's interests and the interest of larger states including especially the United States.

OVERHEAD COSTS OF SMF

Mr. COUGHLIN. In the Special Multilateral Fund for Education, Science and Technology, the largest projected allocation is for overhead, representing 13 percent of the total program. The same pattern of overhead costs is in the other projects. What does overhead entail?

Mr. MAILLIARD. The 13 percent is the percentage of the programs which are paid to the Secretariat of the Organization of American States for the administrative services which the Secretariat provides the several funds.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. PASSMAN. Mr. Bevill?

UNITED NATIONS ENVIRONMENT PROGRAM

Mr. BEVILL. In prior years there has been concern that your organization could not utilize all the money put into it. Could this be true this year? What tangible results can you show us of the use of U.S. money during the past year?

Mr. HERTER. With its organizational problems now largely behind it, UNEP has geared up to the point where it can effectively utilize the contributions it receives. The growth of the program, in terms of project commitments and expenditures, is shown in the following:

[Dollar amounts in millions]

	1973	1974	1975
Number of projects approved during the year	108	105	155
Total commitment for above projects, covering their entire duration	$3.4	$11.5	$35
Expenditures incurred during the calendar year on all ongoing projects, whether approved during the year or earlier	$.4	$5.6	$12.7

This table shows that the rate of commitments and the rate of actual expenditures have sharply accelerated from year to year. To preserve this momentum, contributions, particularly that of the United States, the initiator of the concept of the Environment Fund, should maintain a similar pace.

During 1975 UNEP made significant progress in a number of important fields. It implemented a comprehensive action plan for the protection of the Mediterranean environment that culminated, in early 1976, in the signing of a convention and two protocols for this purpose by the states bordering that sea. It established and put into operation the United Nations Habitat and Human Settlements Foundation to help developing countries mobilize the financial and technical resources needed to support national programs in this critical area. It supported preparations for the June 1976 U.N. Conference on Human Settlements (HABITAT) and the 1977 U.N. Conference on Desertification.

UNEP launched the International Referral System (IRS), an environmental reference service that now has a network of referral centers in 58 countries, and laid the groundwork for the International Register of Potentially Toxic Chemicals (IRPTC), which will exchange information on the properties of chemicals, their production and use, their hazardous effects, standards and laws used to regulate them and emergency control measures. It also initiated discussions with other U.N. agencies for the design and implementation of the Global Environmental Monitoring System (GEMS). In a related action, UNEP continued to provide assistance to FAO for the development of methodologies for the assessment on a global basis of renewable natural resources, starting with soils and tropical forests. It also provided funds to certain of the U.N. specialized agencies (for example, FAO) for the conservation of genetic resources.

Mr. BEVILL. Supply a list of countries which have made pledges to the Fund, complete with contributions made toward those pledges. Have most countries been paying on schedule?

Mr. HERTER. Attached is the list requested. It indicates that most countries have been paying on schedule and that a very large percentage of them are expected to meet or exceed the pledges made to the fund.

FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

ESTIMATES OF RESOURCES FOR 1973-1977[a/]
(in US dollars equivalent)

Status as at 29 February 1976

Country	Pledge for 1973-1977	Estimated 1973-1977	1973	1974	1975	1976	1977
Argentina[b/]	160,000	160,000	-	40,000	40,000	40,000	40,000
Australia	2,500,000	2,500,000	500,000	500,000	500,000	500,000	500,000
Austria[c/]	800,000	800,000	-	200,000	200,000	200,000	200,000
Belgium	1,250,000	1,250,000	250,000	250,000	250,000	250,000	250,000
Botswana	5,232	6,388	1,497	1,435	1,150	1,153	1,153
Brazil	40,000	80,000	-	20,000	20,000	20,000	20,000
Bulgaria[d/]	6,666	6,666	-	-	-	3,333	3,333
Byelorussian SSR	52,632	52,632	-	-	17,544	17,544	17,544
Canada	5,000,000 to 7,500,000 (100,000 received in 1972)	5,000,000 7,500,000	1,000,000	-	-	1,500,000	2,500,000 to 5,000,000
China	263,207	1,278,435	263,207	253,807	253,807	253,807	253,807
Cuba	49,080	122,700	24,540	24,540	24,540	24,540	24,540
Czechoslovakia[e/]	204,964	204,964	-	50,590	51,458	51,458	51,458
Denmark	1,600,000	1,600,000	-	400,000	400,000	400,000	400,000
Egypt	20,000	30,000	-	-	10,000	10,000	10,000
Finland	700,000	900,000	150,000	150,000	200,000	200,000	200,000
France	6,775,962	6,775,962	1,360,671	1,242,236	1,445,783	1,363,636	1,363,636
German Dem.Rep.[f/]	319,800	319,800	-	81,469	81,469	78,431	78,431
Germany, Fed. Rep. of	7,810,468	7,810,468	-	2,407,000	1,941,930	1,730,769	1,730,769
Ghana	39,446	70,192	-	11,023	19,723	19,723	19,723
Greece	10,000	20,000	-	5,000	5,000	5,000	5,000

Country	Pledge for 1973-1977	Estimated 1973-1977	1973	1974	1975	1976	1977
Hungary	67,531	91,993	-	20,080	22,989	24,462	24,462
Iceland	10,000	18,000	2,000	4,000	4,000	4,000	4,000
India	289,060	489,060	95,780	95,780	97,500	100,000	100,000
Indonesia	20,000	40,000	-	10,000	10,000	10,000	10,000
Iran	80,000	200,000	40,000	40,000	40,000	40,000	40,000
Iraq	28,573	58,573	-	15,000	13,573	15,000	15,000
Israel	10,000	30,000	-	10,000	-	10,000	10,000
Italy£/	1,600,000	1,600,000	-	400,000	400,000	400,000	400,000
Jamaica	6,000	10,000	2,000	2,000	2,000	2,000	2,000
Japan	10,000,000	10,000,000	1,000,000	1,500,000	2,000,000	2,500,000	3,000,000
Jordan	1,000	5,000	1,000	1,000	1,000	1,000	1,000
Kenya	150,000	150,000	30,000	30,000	30,000	30,000	30,000
Kuwait	100,000	100,000	-	-	33,300	33,300	33,400
Lesotho	1,000	3,000	-	-	1,000	1,000	1,000
Liberia	3,000	6,000	1,500	-	1,500	1,500	1,500
Luxembourg	20,000	40,000	-	10,000	10,000	10,000	10,000
Malta	3,980	6,450	1,350	1,315	1,315	1,235	1,235
Mexico	600,000	1,000,000	200,000	200,000	200,000	200,000	200,000
Netherlands	1,500,000	1,500,000	300,000	300,000	300,000	300,000	300,000
New Zealand	337,200	337,200	79,221	72,360	72,419	56,600	56,600
Nigeria	60,000	100,000	20,000	20,000	20,000	20,000	20,000
Norway	2,203,672	2,203,672	421,277	437,368	484,157	430,435	430,435
Peru	3,000	5,000	1,000	1,000	1,000	1,000	1,000
Philippines	20,000	50,000	10,000	10,000	10,000	10,000	10,000

Country	Pledge for 1973-1977	Estimated 1973-1977	1973	1974	1975	1976	1977
Poland[h]	200,804	200,804	-	50,201	50,201	50,201	50,201
Portugal[i]	8,000	8,000	-	2,000	2,000	2,000	2,000
Qatar	10,000	40,000	-	10,000	10,000	10,000	10,000
Rep. of South Viet-Nam	1,000	4,000	-	1,000	1,000	1,000	1,000
Romania	50,300	50,300	10,060	10,060	10,060	10,060	10,060
Saudi Arabia	15,000	75,000	15,000	15,000	15,000	15,000	15,000
Senegal	1,104	3,104	-	1,104	-	1,000	1,000
Singapore	5,000	5,000	1,000	1,000	1,000	1,000	1,000
Spain	600,000	1,000,000	200,000	200,000	200,000	200,000	200,000
Sri Lanka	2,000	2,000	-	500	500	500	500
Sudan	1,000	5,000	1,000	1,000	1,000	1,000	1,000
Swaziland	2,727	11,955	2,727	2,307	2,307	2,307	2,307
Sweden	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Switzerland[j]	1,157,148	1,157,148	-	-	405,268	375,940	375,940
Ukrainian SSR	126,315	126,315	-	-	42,105	42,105	42,105
USSR	10,347,369	10,347,369	-	-	3,449,123	3,449,123	3,449,123
United Kingdom	4,231,140	4,231,140	469,750	641,278	1,059,506	1,030,303	1,030,303
United States of America	40,000,000	22,500,000 to 25,000,000	4,300,000	5,000,000	3,200,000	5,000,000 to 7,500,000	5,000,000
Yugoslavia	100,000	100,000	20,000	20,000	20,000	20,000	20,000
Zaire	60,000	110,000	25,000	25,000	10,000	25,000	25,000
TOTAL	109,140,380	92,009,290 to 97,009,290	11,799,580	15,797,453	18,697,227	22,107,465 to 24,607,465	23,607,565 to 26,107,565

a/ Estimates of future resources do not imply an undertaking of any kind on the part of countries and do not prejudge constitutional processes with respect to future contributions.

b/ Pledge of $200,000 for 1974-1978
c/ Pledge of $800,000 for 1975-1978
d/ Pledge of $13,333 for 1976-1979
e/ Pledge of $256,422 for 1974-1978
f/ Pledge of $398,231 for 1974-1978
g/ Pledge of $2,000,000 for 1974-1978
h/ Pledge of $251,005 for 1974-1978
i/ Pledge of $10,000 for 1974-1978
j/ Pledge of $1,909,028 for 1975-1979

FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

VOLUNTARY CONTRIBUTIONS FOR 1974
(in US dollars equivalent)

Status as at 29 February 1976

Country	Pledge	Contributions paid (date of payment)		Contributions Outstanding
Argentina	40,000	40,000	(28. 8.74)	-
Australia	500,000	500,000	(5. 2.74)	-
Austria	200,000	200,000	(12.11.74)	-
Belgium	250,000	250,000	(15. 5.74)	-
Botswana	1,435	1,435	(16.10.74)	-
Brazil	20,000	20,000	(4. 6.74)	-
China *	253,807	-		253,807
Cuba	24,540	24,540	(30. 7.75)	-
Czechoslovakia	50,590	50,590	(30.12.74)	-
Denmark	400,000	400,000	(9. 9.74)	-
Finland	150,000	150,000	(12. 3.74)	-
France	1,242,236	1,242,236	(30.10.74)	-
Germany Dem. Rep.	81,469	8,000 73,469	(28. 8.74) (16. 1.75)	-
Germany, Fed. Rep. of	2,407,000	755,600 1,651,400	(3.10.74) (27.12.74)	-
Ghana	11,023	11,023	(25. 2.75)	-
Greece	5,000	5,000	(24.12.74)	-
Hungary	20,080	20,080	(30. 1.74)	-
Iceland	4,000	4,000	(14. 3.74)	-
India	95,780	50,000 45,780	(25.10.74) (18.12.74)	-
Indonesia	10,000	10,000	(6. 3.74)	-
Iran	40,000	40,000	(1. 7.74)	-
Iraq	15,000	15,000	(17. 4.74)	-
Israel	10,000	10,000	(17. 5.74)	-
Italy	400,000	400,000	(22.12.75)	-
Jamaica	2,000	2,000	(10.10.75)	-

Country	Pledge	Contributions paid (date of payment)		Contributions Outstanding
Japan	1,500,000	1,500,000	(29.10.74)	-
Jordan *	1,000	-		1,000
Kenya	30,000	30,000	(2.12.74)	-
Luxembourg	10,000	10,000	(13.11.74)	-
Malta	1,315	1,315	(23. 7.75)	-
Mexico	200,000	200,000	(2. 8.74)	-
Netherlands	300,000	300,000	(11. 2.74)	-
New Zealand	72,360	72,360	(3. 4.75)	-
Nigeria	20,000	20,000	(14. 1.75)	-
Norway	437,368	437,368	(26. 6.74)	-
Peru	1,000	1,000	(15. 8.75)	-
Philippines	10,000	10,000	(28. 3.74)	-
Poland	50,201	50,201	(13.12.74)	-
Portugal	2,000	2,000	(24. 7.74)	-
Qatar	10,000	10,000	(17.10.74)	-
Rep. of South Viet-Nam	1,000	-		1,000
Romania	10,060	10,060	(11. 2.75)	-
Saudi Arabia *	15,000	-		15,000
Senegal	1,104	1,104	(2. 1.75)	-
Singapore	1,000	1,000	(20. 2.74)	-
Spain	200,000	200,000	(2. 7.74)	-
Sri Lanka	500	-		500
Sudan *	1,000	-		1,000
Swaziland *	2,307	-		2,307
Sweden	1,000,000	1,000,000	(16.10.74)	-
United Kingdom	641,278	309,524 331,754	(19. 8.74) (28. 2.75)	-
U.S.A.	5,000,000	3,200,000 1,800,000	(28. 2.74) (12. 8.75)	-
Yugoslavia	20,000	8,989	(24.11.75)	11,011
Zaire	25,000	25,000	(25. 9.75)	-
TOTAL	15,797,453	15,511,828		285,625

* Estimated pledge

FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

VOLUNTARY CONTRIBUTIONS FOR 1975
(in US dollars equivalent)

Status as at 29 February 1976

Country	Pledge	Contributions paid (date of payment)		Contributions Outstanding
Argentina	40,000	40,000	(20. 6.75)	-
Australia	500,000	500,000	(26. 2.75)	-
Austria	200,000	200,000	(12. 9.75)	-
Belgium	250,000	250,000	(2.10.75)	-
Botswana	1,150	1,150	(21.10.75)	-
Brazil	20,000	20,000	(23.12.75)	-
Byelorussian SSR	17,544			17,544
China *	253,807			253,807
Cuba *	24,540			24,540
Czechoslovakia	51,458			51,458
Denmark	400,000	400,000	(4. 6.75)	-
Egypt	10,000			10,000
Finland	200,000	200,000	(20. 2.75)	-
France	1,445,783	1,445,783	(3. 6.75)	-
German Dem. Rep.	81,469	8,000 73,469	(7. 1.75) (16. 1.75)	-
Germany, Fed. Rep. of	1,941,930	980,392 961,538	(20. 8.75) (23.12.75)	-
Ghana	19,723	11,023 8,700	(25. 2.75) (27. 6.75)	-
Greece	5,000	5,000	(24.12.74)	-
Hungary	22,989	22,989	(1. 2.75)	-
Iceland	4,000	4,000	(25. 7.75)	-
India	97,500	47,500	(10. 2.76)	50,000
Indonesia	10,000	10,000	(25. 2.76)	-
Iran *	40,000			40,000
Iraq	13,573	13,573	(21.11.75)	-
Italy	400,000	359,124	(22.12.75)	40,876
Jamaica	2,000	2,000	(10.10.75)	-
Japan	2,000,000	2,000,000	(17.10.75)	-
Jordan *	1,000			1,000
Kenya	30,000			30,000
Kuwait	33,300	33,300	(18. 6.75)	-
Lesotho	1,000	1,000	(3. 4.75)	-
Liberia	1,500	1,500	(14.10.75)	-
Luxembourg	10,000			10,000

Country	Pledge	Contributions paid (date of payment)	Contribution Outstanding
Malta	1,315	1,315 (23. 7.75)	-
Mexico	200,000	200,000 (11. 6.75)	-
Netherlands	300,000	300,000 (21. 4.75)	-
New Zealand	72,419	72,419 (21. 7.75)	-
Nigeria	20,000	20,000 (14. 1.75)	-
Norway	484,157	484,157 (17. 6.75)	-
Peru	1,000	1,000 (28. 8.75)	-
Philippines *	10,000		10,000
Poland	50,201	50,201 (17.12.75)	-
Portugal	2,000		2,000
Qatar *	10,000		10,000
Rep. of South Viet-Nam *	1,000		1,000
Romania	10,060	10,060 (11. 2.75)	-
Saudi Arabia *	15,000		15,000
Singapore	1,000	1,000 (10. 3.75)	-
Spain	200,000	200,000 (1. 4.75)	-
Sri Lanka	500		500
Sudan *	1,000		1,000
Swaziland *	2,307		2,307
Sweden	1,000,000	1,000,000 (29. 9.75)	-
Switzerland	405,268	405,268 (20. 3.75)	-
Ukranian SSR	42,105		42,105
USSR	3,449,123		3,449,123
United Kingdom *	1,059,506	425,163 (29. 8.75)	634,343
USA	3,200.000	3,200,000 (12. 8.75)	-
Yugoslavia	20,000		20,000
Zaire	10,000		10,000
TOTAL	18,697,227	13,970,624	4,726,603

* Estimated pledge

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VOLUNTARY CONTRIBUTIONS FOR 1976
(in US dollars equivalent)

Status as at 29 February 1976

Country	Pledge	Contributions paid (date of payment)	Contributi Outstandin
Argentina	40,000		40,000
Australia	500,000		500,000
Austria	200,000		200,000
Belgium	250,000		250,000
Botswana	1,153		1,153
Brazil *	20,000		20,000
Bulgaria	3,333		3,333
Byelorussian SSR	17,544		17,544
Canada	1,500,000		1,500.000
China *	253,807		253,807
Cuba *	24,540		24,540
Czechoslovakia	51,458		51,458
Denmark	400,000		400,000
Egypt	10,000		10,000
Finland	200,000	200,000 (26. 2.76)	-
France	1,363,636		1,363,636
German Dem. Rep.	78,431		78,431
Germany (Fed. Rep. of)	1,730,769		1,730,769
Ghana *	19,723	8,700 (25. 2.76)	11,023
Greece *	5,000		5,000
Hungary	24,462		24,462
Iceland *	4,000		4,000
India *	100,000		100,000
Indonesia *	10,000		10,000
Iran *	40,000		40,000
Iraq *	15,000		15,000
Israel *	10,000		10,000
Italy	400,000		400,000
Jamaica *	2,000		2,000
Japan	2,500,000		2,500,000
Jordan *	1,000		1,000
Kenya	30,000		30,000

Country	Pledge	Contributions paid (date of payment)	Contributio Outstanding
Kuwait	33,300		33,300
Lesotho *	1,000		1,000
Liberia *	1,500		1,500
Luxembourg *	10,000		10,000
Malta *	1,235		1,235
Mexico *	200,000		200,000
Netherlands	300,000		300,000
New Zealand	56,600		56,600
Nigeria *	20,000		20,000
Norway	430,435		430,435
Peru *	1,000		1,000
Philippines *	10,000		10,000
Poland	50,201		50,201
Portugal	2,000		2,000
Qatar *	10,000		10,000
Rep. of South Viet-Nam *	1,000		1,000
Romania	10,060		10,060
Saudi Arabia	15,000		15,000
Senegal *	1,000		1,000
Singapore	1,000	1,000 (6. 2.76)	-
Spain *	200,000		200,000
Sri Lanka	500		500
Sudan *	1,000		1,000
Swaziland *	2,307		2,307
Sweden	1,000,000		1,000,000
Switzerland	375,940		375,940
Ukrainian SSR	42,105		42,105
USSR	3,449,123		3,449,123
United Kingdom *	1,030,303		1,030,303
United States of America *	5,000,000 to 7,500,000		5,000,000 to 7,500,000
Yugoslavia	20,000		20,000
Zaire *	25,000		25,000
TOTAL	23,607,565 to 26,107,565	209,700	23,397,865 to 25,897,865

* Estimated pledge

MEDITERRANEAN CONVENTION

Mr. BEVILL. Last year you mentioned agreements concerning the cleaning up of the Mediterranean, which were supposed to be signed in February. What has happened concerning this?

Mr. HERTER. I am pleased to report that the Convention for the Protection of the Mediterranean Sea Against Pollution was signed by 12 of the 18 Mediterranean coastal states on February 16, 1976, following its approval at a Plenipotentiary Conference held under UNEP's auspices in Barcelona, Spain. It is anticipated that the remaining participants will sign within this year.

NATURAL RESOURCE INVESTMENT FOLLOWUP

Mr. BEVILL. On page 2 of the justifications, it is stated that UNDP-funded projects in the natural resources sector have led to an estimated followup investment of $232 million. How much of that followup investment was by U.S. companies?

Mr. LEWIS. The subsectors which UNDP lists under the natural resources sector for its own accounting purposes and to which the sum of $232 million relates probably do not coincide with activities which you have in mind. For instance it includes development planning and water development but excludes extractive industries, which are classified as a subsector of industry, and forestry, which is classified as a subsector of agriculture.

In the natural resources areas of extractive industries—minerals, and so forth—and forestry, the U.S. followup investment for the last three years, 1973, 1974, and 1975, was $162.8 million, over 95 percent of which was private sector investment.

This figure does not include a significant investment that was provided from multilateral financial sources such as the World Bank, the Inter-American Development Bank, and the Asian Development Bank, in which the United States also has large financial interests.

The United States followup investment in extractive industries and forestry for the period from 1973 to 1975 is 28.2 percent of the total followup investment in these fields for the 3-year period.

Some of the major minerals involved in UNDP's extractive projects are copper, bauxite, rock salt, phosphates, and tin ore.

U.S. SHARE OF UNDP EXPENDITURES

Mr. BEVILL. Approximately how much of the UNDP budget is currently being spent in the United States?

Mr. LEWIS. UNDP expenditure in the United States [1] in 1974 was $68.3 million and in 1975 it rose considerably to $119.5 million. This represents 16.4 percent and 22 percent of the total UNDP expenditures for 1974 and 1975 respectively.

[1] It includes headquarters expenditures—salaries, rent, utilities, equipment, printing, et cetera—contracts awarded to U.S. firms, project equipment purchases in United States and U.S. expert assignments for UNDP projects. It excludes expenditures on 1,127 UNDP-financed fellowships hosted by the United States in 1975—826 in 1974. Also excluded is followup investment by U.S. firms clearly related to UNDP preinvestment projects—which totaled $35.5 million in 1975—$50.4 million in 1974. Salaries of U.S. nationals serving in UNDP field offices are also not included.

The U.S. contribution for 1974 was $70 million and for 1975 it was $77.9 million. Thus, taking into consideration only the direct expenditure figures above, the equivalent of 83 percent of the U.S. contribution in 1974 and 153.4 percent of the U.S. contribution for 1975 was expended in the United States.

CONTRIBUTIONS BY RECIPIENT COUNTRIES

Mr. BEVILL. What level of support are you expecting from the recipient countries in the second 5-year cycle? During the first 5-year cycle, how many of the recipient countries made contributions to the UNDP general resources in addition to paying local costs of the programs in their countries?

Mr. LEWIS. The following table will, I believe, provide the answer to your first question.

CONTRIBUTIONS OF RECIPIENT COUNTRIES

[In millions]

	1972–76	1977–81
Voluntary contributions	$141	[1] $273
Assessed program contributions	71	[2] 98
Total	212	371

[1] On the assumption that their voluntary contributions will increase at the rate of 14 percent per annum on 1976 base of $36,200,000.

[2] On the assumption that assessed program contributions will be equivalent to 3.9 percent of the 1977–81 main field program of $2,511,500,000. (see DP/166/add 1).

During the first 5-year cycle—1972–1976—113 recipient countries contributed to UNDP general resources in addition to paying local program costs in their countries.

NEW DIMENSIONS AND CONTRIBUTIONS TO UNDP

Mr. BEVILL. Will the "New Dimensions" ultimately result in increased reliance on recipient countries for the resources for these projects and thus in diminished contributions from donor countries, and, if so, by how much will their contributions be eventually reduced?

Mr. LEWIS. In our view, the "New Dimensions," approved by UNDP in June 1975, in emphasizing greater self-reliance of the recipient developing countries, may be one of the more significant recent developments in the program. It is aimed at making better use of local experts and local institutions in the developing countries, and sharing of appropriate technology. The "New Dimensions" also permits greater flexibility in type of project by focusing on the results to be achieved rather than predominantly providing for the hiring of foreign expertise.

The implications of the "New Dimensions" are that developing countries would increasingly depend upon each other and their own institutions. This indeed has been the goal of the program from the beginning but is now being given greater emphasis. We expect in coming years that the needs for external assistance of the least devel-

oped countries will continue. A major goal of the United States, however, is for the richer of the developing countries to assume a larger share of the burden and for these countries to graduate from receiving UNDP assistance.

Mr. BEVILL. Thank you, Mr. Chairman.

Mr. PASSMAN. Mr. Koch?

Mr. KOCH. Thank you, Mr. Chairman.

VIETNAM AND KOREA

First, let me disassociate myself from your recent comments, and, I might add, I generally associate myself with your comments.

Mr. PASSMAN. You owe me no apologies.

Mr. KOCH. But with respect to South Vietnam and Korea, we don't see eye to eye. We weren't giving them cars; we were bombing them. We were building them roads and then destroying those roads. With respect to the Republic of Korea: it is a repressive government, and we should not be funding it. Now I want to go to the business at hand.

Mr. PASSMAN. I have two of those preachers in my district. They fixed your mind but not mine. I know you have to put that in the record. I understand your point, and there will be no quarrel about it. I put mine in the record, the clergymen notwithstanding. I have discussed it with some rabbis, too.

Mr. KOCH. On this one, I have to disassociate myself because I don't want my silence to be deemed assent. I want to get to the business at hand.

SEXISM IN U.N. HIRING PRACTICES

Mr. Lewis, I want to talk to you about the U.N. hiring practices with respect to women in executive positions. Would you be surprised to learn that of the top 41 executive positions in the U.N. development program, as listed in the U.N. system of organization manual, there was only one woman? Would you be surprised at that?

Mr. LEWIS. No; I wouldn't be surprised. Distressed, but not surprised.

Mr. KOCH. Do you think something should be done about that?

Mr. LEWIS. Yes; I do.

Mr. KOCH. Would you be surprised that in the UNICEF program, of the top 17 positions, there is only one woman, and she is the director of the greeting card operation? Would that surprise you?

Mr. LEWIS. No.

Mr. KOCH. Would it surprise you that in the U.N. Institute for Training and Research there are no women in executive positions? Does that distress you?

Mr. LEWIS. Yes; it does.

Mr. KOCH. And that in the U.N. Relief Agency for Palestine Refugees there are no women in executive positions? Does that upset you?

Mr. LEWIS. Yes.

Mr. KOCH. And that in the U.N. world food program there are no women in executive positions? Does that bother you?

Mr. LEWIS. Yes.

U.S. ACTION

Mr. KOCH. What are you doing about it?

Mr. LEWIS. I think that this issue was brought very forcefully to the attention of the Secretary General and to all of the governments last year at the International Women's Year Conference in Mexico City. One of the major, and I think important, recommendations that that conference came out with, was to urge all of the U.N. agencies to increase by many times the employment of women in key positions, and we have periodically talked with the Secretary General's staff about their hiring practices. What is actually happening today, I can't give you any recent data, but I will be happy to submit a statement for the record, after I talk further with the Secretary General's staff people about it.

I think it is a very important point. I agree with your concern. We have somewhat better records in the U.S. Government but not all that much better. I don't think any agency, international or national, is doing nearly enough on this question, and that is all I can say.

Mr. KOCH. I hope you understand I am not holding you personally responsible. But I think there is more that can be done. This morning, when we started the session in the House, I noted that a UNITAR report pointed out the discrimination against women at the U.N. in 1973. There were only eight women executives then. Since then, there have been more reports and more resolutions but no action, and I pointed out, as in the song "Show me" from My Fair Lady: "It has been words, words, words, and I am so sick of words", said Eliza Doolittle.

Don't you agree at this point we should be sick of words on the subject, and that there should be action?

Mr. LEWIS. Yes, I do agree.

Mr. KOCH. What can we do? What can you do? What can this committee do to insure equality of opportunity for women at the U.N. I wish it were possible, though it isn't, to bring a title VII sex discrimination suit against the U.N. That would end the discrimination. What should the United Nations be doing, and what will it do?

NOMINATING WOMEN FOR KEY POSITIONS

Mr. LEWIS. The one thing we should be doing and are doing is to put forward qualified women candidates for key U.N. positions whenever we see vacancies, and we are doing that. Just this last month, we have nominated Betty Dillon to the Secretary General position in the International Civil Aviation Organization in Montreal, a very key job in the U.N. system. We are lobbying for her election with all the governments who have to elect her. It is an elective position, not an appointive one, and we are hopeful that she will get that very important job.

Every time one of the key U.N. agency jobs becomes vacant, we try to find women candidates to put forward, along with qualified men. Frankly, we don't have always good luck in finding good candidates.

UNICEF POSITION APPOINTMENTS

Mr. KOCH. Let's take an organization like UNICEF, which has such laudable goals. I think I pointed out that there is only 1 woman in a top position of the top 17, and she is the Director of the Greeting Card Organization. Those top 17 positions, are those government appointed?

Mr. LEWIS. No; they are appointed by the U.N. Secretary General or the Board of Governors of one of the specialized agencies. Take UNICEF; the executive director of UNICEF would be appointed jointly by the Secretary General, Mr. Waldheim, and the governing board of UNICEF, a joint decision, and I think that is probably true of the Deputy Director, but I am not certain.

For jobs below that level, the final hiring decision would be made by the Executive Director of UNICEF.

Mr. KOCH. Then, isn't there something wrong? It doesn't require some enormous action to get the Executive Director of UNICEF to say, "look, isn't there something wrong here and let's do something about it." Won't you agree that greeting card director is not the best women can do? I mean why aren't we doing something about that in particular, since UNICEF is probably the organization that is most attractive to American citizens of all U.N. affiliations.

Mr. LEWIS. I don't know the answer, but I would be happy to talk personally with the Executive Director of UNICEF and try to find out and encourage him to make the decisions to the extent he is willing to listen to my advice as one of many countries.

RECORD OF CONVERSATIONS

Mr. KOCH. Would you provide this committee with the outcome of your conversations with the directors of each of the agencies that I made reference to and what you think is expected to happen within the year?

Mr. LEWIS. I will be happy to. I do think I should make clear that particularly with those agencies which are headed by non-Americans, I can certainly ask the director of that agency what his views and plans are, but I can't give him orders. He doesn't work for me; he works for the Secretary General.

Mr. KOCH. I understand.

U.S. CONTRIBUTIONS AS PERCENT OF BUDGET

We are funding 40 percent of most of the budget?

Mr. LEWIS. No; it is 25 percent on the average, or less.

Mr. KOCH. I don't think that is accurate. It may be accurate at UNICEF, but not all. I know some that are getting 40 percent.

Isn't it a fact that the environmental group budget is 40 percent?

Mr. LEWIS. The environmental program is a special case.

Mr. KOCH. And may I also point out that the moneys that they get from the Communist countries are nonconvertible currencies. Therefore, our contribution, since it is made with a convertible currency, has a greater impact? Is that not a fact?

Mr. LEWIS. That is particularly true of UNDP and a few others; yes.

Mr. KOCH. So when we fund 25 percent, in fact it is a much larger part of the capital they can actually use; isn't that so? You can't use nonconvertible currency to do the regular job; isn't that so?

Mr. LEWIS. That is true for UNDP, but not the U.N. system as a whole. You have lots of East European nationals provided as well.

CONVERSATIONS ON HIRING PRACTICES

Mr. KOCH. Would you give us the thrust of whatever conversations you have with the various agencies and what, if any, affirmative action programs they have to deal with sexism at the U.N.? Would you do that?

Mr. LEWIS. Yes, sir.

[The information follows:]

STATUS OF WOMEN IN THE U.N. AND SPECIALIZED AGENCIES

As the attached tables show (tab A), the number of women employed at the level of D–1 and above increased slightly in the past 2 years. The number of women employed at the senior levels of the P-category also increased.

The U.N. Secretary-General is aware of the need to increase further the number of women employed at professional and senior levels, and discussed the problem in his report of August 1975 (tab B, pp. 11–13). He noted particularly that because there are wide variations in the number of qualified women available from different countries and regions, it would be difficult to make a significant change in the number of women appointed unless the geographical guidelines on recruitment are made more flexible. He also noted that the joint advisory committee on staff problems has decided to set up a standing committee on employment of women to "ensure that the principle of equal rights of men and women members is observed not only in law but also in fact."

The U.S. Government is very much interested in increasing the number of women employed by the U.N. and its agencies. At the Mexican Conference for International Women's Year, the United States co-sponsored resolution 8 on this subject (tab C). Following that conference, the Department of State submitted a special report, dated November 24, 1975, which among other things assessed the role of the Department of State in improving U.N. personnel policies (tab D—section: "Elimination of Discrimination in U.N. Personnel Policies").

On March 23, 1976, a special report to Ambassador Carol Laise, Director General of the Department of State, described the current status of this situation, including a statement that the Mexican Conference resolution was adopted by the U.N. on December 8, 1975.

TAB A

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TABLE 19

Number of women on the staff of the United Nations and related agencies

AS OF JUNE 1973

Organization	ASG	D-2	D-1	P-5	P-4	P-3	P-2	P-1	Total	Total staff	Percentage of female staff
United Nations	1	2	6	36	105	213	188	48	599	3,015	19.87
UNICEF	-	-	-	2	2	8	16	2	30	227	13.22
UNDP	-	1	1	7	9	17	30	3	68	594	11.45
UNHCR	-	-	-	1	3	4	8	1	17	105	16.19
ILO	-	-	2	3	19	39	25	31	119	735	16.19
FAO	-	-	-	6	48	52	61	33	200	3,508	5.70
UNESCO	-	-	3	13	44	51	60	17	188	794	23.68
WHO	-	-	3	9	75	207	94	21	409	1,885	21.70
IBRD[a/] [b/]	-	-	-	-	-	-	-	-	165	1,652	9.99
IMF[b/]	-	-	-	-	-	-	-	-	127	743	17.09
ICAO	-	-	-	-	2	8	9	1	20	237	8.44
UPU	-	-	-	-	-	2	-	4	6	54	11.11
ITU	-	-	-	-	1	6	11	2	20	172	11.63
WMO	-	-	-	-	1	3	3	5	12	100	12.00
IMCO	-	-	-	-	-	2	2	4	8	124	6.45
GATT	-	-	-	-	3	6	9	3	21	96	21.88
IAEA	-	-	-	1	6	12	15	10	44	332	13.25
TOTAL	1	3	15	78	318	630	531	185	2,053	14,373	14.28

a/ Includes IDA and IFC.

b/ As the grades of IBRD and IMF differ from those of the United Nations common system, only the total figure is given.

(3)

TABLE 19

Number of women on the staff of the United Nations and related agencies

As of June 1974

Organization	ASG	D-2	D-1	P-5	P-4	P-3	P-2	P-1	Total	Total staff	Percentage of female staff
United Nations	1	2	7	41	103	216	200	35	605	3,093	19.56
UNICEF	-	-	-	2	7	9	11	1	30	249	12.05
UNDP	-	2	1	6	15	18	27	7	76	623	12.20
UNHCR	-	-	-	2	3	4	8	2	19	105	18.09
ICJ	-	-	-	-	-	-	2	-	2	14	14.28
UNITAR	-	-	-	-	1	2	-	1	4	15	26.67
UNRWA	-	-	-	1	-	2	1	-	4	71	5.63
ITC	-	-	-	-	1	1	3	2	7	56	12.50
ILO	-	-	2	3	19	49	25	17	115	776	14.82
FAO	-	-	-	6	24	40	64	33	167	1,278	13.07
UNESCO	-	-	3	17	48	48	62	7	185	851	21.74
WHO	-	-	4	11	25	45	62	12	159	845	18.82
IBRD[a/] [b/]	-	-	-	-	-	-	-	-	172	1,652	10.41
IMF[b/]	-	-	-	-	-	-	-	-	142	727	19.53
ICAO	-	-	-	-	2	10	8	1	21	240	8.75
UPU	-	-	-	-	1	-	2	-	3	53	5.66
ITU	-	-	-	-	1	6	9	3	19	187	10.16
WMO	-	-	-	-	1	5	4	1	11	100	11.00
IMCO	-	-	-	-	-	3	5	3	11	51	21.57
ICITO/GATT	-	-	-	-	4	6	12	2	24	103	23.30
IAEA	-	-	-	1	8	11	16	11	47	350	13.43
TOTAL	1	4	17	90	263	475	521	138	1,823	11,439	15.94

a/ Includes IDA and IFC.

b/ As the grades of IBRD and IMF differ from those of the United Nations common system, only the total figure is given.

TABLE 19

Number of women on the staff of the United Nations and related agencies

(Professional category and above)

As of June 1975

Organisation	ASG	D-2	D-1	P-5	P-4	P-3	P-2	P-1	Total	Total staff	Percentage of female staff
United Nations	1	2	7	41	110	235	187	41	624	3,217	19.4
UNDP	-	2	3	5	12	28	27	2	79	664	11.9
UNICEF	-	-	-	2	8	11	13	1	35	261	13.4
UNHCR	-	-	-	2	5	5	6	4	22	157	14.0
UNITAR	-	-	-	-	1	2	2	-	5	16	31.3
ITC	-	-	-	-	2	3	3	3	11	69	15.9
UNRWA	-	-	-	1	-	2	1	-	4	73	5.5
ICJ	-	-	-	-	-	-	2	-	2	14	14.3
ILO	-	-	1	5	18	68	28	8	128	164	16.7
FAO	-	-	2	7	26	42	69	18	164	1,281	12.8
UNESCO	-	-	4	14	45	58	74	12	207	1,022	20.3
WHO	-	-	3	16	85	188	98	22	412	1,953	21.1
IBRD[a/] [b/]	-	-	-	-	-	-	-	-	172	2,002	8.6
IMF[b/]	-	-	-	-	-	-	-	-	169	797	21.2
ICAO	-	-	-	-	2	17	7	1	27	251	10.8
UPU	-	-	-	-	1	-	2	-	3	40	7.5
ITU	-	-	-	-	1	7	10	3	21	189	11.1
WMO	-	-	-	-	1	4	4	3	12	114	10.5
IMCO	-	-	-	-	-	6	4	4	14	65	21.5
WIPO	-	1	-	1	1	2	1	-	6	56	10.7
ICITO/GATT	-	-	-	-	4	13	10	2	29	114	25.4
IAEA	-	-	-	1	7	11	20	8	47	358	13.1
TOTAL	1	5	20	95	329	702	568	132	2,193	12,877	17.0

a/ Includes IDA and IFC.

b/ As the grades of IBRD and IMF differ from those of the United Nations common system, only the total figure is given.

TAB B

PERSONNEL QUESTIONS

REPORT OF THE SECRETARY-GENERAL

D–1 AND ABOVE STAFF BY REGION AS A PERCENTAGE OF TOTAL SENIOR STAFF

	June 1970	June 1975	June 1975 midpoint of desirable range
Africa	7.8	9.1	7.8
Asia	14.8	16.3	19.9
Europe (Eastern)	15.6	11.7	16.2
Europe (Western)	26.3	28.3	24.0
Latin America	7.0	8.5	6.7
Middle East	4.1	5.9	3.7
North America	22.2	18.9	21.7
Others	2.2	1.3	
Total	100.0	100.0	100.0

V. EMPLOYMENT OF WOMEN

33. By its resolution 3352 (XXIX), the General Assembly requested the Secretary General and the executive heads of the other organizations in the United Nations system "to take all necessary measures in order to insure in accordance with the charter of the United Nations, bearing in mind in particular article 101, paragraph 3, of the charter, that an equitable balance between men and women staff members, particularly in senior and policymaking positions, be achieved before the end of the Second United Nations Development Decade at all levels in the United States system" and urged them, "in order to obtain this objective, to give increased attention to the recruitment and promotion of women as well as to the assignment given to them."

34. The issue of greater participation of women in the work of the Secretariat was also dealt with in the decision, cited in paragraph 5 above, which the General Assembly approved on the recommendation of the Fifth Committee. Under the terms of that decision, the need for equitable geographical distribution is to be borne in mind when increased efforts are made to recruit a greater number of qualified women candidates for professional and senior posts in the Secretariat.

35. Special attention has accordingly been directed, at all stages of the recruitment process, to the search for women candidates from countries remaining underrepresented in the Secretariat. This has been reflected in the vacancy notices for individual posts sent out to prospective recruitment sources, and in the arrangements for competitive examinations. As a result, progress has been made in the recruitment of women both in terms of numbers and of levels. In 1973–74 only 28 women were appointed to all professional posts, 17 to posts subject to geography and 11 to posts with special language requirements. None as above P–3. In 1974–75 the total was 64–37 to posts subject to geographical distribution and 27 to posts with special language requirements. This includes one appointment at P–5 and two appointments at P–4. The net result of these measures so far, however, has been modest: At the end of the year under review the number of women staff members in professional and senior posts was higher than the year before but the proportion was slightly lower. There is a marked disparity in the availability of women candidates between countries and regions and the Secretary General believes that no real breakthrough in the employment of women in professional posts in the Secretariat will be possible so long as the recruitment of women is subject to the guidelines of geographical distribution. Even given greater flexibility in this respect, more positive action programs will have to be developed and pursued in cooperation with member states.

36. The Secretary General, in response to a suggestion advanced in the Fifth Committee during the twenty-ninth session of the General Assembly, has invited the Joint Advisory Committee, the organ responsible under the staff regulations

for consultation between management and staff representatives on all matters affecting the staff, to review the relevant aspects of personnel administration. The Joint Advisory Committee has decided to set up a Standing Committee on Employment of Women in the Secretariat, with a broadly defined mandate the purpose of which is to bring about such modifications in administrative practices as may be required to insure that the principle of equal rights of men and women staff members is observed not only in law but also in fact.

37. The legal position with regard to that principle has now been given precise meaning in the statutory provisions governing the employment of the staff. With the adoption by the General Assembly of resolution 3353 (XXIX) of December 18, 1974, all differential treatment based on sex has been eliminated from the staff regulations and staff rules of the United Nations. Proposals for removing the remaining distinctions under the pension fund regulations, which were to be considered by the United Nations Joint Staff Pension Board at its 1975 session in the light of actuarial valuation of the fund, are expected to be submitted to the General Assembly at its thirtieth session. Consistent with the intent of the above-mentioned resolution, the Secretary General has instructed his representatives on the pension board to seek the extension of the principle of equal treatment of men and women staff members to cover survivor's benefits and the amounts payable to separating or retiring participants who elect full or partial commutation of their benefits. Approval of these proposals will complete the establishment of full equality of rights between the sexes under the provisions governing the staff while in the service of the organization and after they have retired.

38. In paragraph 3 of resolution 3352 (XXIX), the General Assembly also requested the Secretary General and the executive heads of the other organizations in the United Nations system to report to it at its thirtieth session on the steps that had been taken to give effect to the objective set out in the resolution. Pursuant to this request, the Secretary General brought the matter to the attention of the Administrative Committee on Coordination. The matter was taken up at the annual session of the subsidiary body concerned with general administrative and personnel questions. Among the conclusions reached at the end of the review of the employment practices in the organizations and approved by ACC were the following:

(a) There is a scarcity of qualified female candidates in certain professions (e.g., electronics engineers, meteorologists and aviation specialists);

(b) In some areas of the world there are cultural inhibitions to candidacy of women;

(c) In general, governments, which for some organizations are the exclusive source of candidates, put forward very few names of women;

(d) Family considerations intervene when both spouses are professionals;

(e) Competing priorities, such as geographical distribution, have a bearing on the recruitment of women.

39. The organizations agreed at the same time that special efforts would have to be made to improve the representation of women in the secretariats. Several of them have initiated reviews of their recruitment and career development procedures in order to determine what measures might be taken to bring about a better balance between men and women staff members. The reviews are not concerned solely with the numerical position of women in the secretariat but with the way in which women can participate more fully in the work of the organizations.

TAB C

Resolutions Sponsored or Cosponsored by the United States[3]

Women in the employ of the U.N.[4]

8. The situation of women in the employ of the United Nations and specialized agencies.

The World Conference of the International Women's Year,

Recognizing that several elements of the United Nations system have in the last several years studied the whole range of problems affecting the situation of women throughout the United Nations and its specialized agencies,

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[3] Texts from U.N. doc. E/5725, report of the World Conference of the International Women's Year (in provisional form).

[4] Adopted by the conference on July 2 without a vote.

Noting that the study "The situation of women in the United Nations", issued by UNITAR [United Nations Institute for Training and Research] in 1973, is a compilation of data which confirms the widely known fact that, in comparison to men, the conditions under which women enter the service of the United Nations, work in it, achieve promotion and enjoy its benefits are by no means as equitable as the Charter of the United Nations requires,

Noting that the Secretary General of the United Nations has set up a Standing Committee on the Employment of Women in the Secretariat, which reports to the Joint Advisory Committee on Personnel, to assist in eliminating discriminatory measures against women employees of the United Nations and to increase the recruitment of qualified women,

Recalling that the Ad Hoc Group on Equal Rights for Women prepared a draft plan of action concerning long-term goals, and presented a petition to the Secretary General on March 7, 1975 making specific suggestions for promoting equality of treatment of women employees of the United Nations,

1. Recommends that the United Nations, its specialized agencies, and all its subsidiary bodies recognize their responsibilities to set an example to Member States in employment and personnel practices and to give priority attention, in the shortest possible time, to the recommendations of the Standing Committee of the Joint Advisory Committee and to the petition of the Ad Hoc Group on Equal Rights for Women;

2. Recommends that efforts be made to bridge the gap in the recruitment of staff, including women, in the Secretariat of the United Nations between the over-represented and under-represented countries, in accordance with the principle of equitable geographical distribution contained in the charter of the United Nations.

TAB D

[Excerpt from Mr. Ingersoll's letter to Mrs. Ruckelshaus, presiding officer, National Commission on the Observance of International Women's Year, 1975]

ELIMINATION OF DISCRIMINATION IN U.N. PERSONNEL POLICIES

(U.S./U.N. IO/LAWB)

THE PROGRAM

The U.S. delegation to the U.N. Commission on the Status of Women has been effective in eliminating discriminatory practices in effect in the U.N. for many years. These involve changes in U.N. staff regulations to improve the situation for women in U.N. employment work opportunities, dependency, death, and other fringe benefits formerly reserved for men, and to provide opportunity for women in decisionmaking roles.

ASSESSMENT

Improved personnel procedures in the U.N. are also reflected in the secretariats of the commissions and the specialized agencies. This should result in the greater participation of U.S. women at all levels in U.N. activities, and a more equitable pay status for women employees. It will also have a secondary impact on women's participation in their own governments, including U.S. women in the U.S. Government.

REAPPRAISAL OF POLICIES AND PROGRAMS IN U.N. SPECIALIZED AGENCIES

(IO/UNESCO, IO/FAO, IO/SCT)

THE PROGRAM

Department of State delegations to the specialized agencies—ECOSOC, UNESCO, FAO, WMO—are bringing about significant changes affecting women, such as a reappraisal of policies and programs which will promote the integra-

tion of women in the total U.N. development effort, a reappraisal of policies and programs in the light of equity for women in education, natural and social sciences, culture, communications and development planning, and an increase in pilot projects in education, training, and vocational guidance.

VIETNAM AND KOREA

Mr. PASSMAN. Thank you, Mr. Koch, we will come back to you.

Did you say you disassociate your views on Korea and South Vietnam?

Mr. KOCH. Only on South Vietnam and the Republic of Korea.

Mr. PASSMAN. I want to be sure my views are disassociated with yours on South Korea and South Vietnam, and if you do your homework, we will be in agreement the next time we discuss this.

I have the highest regard for your expertise in this area. I hope we can just accept our disagreement on this issue.

Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

U.S. AND OTHER DONOR CONTRIBUTIONS

Would you provide for the record the U.S. percentages of contributions to each of these organizations? Also include the other major donors to each organization and their contribution percentages.

Mr. LEWIS. I will be glad to.

[The information follows:]

PERCENTAGE CONTRIBUTIONS BY MAJOR DONOR COUNTRIES

Following are the percentages of contributions by the U.S. and other major donors to these organizations in 1975 (except where otherwise indicated)

UN Development Program (cash)

U.S.	19.2%	U.K.	6.1%
Sweden	12.8%	Canada	5.9%
Denmark	9.6%	Japan	4.7%
Netherlands	9.6%	Norway	4.7%
Germany (West)	7.1%	France	2.4%

UN Children's Fund (cash)*

U.S.	17.9%	Norway	4.1%
Sweden	15.9%	Germany (West)	3.7%
Netherlands	14.8%	Japan	3.5%
Canada	9.2%	Switzerland	3.1%
U.K.	7.2%	France	2.9%

International Atomic Energy Agency Operational Fund (cash)

U.S.	26.25%	U.K.	5.87%
U.S.S.R.	19.64%	Canada	3.51%
Japan	7.9%	Australia	1.59%
Germany (West)	7.85%	Belgium	1.67%
France	2.98	Sweden	1.44%

*Includes contributions to special projects as well as to general resources.

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World Meteorological Organization* (cash and kind)

U.S.	31.0%	Egypt	2.9%
U.K.	18.1%	Switzerland	2.8%
Germany (West)	15.7%	Australia	2.5%
France	8.1%	Sweden	2.5%
Japan	4.3%	Ireland	2.0%

* The Soviet Union makes a substantial in-kind contribution which cannot be expressed in dollar percentages.

UN/Food and Agriculture Organization World Food Program (cash and kind) (1975-76 biennium)

Canada	31.8%	Netherlands	4.4%
U.S.	23.5%	Sweden	3.7%
Saudi Arabia	8.4%	Germany (West)	3.5%
EEC	7.8%	U.K.	3.3%
Denmark	5.1%	Norway	2.5%

UN Institute for Training and Research (cash)

U.S.	26.6%	Norway	3.7%
Germany (West)	16.7%	Switzerland	3.7%
Sweden	6.8%	Italy	3.5%
Belgium	4.3%	Japan	3.3%
Canada	4.1%	Finland	2.8%

UN Relief and Works Agency for Palestine Refugees (cash)

U.S.	35%	Germany (West)	2.7%
Saudi Arabia	9.2%	Canada	2.5%
U.K.	5.6%	U.A.E.	1.8%
Sweden	4.5%	Norway	1.5%
Japan	4.1%	Netherlands	1.3%

UN Educational and Training Program for Southern Africa (cash)

Norway	19%	Sweden	7%
Canada	11%	France	7%
Denmark	11%	Finland	6%
U.K.	10%	Germany (West)	4%
Japan	9%	U.S.	3%

UN Revolving Fund for Natural Resources Exploration (cash)

Japan	94%	Netherlands	6%

Organization of American States (cash)

Special Multilateral Fund for Education, Science and Technology

Special Projects Fund of OAS (Mar del Plata)

Special Development Assistance Fund

Inter-American Export Promotion Fund

United States	66%
Argentina	7.40%
Brazil	7.40%
Mexico	8.27%
Venezuela	3.08%
Colombia	1.54%
Chile	1.35%

UN Environment Program (cash)

U.S.S.R.	18.45%	U.K.	5.67%
U.S.A.	17.12%	Sweden	5.35%
Japan	10.7%	Australia	2.67%
Germany (West)	10.39%	Norway	2.59%
France	7.73%	Switzerland	2.17%

U.S. INFLUENCE IN THE U.N.

Mr. SHRIVER. The book states that we need to raise our contributions to these programs if our leadership and influence in the U.N. is to continue. A lot of Americans don't think we have had much influence in the U.N. lately. Would you comment further on this, and point out any votes or issues on which our continued participation and contributions to these programs might have been a factor in our favor?

Mr. LEWIS. That is a big subject, Mr. Shriver. I would be happy to. Let me try it this way. We were the motivating force behind the founding of the United Nations, and most of the specialized agencies. We are still a major donor but our percentage in all of these agencies of course has dropped.

In the last year or two or three some of these specialized agencies in particular have become infected with some heightened political atmosphere. Attacks on Israel and other countries which were quite contrary to the purposes of the organizations have occurred in UNESCO, for example.

UNESCO AND ILO

The Congress instructed the executive branch to make no contributions to UNESCO until these political issues were resolved. In the case of ILO, we concluded it was straying away from its original purposes and with encouragement of the Congress, we gave notice a few months ago in November, of our intent to withdraw from ILO unless within the 2-year period required before such notice of intent can be carried out, those problems which had developed in the organization were changed.

It is very interesting to see what is happening in UNESCO as a result of our decision not to fund it until it shapes up, and that is really what we are saying.

Rather than encouraging the purpose that we are all agreed on, the purpose of getting it to treat Israel and other countries equitably and to deal with the educational and scientific and technical issues for which it was founded and not enter into politics, the reaction of many of the members of the board of UNESCO has been rather the contrary. They say:

> If the United States has no more interest in this organization than to give us an ultimatum, and if the United States won't pay its dues unless we do what it wants us to do, then we will take the organization in the direction we want it to and ignore the United States.

So the argument really is if you want to try to influence an organization to get it back into generally the direction you want it to go, you need to contribute to it, you need to have a mission to it, you need to attend the conferences and fight hard for your point of view.

That is really what is implied, I think, in the question you raise.

WINNING ON VOTES

It doesn't mean you are always going to win and certainly we aren't always going to win in these organizations, but we win more often than we lose even today when we have 144 votes to deal with and not just 50 or so as we did when the U.N. was founded.

But I am not pessimistic about our ability to improve our position in the U.N. General Assembly with better persuasion and also more continued pressure for those concerns about which we as a Nation feel deeply.

Mr. SHRIVER. We as a Nation have felt deeply about assisting the underdeveloped countries ever since World War II, and the very fact that this committee has been a part of giving billions and billions of dollars in economic development over the world ought to be an indication of it. There has never been a nation like it nor will there ever be.

Mr. LEWIS. That is correct.

IAEA ASSISTANCE TO INDIA

Mr. SHRIVER. Did the International Atomic Energy Agency contribute funds or technical aid and equipment which was used by India in developing its nuclear bomb?

Mr. LEWIS. I wonder if I could ask Dr. Tape to respond to that. He is an expert in this field.

Mr. TAPE. The technical assistance program of the agency has been going on for a number of years and India has from time to time received some technical assistance. To the best of my knowledge I would say India did not received it directly in the utilization of indigenous resources for development of nuclear explosive.

IAEA ASSISTANCE TO ISRAEL

Mr. SHRIVER. Has this agency contributed assistance to Israel which might be used to develop a nuclear arsenal?

Mr. TAPE. Not directly. It has through its technical assistance provided experts in the way it does to all members, and it has from time to time helped them with equipment.

U.S. ASSISTANCE IN PRODUCING PEACEFUL USES OF NUCLEAR ENERGY

Mr. SHRIVER. Would you explain article IV of the Nonproliferation Treaty which obligates advanced countries such as the United States to assist developing countries in obtaining the ability to produce peaceful uses of nuclear energy?

Mr. TAPE. Yes, sir. I think if you recall the Nonproliferation Treaty in effect contains certain elements of a quid pro quo, that is, the signatories who are not nuclear weapons states in accepting the treaty do forswear the development of nuclear explosives and will not undertake to acquire such. At the same time those nuclear weapons states, parties to the treaties, undertook the obligation to assist other parties with their civil programs, thereby making available to them under suitable conditions, the technology and the assistance necessary to move forward in the nuclear program.

The suitable conditions I refer to are the acceptance not only of the NPT itself but the submission of all of their nuclear facilities, and programs to the safeguard program of the IAEA.

IAEA SAFEGUARDS

Mr. SHRIVER. Would you then say the safeguards of the IAEA against misuse of atomic energy technology are adequate?

Mr. TAPE. Before I do that, sir, let me say that the agency has two safeguard programs, one which started before the NPT was in existence. This was set up to help other nations of the world, both suppliers and recipients, undertake programs where nuclear materials and supplies could be used under suitably safeguarded conditions.

With the advent of the NPT this was modified slightly, the reason being that the NPT forbids the recipient nation to develop nuclear explosives whereas the statute of the agency forbids the diversion of material to serve a military purpose, that being more comprehensive than the explosive.

I say that by way of saying there are two but they are quite similar programs.

Let me also clarify a point which is sometimes misunderstood, certainly in more recent years. The international safeguards program of the IAEA has been directed at the timely detection of diversion of nuclear material for military purposes or for nuclear explosives, depending on which arrangement we are talking about. It does not involve the physical protection of that nuclear material or the plants in which such nuclear material might be contained.

I think you can appreciate that in accepting either safeguards agreement, a sovereign state gives up a certain amount of sovereignty to permit, first of all, inspectors to come onto their property and investigate in a sense. Such an activity is necessary for verification, an essential part of the procedures required for "the timely detection or diversion of nuclear material." It does not refer to the question of entering a state to actually perform a function of prevention of a physical movement of material.

IAEA ROLE IN PHYSICAL PROTECTION

We have looked into this question of what role the agency should play in the physical protection area. The IAEA has served, I think, a very useful purpose in bringing together the experts of the world, setting forth guidelines, procedures, et cetera, and has recommended them to the nations involved for them to follow.

At the same time the United States has taken the leadership, on a bilateral basis, to talk to and work with recipient nations so that they have the benefit of our experience in physical protection, and we receive the benefit of theirs. We can compare what I call threat-type considerations, so that we are in a much better position to understand the problems.

May I say that the bilateral program which is now ongoing principally through ERDA and recipient countries has been very satisfactory and is working very well.

I think there is still a role for the agency in the future, but right now I think we are doing very well in the combination of guidelines from the agency, and execution nationally.

Mr. SHRIVER. I notice here today a former colleague of ours, a distinguished member of the House, who is Permanent Representative to the Organization of American States. Welcome.

Mr. PASSMAN. I would like to join my colleague and welcome our former colleague. You were completely hidden from me.

Mr. LONG. He always was a modest person.

OAS INTEREST IN NUCLEAR ENERGY

Mr. SHRIVER. I see the OAS also has a nuclear program. Tell us about that.

Mr. MAILLIARD. I wouldn't call it a program. There is great interest in the hemisphere for developing energy as a source of power, and there have been some surveys made. There is no operative program.

OAS EDUCATIONAL TECHNOLOGY TRAINING CENTERS

Mr. SHRIVER. Where are the six educational technology training centers located where the OAS trains professionals?

Mr. MAILLIARD. I don't think I have the locations handy but I can supply that for the record.

[The information follows:]

EDUCATIONAL TECHNOLOGY TRAINING CENTERS

The training centers for educational technology are located in Santiago, Chile; Cali, Colombia; Panama City, Panama; Lima, Peru; Mexico City, Mexico; and Sao Paulo, Brazil.

U.S. CONTRIBUTION TO OAS

Mr. SHRIVER. What were the reasons for the adjustments in the OAS accounts between the time you sent up the congressional presentation and later the yellow book? In particular, why would our contribution to the Mar del Plata fund go up more than a third? Even before this raise, our contribution was 66 percent of the total. What is it under the new request?

Mr. MAILLIARD. That 66 percent is the magic figure for OAS in all of its programs.

Mr. SHRIVER. For U.S. contributions?

Mr. MAILLIARD. Yes, if we used the U.N. formula it would be 80 percent but we have a proviso on assessed contributions that no one member shall pay more than 66 percent, so that is our assessed figure. We have traditionally applied it to the voluntary contribution on a matching basis.

In other words, when some other country puts up a dollar, we put up 2.

SEVENTH SPECIAL SESSION

Mr. SHRIVER. The book states that U.S. proposals at the Seventh Special Session of the U.N. General Assembly led to an improved atmosphere. Would you outline these proposals and what they would mean in terms of future U.S. contributions to these programs?

Mr. LEWIS. During the Seventh Special Session the United States put forward some 45 proposals for specific measures regarding international cooperation for development. Virtually all of these proposals were included in some form in the consensus resolution of the Seventh Special Session.

U.S. participation in these initiatives often does not involve a U.S. financial contribution. Rather our proposals consisted of a program of work describing cooperative measures which industrial and developing countries could negotiate over the following 18 months or so in the array of international organizations concerned with development—the UNCTAD, the IMF, the World Bank, the regional banks, the multilateral trade negotiations and so forth.

Our record on implementation of these U.S. initiatives has been a very heartening one. Several of the major proposals made by the United States in the special session have already been agreed internationally within the competent institutions and are now being implemented. Constructive negotiations on many others are well advanced and promise early results. We are developing others in fuller detail for consideration and adoption in various international organizations.

A brief summary of some of the major proposals at the Seventh Special Session follows:

(*a*) International Fund for Agricultural Development.—The U.S. contribution of $200 million to the International Fund for Agricultural Development has now been authorized by Congress. Negotiations under World Food Conference auspices have resulted in agreement on articles of agreement for the Fund and early convening of a pledging conference to raise resources of $1 billion with appropriate burden sharing among industrial and oil-producing countries.

(*b*) International development association replenishment. — The United States announced its intention to join in a large replenishment of the resources of the International Development Association. United States participation would amount to 33⅓ percent in an estimated total of $1.5 billion in contributions to the IDA in the years 1976–79.

(*c*) International Monetary Fund.—(i) The IMF Executive Directors have adopted a major liberalization of its financing for export earnings stabilization which closely parallels Secretary Kissinger's proposal for a development security facility. This liberalized facility could provide $1 billion in financing this year for stabilization of developing countries' export earnings. The potential in terms of severely depressed commodities prices would be even greater.

(ii) The Governors of the IMF's Committee of 20 agreed in Kingston, Jamaica to establish immediately the trust fund for balance of payments relief to the poorest developing countries initially proposed by the United States. Sales of IMF gold to raise resources for the trust fund will begin shortly.

(iii) To deal with the enormous balance of payments financing difficulties of developing countries this year and next the IMF Governors also agreed in Kingston to liberalize access to IMF financing. This temporary liberalization makes balance of payments financing of over $3 billion available to developing countries pursuing sound economic policies in cooperation with the Fund. No U.S. funding is required for these IMF actions.

(*d*) U.N. Revolving Fund for Natural Resources Exploration.—In the interest of expanding the sources of supply for future minerals requirements, the United States announced support for the U.N. Revolving Fund for Natural Resources Exploration. A U.S. contribution of $2.5 million has been requested for fiscal year 1977 for this purpose.

(*e*) Trade with the LDC's.—Under the Trade Act of 1974 the United States has implemented its generalized system of preferences for developing nations as of January 1, 1976. Other benefits for the LDC's—particularly on tropical products—are expected to emerge from the multilateral trade negotiations in Geneva. No contributions are required.

(*f*) Commodity programs.—In carrying out our constructive case-by-case approach to commodity negotiations, we have concluded one major commodity agreement—the tin agreement. Negotiations have also been concluded on a new coffee agreement which includes new safeguards for consumer interests. The President is expected to act shortly on agencies' recommendations to him regarding U.S. accession. In carrying out our initiative on consumer/producer discussions on all major commodities, we expect shortly to participate in a meeting on copper. A liberalization of the IMF compensatory financing facility has been agreed upon and included in amendments of the IMF articles to be submitted to legislatures.

(*g*) Conference on International Economic Cooperation.—The new Conference on International Economic Cooperation—the dialog—endorsed by the United States has been successfully launched at the Ministerial level in Paris in December. Its four commissions are now engaged in their initial work in Paris. This new form of constructive dialog between developing and industrial countries is in itself an historic achievement; it will also play a key role in assuring systematic implementation of the resolution passed by the Seventh Special Session of the U.N. General Assembly.

(*h*) International Financial Corporation.—International negotiations are now close to agreement on the fourfold increase we proposed in the capitalization of the World Bank's private enterprise arm—the International Financial Corporation. This substantial increase in resources will enable the IFC to embark upon several new ventures in stimulating private enterprise development in poor countries. The U.S. share of the increase in paid-in capital would be approximately $125 million over 3 years. This will be the first replenishment in the history of the IFC.

CONTRIBUTIONS FOR SECOND 5-YEAR CYCLE

Mr. SHRIVER. Under the UNDP it states that the second 5-year programing cycle has been planned for that organization, which would require twice the level of voluntary contributions of the first cycle. Is that correct? Does that mean a U.S. contribution of $156 million annually?

Mr. LEWIS. The amount of the U.S. voluntary contribution to the UNDP is recommended by the administration and determined by the Congress each year entirely at the discretion of the U.S. Government.

For planning purposes the Governing Council of the UNDP establishes a projected rate of growth so that the recipient countries and the UNDP can make plans 5 years ahead because many development projects take a number of years to complete. These planning figures represent desirable goals for the program, but do not constitute any commitment or obligation on the part of the U.S. Government.

FOLLOWUP INVESTMENT

Mr. SHRIVER. Your statement indicates that $18 billion in followup investment has resulted from UNDP projects, much of which is from U.S. firms. Would you break down that figure and tell us more about it.

Mr. LEWIS. I would like to submit that information as an insert for the record, if I may.

[The information follows:]

According to the latest official data just received from the UNDP, between 1959 and the end of 1975 the total value of followup investment resulting from UNDP supported projects was as follows:

	Million
1. Followup investment within the developing countries themselves	$10,835
2. External multilateral followup investment (that is IBRD, IDB, et cetera)	6,759
3. External bilateral followup investment, that is from individual donor countries and their firms	2,901
Total	$20,495

It is of note that the developing countries themselves have provided fully half of all the followup investment resulting from UNDP projects.

Within the total figure of the external bilateral followup investment there are two types:

1. Bilateral public sector followup, that is capital followup investment by donor aid agencies or other government institutions.

2. Bilateral private sector followup, that is, by private firms and financial institutions of donor countries.

Over the 1959–75 period, U.S. investments resulting from UNDP projects were: U.S. Government agency followup investment—$169.8 million. U.S. private sector followup investment—$440.5 million. Total—$610.3 million. United States followup investments were thus 21 percent of all external bilateral followup investments in the period.

ICAO/UNDP PROJECTS

Mr. SHRIVER. The book shows a project under the UNDP to improve flying skills and airport safety standards in developing countries in conjunction with the International Civil Aviation Organization. Tell us more about that.

Does that involve in any way smaller planes—general aviation?

Mr. LEWIS. The International Civil Aviation Organization executes programs in a wide variety of aviation fields in the developing countries with UNDP funds. Recent trends have been for countries to request more advanced expertise and equipment than in the past which has perhaps a less direct relationship to general aviation. However, training in basic flying and mechanical repair skills remain a large component of assistance in aviation which are of direct benefit to smaller aircraft, which, in turn, benefit generally from improved airport and airway safety and efficiency.

During 1975, the following large-scale—over $500,000—projects were formally approved by the UNDP:

Bangladesh	Assistance to civil aviation.
Bolivia	Strengthening of the civil administration and of Lloyd Aereo Boliviano.
Brazil	Center for aeronautical improvement and training.
Burma	Development of civil aviation telecommunications and radio navigation facilities.
Nepal	Reinforcement of the civil aviation department.
Nigeria	Advance aeronautical training.
Sri Lanka	Development of civil aviation radio navigation and communication facilities.
Africa	Studies to determine the contribution that civil aviation can make to the development of the national economies of African countries.
Latin America	Regional civil aviation training center.
Middle East	Civil aviation training college for the gulf states.[4]

[4] Bahrain, Oman, Qatar, and United Arab Emirates.

In addition, increases of more than $500,000 were approved for each of the following existing projects:

Argentina	Supplementary assistance for training and upgrading of aeronautical ground personnel.
Netherlands Antilles	Supplementary assistance for the improvement of facilities and services for air navigation.
Saudia Arabia	Supplementary assistance for training in civil aviation.
Turkey	Supplementary assistance for the strengthening of civil aviation services.

BILHARZIA

Mr. SHRIVER. Another project will help control a disease named "bilharzia." What is that, and where is it a problem?

Mr. LEWIS. Bilharzia, also know as schistosomiasis, is a debilitating parasitic disease that affects an estimated 200 million people in Africa, Latin America, and Southeast Asia. It is spreading as a result of the growth of irrigation systems around the world which encourage the spread of certain varieties of snail which serve as intermediate hosts for the parasite and in turn permit it to attack man. Secretary Kissinger has twice spoken in the U.N. about United States concern over this disease and our determination to contribute to its control. The UNDP is funding a regional project centered on the Volta River and Lake in Ghana aimed at finding better ways to control the snails and cure the victims of the disease. The World Health Organization is the executing agency. The project is a 7-year one and involves carefully designed studies on the transmission of schistosomiasis in villages, and the development of potential measures for prevention and cure.

INDICATIVE PLANNING FIGURES

Mr. SHRIVER. Under the UNDP, every country receives an "indicative planning figure" which generally tells them how much they will get for the 5-year program cycle. Are they guaranteed that amount if they ask for it? Some of our own local governments would like this, I am sure.

Mr. LEWIS. The indicative planning figure is not a guarantee, but a figure that governments welcome being able to use for their 5-year planning purposes. UNDP could not guarantee the amount in advance, as its resources are contributed voluntarily, year by year, and governments do not ask for a guarantee. The planning figure is also in no way a lump sum. It is disbursed only as specific individual projects—each with a distinct budget, recording year-by-year costs—are formulated and approved by UNDP.

Under inflation and highly successful delivery rates, increasing care is now exercised by the Administrator that the global amount being programed for expenditure in any one year, "against" the planning figures, shall not exceed anticipated resources.

IMPROVEMENTS IN UNDP OPERATIONS

Mr. SHRIVER. The book states that the UNDP has taken important steps to improve the effectiveness and efficiency of its operations. Would you outline those steps? That includes annual evaluations in each country, does it not?

Mr. LEWIS. Yes. One of the important steps the UNDP has taken in the last couple of years to improve its operations is the setting up of tripartite field evaluation of projects and the annual program reviews in each country. Reports from our embassies and from resident representatives whom we have interviewed in Washington indicate that these evaluations have helped considerably to improve the management of UNDP programs. As a result of these evaluations measures have been taken to eliminate bottlenecks; marginal projects have been terminated; and support for change has been obtained from local governments.

Other steps which have been taken to improve efficiency have been to give the resident representatives greater authority to approve project proposals and thus avoid costly reviews at headquarters; setting up an "approval in principle" procedure so that implementation of projects can start sooner; increased use of short-term consultants to help in the preparation of project proposals and check on technical questions; and better use of World Bank basic studies to reduce the paperwork in preparing country programs. Now steps are being taken to improve the financial reporting by executing agencies and UNDP field missions to strengthen the UNDP's financial forecasting and the management of its money.

UNICEF SUPERVISES ITS PROJECTS

Mr. SHRIVER. Turning to UNICEF, when this organization initiates a program of assistance within a country, how do they isolate that assistance so that it mainly goes to the children?

Mr. LEWIS. In each country where UNICEF has a program an agreement is signed with the government stating the program objectives and the responsibilities of each party. A heavy duty falls upon the government to fulfill the terms of the agreement and see that the assistance reaches the people for whom it is intended. All UNICEF projects in the field are designed to be of primary benefit to children, although many of them also work to the benefit of their parents and other members of the community. UNICEF staff receive periodic reports on the execution of projects and in most cases participate directly in them or visit projects under way to make sure that the objectives are being achieved.

UNICEF'S EMPHASIS IS ON CHILDREN

Mr. SHRIVER. The book states that UNICEF is now involved in the introduction of simple technologies to lighten the daily task of women and girls in the home. I am sure that is needed, but most Americans view this organization as one directed toward children, not adults. Do you expect future programs to affect other adults?

Mr. LEWIS. The primary objective of UNICEF is to improve the condition of children around the world—particularly those in the poorest families. With its limited resources it cannot possibly provide direct assistance to all the children who need better nutrition, health care and education, so UNICEF is increasingly focusing its efforts on helping families and governments to provide these services themselves. One way which is being tried in several countries in Africa is to help mothers to use better methods of storing and preparing food so that it is more nutritious and so that mothers have more time to care for their children in other ways.

In future, UNICEF will probably continue to have a number of programs for adults the main purpose of which is to benefit children: improved village drinking water supplies will reduce intestinal disease—the most widely prevalent childhood disease—and so lower the need for direct medical services for children. The training of paramedical personnel and teachers is of direct benefit to adults, but is essential if children's needs are to be met by the communities in which they live rather than by continued direct assistance from abroad. UNICEF's functions have never been limited to the provision of direct assistance—supplies, funds or staff support—important as that is. They have always included the wider duty to draw attention to the needs of children and to assist in devising strategies for meeting these needs effectively and efficiently by the governments, local communities and families concerned.

UNICEF EXPENDITURES IN THE UNITED STATES

Mr. SHRIVER. UNICEF results in purchases of U.S. goods and services totaling more than twice our contribution, does it not?

Mr. LEWIS. It is true that UNICEF activities do benefit the U.S. balance of payments because more dollars are spent here than we contribute. In 1975 UNICEF estimated that it spent $45.7 million in the United States when the U.S. Government cash contribution was $17 million. In the same year private U.S. contributions were $7.8 million.

MANAGEMENT IMPROVEMENTS IN UNICEF

Mr. SHRIVER. Tell us more about the management improvements being undertaken by UNICEF.

Mr. LEWIS. A survey of UNICEF management practices was made by the Scandinavian Institute for Administrative Research and many of its recommendations are now being implemented. Specific steps already taken include redefinition of responsibilities of regional directors and UNICEF representatives; more direct and frequent consultation of senior field staff with headquarters; more systematic joint planning by headquarters executive staff; revised appointments and promotions procedures with more involvement of field staff; and improvement of budgetary procedures. A senior consultant on organization and management has been appointed for 1 year to assist with these and other approaches.

WORLD METEOROLOGICAL ORGANIZATION

Mr. SHRIVER. Now for the World Meteorological Organization: what possible benefits are derived by the United States by assisting weather watch activities in Afghanistan, Uganda, or Laos?

Mr. LEWIS. Weather conditions all over the world are ultimately related. Weather data from distant regions in both the Northern and Southern hemispheres have an impact on the weather in the United States. To maintain a world weather watch, therefore, computers need comprehensive data from all over the world. To carry out its agricultural, aeronautical and marine activities, the United States requires weather data from all over the world. Weather watch information is also needed for the study of climate patterns and various scientific activities which ultimately affect the United States.

U.S. FOOD AND AGRICULTURAL POLICIES

Mr. SHRIVER. A lot of food aid recommendations were made at the recent World Food Conference and other meetings. Would you summarize the implications for the United States of these recommendations, especially how our food policies and agricultural policies might be changed if we were to follow the recommendations? Include any cost estimate, if that is available.

Mr. LEWIS. The food aid recommendations at the World Food Conference and other recent meetings fall into four groupings:

(1) Forward planning of food aid and a 10-million-ton minimum annual target for grains, while providing adequate quantities of other food commodities.

The United States suports these recommendations, and with about 6 million tons of grains food aid in our Public Law 480 program for 1975–76, we are in the forefront of efforts to meet the 10-million-ton target.

The United States has been the leader in forward planning in the sense of multiyear food aid obligations. We helped to establish the UN/FAO world food program in 1962 to which countries make biennial pledges. In 1968, at U.S. initiative, the Food Aid Convention came into existence. Obligations of member countries total 4.2 million

tons annually and were originally negotiated for a 3-year period. The U.S. share is 1.9 million tons.

Because U.S. food aid levels have normally been far in excess of our formal obligations to the world food program and under the Food Aid Convention, there has not yet been a conflict between those obligations and section 401 of the Agricultural Trade Development and Assistance Act—Public Law 480—which requires that food aid be additional to quantities needed to meet "domestic requirements, adequate carry-over, and anticipated exports for dollars as determined by the Secretary of Agriculture at the time of exportation of such commodity."

In any future effort to negotiate worldwide commitments to the 10 million ton annual food aid target, the possible U.S. obligation toward such a goal will be limited by the section 401 constraint, unless a change in this legislation is made.

(2) Earmark stocks or funds for emergency food aid requirements and develop guidelines to coordinate and insure effective use of such stocks and funds. Place at the disposal of the world food program a part of the proposed emergency stocks.

The emergency stocks concept has become modified since the World Food Conference. As proposed at the Conference it was to be part of the FAO International Undertaking on World Food Security, which the United States and some 65 other countries support. It has now taken on a separate identity with countries being asked to earmark or otherwise make available to the world food program 500,000 tons of grains food aid for emergency purposes. Prompted by humanitarian considerations, the United States is the largest contributor to the world food program, and U.S. food aid is available for both development and emergency programs administered by the WFP. The United States also administers a large amount of emergency food aid on a bilateral basis. In the U.S. view, bilateral administrative procedures are sometimes quicker and, accordingly, we have not pledged a contribution toward the special reserve for emergency purposes.

Were the United States to make such a pledge at a later date, either an increase in the overall title II level or a reduction of programing through voluntary agencies would be necessary. The amount of any such change would have to be worked out at the time.

(3) Augmenting the role and operations of the world food program by: (a) reconstituting the Intergovernmental Committee as the Committee on Food Aid Policies and Programs; and (b) channeling a larger proportion of food aid through the WFP.

The Intergovernmental Committee of the WFP has been reconstituted as the Committee on Food Aid Policies and Programs (CFA) and will hold its first meeting in Rome in April–May. The membership has been increased from 24 to 30 countries.

The United States has increased its pledge to the WFP from $140 million during the current biennium—1975–76—to $188 million for 1977–78. As a result the proportional share of title II in overall Public Law 480 programing is likely to increase.

(4) Donor countries should increase the grant component of food aid; should recycle food aid repayments; and should use cash contributions to purchase food from food exporting developing countries.

U.S. policy for the past 10 years has been that food aid terms should become progressively harder as countries develop the financial capacity to pay for imports. The transition from food aid donations to concessional sales to commercial sales remains an objective. However, a recent amendment to the Public Law 480 act provides for a larger grant component under title I when this contributes to mutually agreed development objectives. While the loan forgiveness provision is limited to 15 percent of the overall title I program level in a given year, it will in time result in a reduction of repayment and, hence, higher budgetary outlays in order to maintain Public Law 480 levels. No estimate of this amount is available at present.

As the country with the world's largest food surplus the United States does not purchase commodities elsewhere for food aid purposes.

FOOD GRAIN RESERVES

Mr. SHRIVER. When is the recommended world food grain reserve supposed to be in operation? In the meantime, we are supposed to "earmark" stocks and/or funds for disposal by the world food program—is that correct?

Mr. LEWIS. The U.S. proposal for an international system of nationally held grain reserves is presently under consideration within the International Wheat Council in connection with discussions on the possible basis for a new international agreement to succeed the International Wheat Agreement of 1971, as extended. At present, it is not possible to estimate when these discussions will conclude or whether or not they will achieve the consensus of support that is necessary to the success of an eventual negotiation.

The United States has suggested that 30 million tons of wheat and rice might be an appropriate level for an international system of nationally held grain reserves. The primary purpose of such a reserve would be to ensure adequate supplies of grain for commercial trade in years of production shortfall.

There is a completely separate proposal to establish a reserve of 500,0000 tons of food aid for emergency relief purposes under the auspices of the world food program. Donor countries have been asked to "earmark" contributions toward this amount. The United States has not done so and we do not now have plans to set aside a special reserve for this purpose.

The United States is, however, historically the largest contributor to the world food program, and our food aid administered by the WFP is used for both emergency and development programing. Furthermore, the United States provides large amounts of bilateral food aid in emergency situations.

UNITAR STUDY ON OAS AND UN

Mr. SHRIVER. The U.N. Institute for Training and Research recently completed a research study entitled The OAS and the U.N.: Relations in the Peace and Security Field. What were the major findings and recommendations of the study?

Mr. LEWIS. The study clearly indicates that there is room for both regional OAS and global U.N. action in the peace and security field.

The author therefore sees great merit in cooperation and coordination between the OAS and the U.N. organizations. The study indicates that there are channels of communication, reporting and cooperation, including transmission of resolutions and reciprocal representation at meetings, but that more could be done to develop and improve relations between the U.N. and the OAS, and that the Secretariat level is a good place to start. The study specifically proposes that the Secretary Generals of the two organizations consider establishing an inter-Secretariat group composed of officials in each Secretariat, to strengthen and harmonize relations between the U.N. and the OAS. These officials would maintain contacts with each other, follow the activities of the organizations, identify areas of mutual concern, promote coordination, explore new forms of cooperation, and keep other officials in their respective organizations informed about activities of interest to them.

UNITAR TRAINING IN OUTER SPACE TECHNOLOGY

Mr. SHRIVER. UNITAR is also offering a course for the professional development of participants in the U.N. system entitled "Outer Space Technology". What would that entail, and why would that be important to the representatives of very poor countries which will probably not have space programs in the foreseeable future?

Mr. LEWIS. The course on outer space technology sponsored by UNITAR was offered on March 27–28, 1975. The instructors were U.S. private and governmental professionals including members of the Aeronautics and Astronautics Association and the Deputy Director of the Agency for International Development, Office of Science and Technology. The course was of interest to representatives from nations at all levels of economic and technological development. It dealt with the availability of data from the U.S. Earth resources tracking satellite, ERTS, program beginning with the most inexpensive and unsophisticated materials. For example, ERTS photographs costing only a few hundred dollars, examined by a simple magnifying glass, would yield certain kinds of useful basic information on the state of forests, water supplies, or crop conditions. At the other extreme of expense and sophistication, the course explained how many man months of training and millions of dollars of computers would be necessary to interpret the chemical composition of soils from the interpretation of the colors in ERTS photographs. Such ERTS programs might be more cost-effective than hydrographic or topographic studies made on the ground. The course also gave a general orientation on the state-of-the-art and the role of the United Nations in holding, synthesizing, and distributing data obtained by Earth satellites.

UNRWA

Mr. SHRIVER. Would all or most of the Palestinian refugees be registered with UNRWA?

Mr. LEWIS. Yes; most of the Palestinian refugees living in the host countries of Lebanon, Syria, and Jordan and the occupied territories are registered with UNRWA. There are, however, a large but unknown number of former refugees who have moved out of the area and who are no longer registered with the organization.

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Mr. SHRIVER. Why has the Government of Israel refused the return of East Bank refugees who fled the West Bank in 1967?

Mr. LEWIS. With all respect, I feel that this question might be more profitably addressed to the Government of Israel. It has been the U.S. position since 1967 that those who fled the area of hostilities and are now living on the East Bank should be allowed to return to their homes on the West Bank.

Mr. SHRIVER. Does UNRWA work with U.S. voluntary agencies?

Mr. LEWIS. Yes. UNRWA works closely with a great number of U.S. voluntary agencies contributing to a solution of the refugee problem.

Mr. SHRIVER. What agencies are active in the area?

Mr. LEWIS. The U.S. voluntary agencies active in the area are: American Near East Refugee AID Inc., Christian Reformed World Relief Committee of the U.S.A., Lutheran World Relief, American Friends Service Committee, Baptist Mission, Catholic Relief Services, Mennonite Central Committee, Near East Council of Churches—World Council of Churches, Young Men's Christian Association, Young Women's Christian Association, and American National Red Cross.

Mr. SHRIVER. Has the conflict in Lebanon interfered with the operations of UNRWA?

Mr. LEWIS. Unfortunately the civil disorder in Lebanon has caused serious disruptions of the work at UNRWA headquarters and the evacuation of the headquarters staff to Amman and Vienna. A decision will be made later this year on a permanent location.

The situation in Lebanon and the evacuation has delayed the preparation of the operating budget for 1976 as well as complete statistics for 1975. It has also increased total expenditures for 1976 by the cost of operating temporary headquarters, the costs of moving and of repairs to installations and equipment, and, of course, the cost of replacement of supplies damaged or lost in the course of the fighting in Lebanon.

Mr. SHRIVER. The book notes that a shortage of commodities for the Public Law 480 program for UNRWA resulted in a U.S. contribution of all cash for fiscal year 1975. How about 1976 and 1977? What commodities are involved? Do you still consider them in short supply?

Mr. LEWIS. The commodities involved are wheat and wheat products, corn and corn products, edible oils, and some nonfat dry milk. Under current title II legislation there is no shortage of these items.

The shortage of commodities for the Public Law 480 program was a prime factor resulting in a U.S. cash only contribution to UNRWA in fiscal year 1975. Other reasons include: (1) The fact that UNRWA prefers a strictly cash contribution; (2) the UNRWA decision to deemphasize direct commodity distribution; and (3) the purchase of commodities by UNRWA from sources close to the Mideast proved more reasonable than the purchase and shipment of like commodities from the United States. Under these circumstances current planning calls for a continuation of a cash only U.S. contribution for UNRWA for fiscal years 1976 and 1977.

U.N. EDUCATIONAL AND TRAINING PROGRAM

Mr. SHRIVER. Why should we contribute to the U.N. educational and training program for southern Africa when we have our own program for the same people under the aid to refugees account—the U.S. refugee program?

Mr. LEWIS. The U.S. contribution to the U.N. educational and training program for southern Africa complements our assistance to southern African refugee students through the U.S. refugee program. It also serves, however, to support a separate U.S. policy objective in regard to the territory of Namibia.

The U.S. contribution to UNEPTSA is specially earmarked for Namibians. While it is true that Namibian students also presently benefit from the U.S. refugee program along with students from South Africa and southern Rhodesia our UNEPTSA contribution specifically demonstrates our support for efforts by the U.N., which has direct responsibility for Namibia, in bringing the Namibian people to the free and early exercise of self-determination. Our contribution represents tangible evidence of our commitment to preparing Namibians for the day when they will personally assume responsibility for the administration and development of their country.

U.N. REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Mr. SHRIVER. Our contribution to the U.N. Revolving Fund for Natural Resources Exploration is supposed to encourage wide participation on the part of other donors, according to the book and your statement. What indications do you have of this? Now that you have cut our proposed contribution in half, will they still be encouraged?

Mr. LEWIS. Because of the strong leadership role played by the United States in the U.N. system, our support of particular programs often can influence the attitude of other, particularly like-minded members with regard to them. Thus, we understand the announced intention of the United States to join Japan and the Netherlands in financially supporting the natural resources fund has generated an interest in the fund on the part of other potential donors. It is likely that eight to nine industrialized countries will be participating in the fund by 1977. In this stage of the fund's development political commitment to it on the part of governments is of paramount importance. Thus the fact we have reduced our earlier contribution target should not inhibit other prospective participants.

CONTRIBUTION LEVELS: OAS

Mr. SHRIVER. How is our contribution level established for the OAS regular assessment? How did you arrive at this level for our voluntary contribution?

Mr. MAILLIARD. The assessment budget is approved by the General Assembly made up of the Foreign Ministers of the OAS member states. Our share is derived from a complex U.N. formula based on GNP, population and a series of other factors. If it were applied di-

rectly to the OAS, the U.S. share of the OAS contributions would be about 87 percent. The OAS members agreed to our proposal to establish a 66 percent ceiling on any one member's assessment.

The level of contribution for our voluntary contribution is arrived at by a two-stage process. The first step consists of an evaluation of the need and effectiveness of the programs consistent with the U.S. national interest by responsible agencies within the U.S. Government to establish an appropriate level. The second step is accomplished at the meetings of the two technical councils where the U.S. levels of pledge are announced. These pledges are then matched by the other OAS member states on a one-for-two basis.

CUBAN NONPAYMENT

Mr. SHRIVER. Page 28 of the book notes a $104,394 "Reserve" for what is described as the "Cuba nonpayment." Would you explain that?

Mr. MAILLIARD. When the Ministers of Foreign Affairs in consultation at Punta del Este in 1962 voted to exclude the present government of Cuba from participation in the Inter-American System, it was not known how long this exclusion would last. The decision was made to carry in the assessment budget the portion which Cuba would have paid had she been participating as an item marked "Reserve".

ALLOCATION OF SMF FUNDS FOR THE UNITED STATES

Mr. SHRIVER. The table on page 29 shows the United States getting a little over $100,000 from the Special Multilateral Fund of the OAS. What is that for?

Mr. MAILLIARD. The OAS makes grants to students of OAS member states to pursue advanced studies in other member states. In 1975, 85 U.S. citizens received fellowships for studies in other member states while 269 Latin American OAS grantees studied in the United States.

PERCENTAGE OF VENEZUELA'S CONTRIBUTION TO THE SPECIAL MULTILATERAL FUND

Mr. SHRIVER. Why would Venezuela still only contribute three percent to the Special Multilateral Fund? And why should they receive more than five percent of the allocation?

Mr. MAILLIARD. The OAS formula for contributions is derived from the U.N. formula, which has been developed basically on the ability to pay. Venezuela pays the perecntage to the voluntary funds equal to that of her assessment under the formula. In addition, Venezuela has offered to contribute up to $10 million over the next 5 years to a voluntary fund to be administered by the Inter-American Institute of Agricultural Sciences.

Regarding the 5-percent allocation, the member states submit through the OAS Secretariat their program requests to the two Inter-American Committees for Education and Science. Each committee is composed of five elected experts. One U.S. citizen serves on each of these committees. The purpose of the committees is to review all project submissions for completeness, feasibility, and whether it addresses a country's perceived needs. For the fiscal year 1977, the programs approved by the two committees amounted to over 5 percent.

MAR DEL PLATA PROJECTS

Mr. SHRIVER. There are a couple of projects under the Mar del Plata Fund that should be explained; the polymerization of olefins project and the sea lion research project. Tell us about those.

Mr. MAILLIARD. The project on polymerization of olefins is a joint project by Ecuador and Venezuela which seeks to develop an applied technology of production of synthetic fibers for textile use from the petroleum resources of those countries. The sea lion research project is being carried out by Uruguay in benefit of that country plus Argentina and Chile. The sea lions are an economic resource found along the coasts of those countries and have been hunted to almost the point of extinction. The project's purpose is to study and develop means of increasing the herds, and develop more efficient utilization of hides and carcasses.

OAS TRAVEL GRANTS

Mr. SHRIVER. The OAS offers travel grants to American students for study in Europe, according to the book. Where are those students from, what are they studying, why is it necessary that this study be done in Europe, and what is the total cost of this?

Mr. MAILLIARD. It should be noted that Americans from the United States are not offered these travel grants since these training grants are offered by the various European countries, coordinated with OAS planning, to the less developed countries of the Western Hemisphere. These students, therefore, come from the OAS member states other than the United States. They are studying developmental economics such as, education technology, science, and regional rural planning. The study must be done in the host European country that makes the training grant available. Generally, the amount of the training grant is from four to five times the cost of the OAS travel grant.

The total cost to the OAS annually for this program is approximately $900,000.

UNITED NATIONS ENVIRONMENT PROGRAM

Mr. SHRIVER. We have only two pages of justifications for the requested $5 million for the U.N. environment program fund. We needed more information about where these projects are and their costs. Would you furnish that?

Mr. HERTER. UNEP's 1977 program currently [1] includes the following major projects:

Human settlements: $4.6 million for pilot projects studies, symposia, training and technical assistance; of which $2.2 million is in the field of general development of human settlements; $1.2 million for human settlements technology; and $1.2 million for the U.N. Habitat and Human Settlements Foundation.

Human health: $3 million to develop an environmental health overview, an assessment of pollutants and their effects on human health, the International Register of Potentially Toxic Chemicals (IRPTC),

[1] As the result of shortfalls in contributions to the Environment Fund, UNEP's Governing Council is expected to seek some reduction of these proposed funding levels at its Mar. 30–Apr. 15, 1976 Fourth Session.

health indices, epidemiological pilot projects, and support for food contamination and radioactive contamination control programs.

Terrestrial ecosystems: $9.3 million for studies, symposia, pilot and monitoring projects, promotional activities and training and technical assistance; of which $2.9 million is in the field of arid and grazing land ecosystems; $950,000 for tropical woodland and forest ecosystems; $300,000 for endangered species; $400,000 for parks and reserves; $1.5 million for soils; $1.3 million for water; $850,000 for genetic resources and $1 million for preparation for the U.N. Conference on Desertification.

Environment and development: $3.6 million for the development of studies, methodologies, pilot projects and training; of which $950,000 is in the field of low and nonwaste technologies; $750,000 for industry programs; $600,000 for ecodevelopment; $550,000 for the socioeconomic impact of environmental measures; $450,000 for the environmental effects of specific types of development projects; and $300,000 for work on natural products and natural resources.

Oceans: $3.2 million for the development of action plans, monitoring and research programs, studies, workshops and conferences; of which $3 million is for regional programs in the Mediterranean, the Persian Gulf, the Caribbean, the Strait of Malacca and other critical areas.

Earthwatch: $3.4 million; of which $1.2 million is for the development of the global environmental monitoring system (GEMS); $1 million for the international referral system (IRS); $400,000 for studies and experts meetings on climatic change, weather modification, risks to the ozone layer and bioproductivity.

Supporting measures: $6.3 million; of which $1.3 million is for UNEP's media/information programs, $2.4 million for environmental education and training programs, and $2.5 million for technical assistance.

THE IMPORTANCE OF NATIONAL PARKS

Mr. SHRIVER. One of the items which is mentioned under this fund is the "expansion of national park systems." Why should we be contributing to that? Where are these park systems?

Mr. HERTER. Many species of animal and plant life are presently endangered or threatened as the result of man's activities. Yet they are important to man, not only as a natural heritage for future generations, but also for their genetic and ecological roles, many of which are not yet fully understood. If we are to protect them, we must also protect their vanishing habitats through the establishment of natural parks in those areas where they occur. This is the reason for, and the value of, UNEP's efforts to expand national park systems. Most of these efforts are concentrated in Africa, Asia and Latin America, where developing countries lack the expertise and financial resources—but not the motivation—to undertake needed conservation measures, including the establishment of parks.

GLOBAL ENVIRONMENTAL MONITORING SYSTEM

Mr. SHRIVER. What is the global environmental monitoring system?

Mr. HERTER. The global environmental monitoring system—GEMS—is intended to provide early warning of impending natural

or man-induced environmental changes or trends that threaten direct or indirect harm to human health or well-being. If it is to fulfill this immense task, GEMS must monitor on a global basis not only the level of pollutants but also the extent and rate of depletion of degradation of renewable natural resources. It has the following seven program goals:

(*a*) An expanded human health warning system;

(*b*) An assessment of global atmospheric pollution and its impact on climate;

(*c*) An assessment of the extent and distribution of contaminants in biological systems, particularly food chains;

(*d*) An assessment of critical environmental problems relating to agriculture and land and water use;

(*e*) An assessment of the response of terrestrial ecosystems to pressures exerted on the environment;

(*f*) An assessment of the state of ocean pollution and its impact on marine ecosystems;

(*g*) An improved international system allowing the monitoring of the factors necessary for the understanding and forecasting of disasters and the implementation of an efficient warning system.

In March of 1976 UNEP convened two meetings of government experts on program goals (d) and (f). Follow-on meetings will provide for the design and implementation of monitoring systems covering the remaining program goals.

EARTHWATCH

Mr. SHRIVER. The book says the United States places particular importance on the Earthwatch programs of this fund. What do those entail?

Mr. HERTER. UNEP was created at the 1972 Stockholm Conference on Human Environment to carry out a three-part action program involving environmental assessment, environmental management, and supporting measures such as technical cooperation, education and training, financing and organization. "Earthwatch," the term adopted to describe environmental assessment, has four components: monitoring, research, evaluation, and information exchange. The global environmental monitoring system—GEMS—which I have described earlier, is the first component. The only other component currently under active development by UNEP is the international referral system—IRS—for which some 58 national referral centers have now been established, including a U.S. center staffed and operating in the Environmental Protection Agency—EPA. Through IRS, countries with particular environmental problems are put in contact with those who can provide information to solve those problems.

REDUCTIONS IN U.S. DOMESTIC PROGRAMS

Mr. PASSMAN. Earlier I stated for the record that Brock Adams made the statement on the floor of the House that the Foreign Aid Appropriation bill was on target but we were scraping the bottom of the reserve in outlays.

So, whatever the Senate added to the House bill, we might have to take the increase out of U.S. programs.

Now we are going to conference on the fiscal year 1976 foreign aid bill, and I am sure we are going to have to indicate what U.S. programs we are going to cut to be able to fund the foreign aid program.

I wish you would discuss this with possibly the Budget Director and let us have this information by Friday afternoon, of what U.S. programs they want us to discuss cutting when we go to the Senate so we can fund these added foreign aid programs.

Would you try to get that information for me?

Mr. LEWIS. We will try.

[The information follows:]

U.S. PROGRAMS AND CONGRESSIONAL BUDGETARY LIMITATION

Following is the text of a letter sent to Chairman Passman on March 27 in response to the request for information on U.S. programs to be reduced in order to accommodate a Congressional budget limitation:

"DEAR MR. CHAIRMAN: During the course of my testimony before your subcommittee on March 24, you requested that I inform you by this afternoon of those U.S. programs which the administration would prefer to have cut should the Joint Conference approve the Foreign Assistance Appropriations bill in the version previously passed by the Senate, thereby exceeding the budgetary limitation established by the Congressional Joint Budget Committee.

"As you undoubtedly realize, I am not in a position to answer this question on my own responsibility and have had to consult a number of my colleagues, including those in the Office of Management and Budget.

"OMB has advised me to point out that the President's budget request for 1976 reflected careful consideration of the relative priorities among all programs. Congress has established its own priorities by setting ceilings on budget authority and outlays. While the administration endorses the efforts by Congress to establish better budgetary controls, the administration supports the President's budget. It requests that the full amounts in the budget be appropriated, but no more.

"You also requested that I supply you by this afternoon with a listing of countries which are delinquent in their accounts with the United States.

"In accordance with your request, I am enclosing a list we have compiled which shows countries which have been delinquent for at least 1 year in this regard.

"Please let me know if I can be of any further assistance in this matter.

"Sincerely,

SAMUEL W. LEWIS,
Assistant Secretary
for International Organization Affairs."

Mr. PASSMAN. The question is, according to Chairman Adams, any increase over the House bill would have to cut American programs and since we are going to have to reduce American programs to fund these foreign aid programs, we would like to know in what area he would make the reduction.

NATIONS DELINQUENT ON DEBTS TO UNITED STATES

Mr. PASSMAN. Again, this is not related to this legislation but it is very important. Could you give us the names of the nations who may be delinquent on their accounts with the United States.

Mr. LEWIS. Yes, sir.

[The information follows:]

Countries Delinquent in Accounts With the United States

The information is contained in the following table:

Countries Delinquent for One Year or More in Their Accounts with the USG *

Argentina	Honduras	Philippines
Brazil	India	Portugal
Bolivia	Iran	Republic of China
Chile	Iraq	Senegal
Colombia	Israel	Singapore
Costa Rica	Jamaica	Somalia
Dominican Republic	Libya	Spain
Ecuador	Malaysia	Syria
Egypt	Mexico	Thailand
El Salvador	Morocco	Tunisia
Ethiopia	Nicaragua	Turkey
Greece	Panama	Uruguay
Guatemala	Pakistan	Venezuela
Guinea	Paraguay	Zaire
Haiti	Peru	

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* List relates only to developing or semi-developed countries. The list is based on data provided by USAID, USDA, EXIMBANK and DOD. It does not include arrearages from the smaller USG creditor agencies.

CONFERENCE ON APPROPRIATIONS

Mr. LEWIS. When do you expect to go to conference, Mr. Chairman?

Mr. PASSMAN. I imagine about Tuesday. I want to be completely fair. I could certainly use this as a vehicle to upset the program. But I would never be a party to doing it.

Of course we are borrowing money we don't have trying to do everything for everybody all over the world on borrowed money, but one little country-boy Congressman can't do too much.

I want to be as fair as I can in conference. I want to know what programs in America we are going to have to cancel to take care of those projects the Senate has put in.

Who will tell me they will get in touch with me?

Mr. LEWIS. I will get in touch with you.

Mr. PASSMAN. Wonderful. I know that you will.

VOLUNTARY AND ASSESSED U.S. CONTRIBUTIONS

Would you indicate which programs listed on pages 1 and 2 are entirely dependent on voluntary contributions and which ones also receive assessed contributions from the United States?

Mr. LEWIS. UNDP is entirely dependent on voluntary contributions. The U.N. Children's Fund is also dependent on voluntary contributions. In fact all of the programs except the IAEA, WMO, FAO, and OAS are entirely dependent on voluntary contributions.

MULILATERAL ASSISTANCE TO INDIA

Mr. PASSMAN. If we decide it is to the best interest of our country to cease bilateral aid to India, covering the waterfront, then wouldn't you be circumventing that decision if you fund the same type of programs out of the UNDP?

Mr. LEWIS. I would say you would not, because our interest in supporting those projects worldwide is a different interest.

Mr. PASSMAN. But nevertheless 25 percent is good old U.S. dollars that we are borrowing from U.S. taxpayers.

Mr. LEWIS. It is down around 20 percent.

FOREIGN AID AND THE PUBLIC DEBT

Mr. PASSMAN. Whatever the amount, we have to borrow it from our own people, don't we?

Mr. LEWIS. For some total portion of our budget——

Mr. PASSMAN. No. This foreign aid is a new approach to foreign policy. If you live in a neighborhood and you have a family down the street, you are making $600 a month and you live well on that $600, but overnight you become charitable and find out your neighbor would like to have $100 a month, you can't take it out of your income, you have to borrow it at the bank. So that borrowed money goes to your neighbor because you don't have it. It takes yours to support your own family.

This is what we are doing. This is not a Federal agency as such. This simply means it is a foreign aid program. You may administer it by Americans, but it is for the benefit of foreigners, so there is no way we can possibly justify this if we could ever get to the members of Congress and American people.

HISTORY OF U.S. FOREIGN AID

I want to make this statement. I have been here 30 years and I remember it took men well fortified with seniority to walk down to the well of that House and say: "Mr. Speaker, we are now embarking upon a program to feed the starving people of Europe. It may require 5 years to finish the program. Conceivably it will go into 17 foreign nations, and the cost may soar to $15 billion."

Read the record. Do you remember it? You could have heard a pin drop—the very idea of starting this expensive program after this expensive war.

You contrast 17 nations with a foreign aid program into 137 nations and 8 territories of the world.

Five years? Oh, no. We are in the 28th year, and it is getting greater every year.

Did we stop at $15 billion? No. The cost has now passed $447 billion. I know that is not what the American people want, and I don't know how to get through to them. Today this thing is so fragmentized that the most astute Member of Congress, your greatest professors, your greatest statisticians can't find it.

It is scattered all through that budget and when you finally put it together it takes a lot of hours and a lot of reading and a lot of searching.

In the multilateral programs, we don't know when the money is spent, where the money is spent, what country it is spent in, or for what purpose it is spent, but we do know there is no provision to ever get a dime of it back.

NEW STARTS

I had a tornado down in my district, and these people are crying for help. Everybody's house in the town was destroyed, and I am having a terrible time getting the SBA to make some loans and to take mortgages on the ground.

These people are sleeping out in tents. They won't hook the trailers up because they don't have the proper sewerage. We can't get this money for our people, but we can borrow it from them and let them make it available for 50 years with no interest to a foreign nation. Can you imagine that?

To go borrow this money at 6 percent when we don't have one single new construction start allowed in the budget for projects in America.

You borrow this money, you give it to IDA and they make it available to nations all over the world at no interest for 50 years and then say, we are going to give you a 10-year grace period. We want to make it a real good package; when you start paying back you only pay back 1 percent a year.

UNDP PERSONNEL

May I ask you, sir, how many UNDP personnel are U.S. citizens?

Mr. LEWIS. Mr. Chairman, out of the 1,051 total personnel, 185 are U.S. citizens or 18 percent.

Mr. PASSMAN. So that makes 82 percent foreigners?

Mr. LEWIS. That is correct.

Mr. PASSMAN. Are they paid with U.S. dollars?

Mr. LEWIS. They are paid with currencies of all the contributors. They are paid in dollars.

UNDP UNLIQUIDATED BALANCE

Mr. PASSMAN. What is the unliquidated balance in the UNDP account as of the last accounting?

Mr. LEWIS. There is no U.S. unliquidated balance, Mr. Chairman.

Mr. PASSMAN. Sir?

Mr. LEWIS. Were you referring to the U.S. unliquidated balance or the UNDP's?

Mr. PASSMAN. I am talking about how much is in the UNDP. Can somebody tell me if there are any unliquidated funds? If you say zero, this is the time to abolish it.

How much is in the UNDP of unliquidated funds?

Mr. LEWIS. Mr. Chairman, I am the one that is dense this afternoon. I really don't understand your question.

Mr. PASSMAN. Let me put it this way. How much do you have in the UNDP account that is subsequently to be disbursed? Does that make it easier to understand?

Mr. LEWIS. Money that they have in the bank that they haven't spent?

Mr. PASSMAN. I don't know where they have it.

Mr. LEWIS. Let's see if we can answer that.

Mr. PASSMAN. I don't think that is such a hard one to answer if you have your figures.

Mr. LEWIS. They had a liquidity crisis in UNDP in the last 6 months, and they had to reduce very sharply their spending level in order to avoid going broke. They had to pick up much quicker on contributions that were due from various governments.

They have managed to accelerate their receipts and they have frozen hiring. I can't tell you exactly what their liquidity position is, but it is very tight, and it was a near disaster situation about 3 months ago. It is somewhat better today because the New Administrator has gotten contributions accelerated, payments accelerated.

Mr. PASSMAN. At some subsequent date if we find they had $2.30 on hand, the type of testimony you have given would protect me.

Do you mean to tell me with all you good people you can't tell me how much money is on hand yet to be expended? Every other international organization has been able to give us that information.

Mr. LEWIS. I am sure we can obtain it.

[The information follows:]

As of December 31, 1975, the unexpended cash balance of UNDP stood at only $13 million. This represented about 10 days requirements and reflected the seriousness of UNDP's liquidity situation at year's end. To meet UNDP's tight liquidity situation. Administrator Morse has taken vigorous steps to reduce

program expenditures, cut administrative costs and mobilize additional expenditures. These measures, plus the traditional higher contribution recepits in the first quarter, resulted in UNDP liquid assets rising to $26.9 million in March. This temporary improvement notwithstanding, in the context of the $370 million program planned for 1976—a cutback from $410 million, a cash deficit of $24 million is now projected in December unless liquid resources are substantially increased.

Mr. PASSMAN. What is the pipeline? Maybe I will put the question that way. What is your pipeline?

UNDP PROJECTED SPENDING LEVEL

What are you spending per year?

Mr. LEWIS. The 1976 projected spending level is $370 million, reduced from $410 million in 1975, so the spending level will be down this year over last year.

Mr. PASSMAN. How would I possibly reconcile the differences from what has previously been stated and what you are giving us?

Mr. LEWIS. They had planned to increase the program but, as I said, Mr. Chairman, they have cut it back sharply to deal with their financial crisis. They are pulling their belt very tight.

INCREASED BUDGET REQUEST FOR UNDP

Mr. PASSMAN. If they are pulling it so tight why are they asking the Congress to increase the amount? This is an increase. You had a smaller amount for fiscal 1975, did you not?

Mr. LEWIS. Yes, sir. That is right. There has been a substantial inflation all over the world. To buy the same amount of services costs you a lot more this year than it did last year, just like it does in the United States.

Mr. PASSMAN. Don't do something radical if you don't get all you asked for because I think we previously made a good record. You have the Peace Corps, then you have the bilateral projects in the same area so I am sure that somewhere along the way there will be sufficient funds to meet these payrolls.

Mr. LEWIS. May I say just one word, Mr. Chairman. I just wanted to say that Peace Corps projects and AID bilateral projects are in selected countries, but that in many countries UNDP is the only technical assistance program.

COUNTRIES WITH UNDP PROGRAMS

Mr. PASSMAN. How many countries have UNDP programs?

Mr. LEWIS. UNDP is in 118 countries. Peace Corps and AID are in far fewer of course.

Mr. PASSMAN. This is some program we have gotten fouled up with and we just don't know how to bring it under control.

What can one man do in New York when you have a program in 118 nations?

Mr. LEWIS. You have to be a good administrator, and we believe he will be.

Mr. PASSMAN. Dr. Long, do you have questions?

Mr. LONG. Yes, I sure do.

U.S. ECONOMIC SITUATION

I certainly agree with the chairman, and I wonder how long it is going to be before the American people wake up to the problems that we have gotten ourselves into in this Nation.

We have a vast capital shortage, and that of course is the reason why interest rates are so high, partly due to that war, World War II, partly due to the Korean war and to Vietnam.

We have sent abroad in one way or another hundreds of billions of dollars. There has to be an explanation why capital is so expensive here. It has slowed up our economic growth.

Barry Commoner in the New Yorker is telling us that the capitalistic system is failing and that Marxism was right all along.

You can't win on this. Once you create something like this, there is no stopping unless the American people get so aroused that we have to vote against this program or get voted out of office, and that is the only way you are going to do it.

Mr. LEWIS. May I make one observation, Mr. Long.

Mr. LONG. Yes.

Mr. LEWIS. Nobody likes to give away or waste the taxpayer's money.

Mr. LONG. I disagree with you. I think lots of people like it.

Mr. LEWIS. I don't.

U.S. GROUPS BENEFITING FROM AID PROGRAMS

Mr. LONG. There are a lot of business firms in the country who make a lot of money out of selling this stuff abroad. They can't sell it in this country at the prices they want. They can sell it abroad at the American taxpayer's expense.

There are a lot of elite types in this country who have made vast sums of money out of foreign aid. It hasn't gone to the poor people but it has enriched the well-to-do.

Of course it has benefited a vast bureaucracy of people in AID, and the other multilateral institutions have a pretty good life, making high salaries for taking each other out to lunch.

From my observation they like it quite well, and they would be unhappy to see it go, so please don't tell me nobody likes it.

Mr. LEWIS. Let me put it this way. I personally don't want to spend a dollar of the taxpayer's money that isn't justified in the U.S. national interest, but I support this program because it is my conviction, Mr. Long, that the direct economic interests of the American people over the next generation are going to be very much damaged unless we manage to find ways to live with the poor nations on a more cooperative basis.

FOREIGN AID INEFFECTIVENESS

Mr. LONG. Except we have poured out nearly half a trillion dollars and there are infinitely more poor people than when we began this program.

Mr. LEWIS. Would you say had we poured out nothing there would be fewer poor people? I agree with you there are still a lot of poor people, but there are some countries that are beginning to make their own way, and it is the natural resources from those countries——

Mr. LONG. Just the beginning. After all the years, some countries are just beginning. I think you stated it fairly accurately.

Mr. LEWIS. That is an enormous job. This is the whole world we are talking about.

Mr. LONG. If we put the entire gross national product of the United States, over what we need for bare subsistence, you wouldn't be able to solve the problem of poverty.

Mr. LEWIS. Of course not.

Mr. LONG. You see, I came into the committee thoroughly believing in foreign aid. I thought it was a great idealistic venture and it has taken the 12 years I have been on this committee to realize what a thorough fraud it is.

I have been to dozens of countries. I have looked and looked and looked to see what foreign aid has accomplished for the poor people of this world, and the lack of results has turned me off.

Mr. PASSMAN. Would you yield?

Please remember now that you only have 151 nations in the world, in that neighborhood. We have moved this program into 134 nations of the world. The nations we put the most aid in we have lost completely.

You take Southeast Asia, we provided them with a quarter of a trillion dollars.

There is no use to kid ourselves. We had to borrow every nickel of this money. The interest on the public debt alone is $45 billion a year. You know where a fourth of that debt is? Abroad.

Mr. LONG. I am not going to push this any further because one of the things I have learned in my 17 years or 19 years in politics is that people believe what they want to believe; or as someone put it not long ago, the mind is slave to the heart.

If people have a stake in something they aren't going to listen to anything which runs counter to what they want to hear.

NUCLEAR PROLIFERATION

Let's get into the whole question of atomic energy which my colleague Mr. Shriver raised. Here is an area where 30 years ago we had a monopoly. I don't think anybody denies that at the Potsdam Conference there was great concern after that as to what we should do about it, whether we should bottle it up or allow it to proliferate, encourage it.

They did not make a definite decision at the Potsdam Conference, but in subsequent years what we did was to encourage, to widen the use of it.

We are now in a situation in which I believe about 6 countries have the bomb, and maybe another one in the Middle East; it has been estimated by the end of the century possibly 30 countries will have nuclear weapons.

When one country gets the bomb, it is a fact of political life that the country next door is going to have to go after it. There is no way politically in which they can keep themselves from doing it, even if they only suspect the country next door of getting it.

If the time comes when you have 30 countries in this world with nuclear weapons, we could be hit in the middle of the night and not

even know where the bomb comes from. What good would our nuclear deterrent do? We wouldn't know whom to strike back at. As a matter of fact, the idea might be to get us to strike back at the wrong country.

Mr. LEWIS. That is right.

Mr. LONG. Or a terrorist group might be sent in here with a nuclear weapon to blow up a large American city with casualties of 100,000 people and with great devastation.

We had a taste of that in the James Bond movie "Thunderball."

The point I want to make is that when that time comes the damage to the country won't be confined to the 100,000 lives lost, it won't be the $7 billion or $8 billion worth of property damage. The great damage will be that we will be on the road to a police state and nobody will be able to stop it.

Anyone with any intuition in politics knows what I am saying is true. Liberty, freedom from authoritarian rule is the most precious thing we have.

So we have encouraged nuclear proliferation. We say we don't. That is why I want to get into some questions.

U.S. CONTRIBUTION TO IAEA

How much of the total U.S. voluntary contribution to IAEA of $5 million will go for inspection of nuclear facilities and nuclear safeguards compared to programs for the promotion of nuclear power?

Mr. LEWIS. I will ask Dr. Tape to respond.

Mr. TAPE. May I back up just a minute and say earlier you asked about assessed budgets of agencies and voluntary contributions to agencies.

In the case of the safeguards program of the IAEA, that is under the regular budget of the agency which comes through the assessed route, not voluntary route. You asked about the safeguard component; we do spend some voluntary funds on safeguards, but you asked about inspection.

Mr. LONG. Senator Glenn said only 20 percent of the IAEA budget goes for safeguards inspections.

Mr. TAPE. That is the regular budget I am referring to.

Mr. LONG. The rest goes to promote nuclear power?

Mr. TAPE. Not the voluntary funds we are talking about today; the roughly 20 percent that you are talking about is of the assessed funds, that is correct. It is not quite fair to say the rest of it is promotional. For example, there are regulatory activities that relate to reactor safety, a necessary component in any nuclear program in any country of the world.

There are also many of the medical, agricultural, and food programs. Again, these are areas if you wish to call them promotional, all right.

VOLUNTARY CONTRIBUTIONS GOING TO SAFEGUARDS

Mr. LONG. How much of the voluntary contributions go to safeguards?

Mr. TAPE. The voluntary funds go to the Agency in part as a cash contribution. That cash contribution component is used by the Agency in support of specific projects. The U.S. fraction of the target total

is usually determined from our normal assessment, around 28 percent of the total target of $5.5 million.

In addition to that we make in kind contributions to the Agency. That makes up the balance.

Mr. LONG. So most of it is going to promotion?

Mr. TAPE. Most of it will be going into those things that support R. & D. and specific projects in countries.

Mr. LONG. But not safeguards?

Mr. TAPE. A small component of voluntary work is going to the Agency to help them in their improvement of the safeguard effort.

TREATY ABROGATIONS

Mr. LONG. I have pointed out in questions to Mr. Kissinger and others that many of our agreements to supply nuclear technology to a country that are supposed to prevent proliferation are only good as long as the agreement lasts. In most cases the country can stop the agreement, kick us out and use whatever they have to go after nuclear weapons. Isn't that true?

Mr. TAPE. The bilateral agreement is one, the safeguards agreement under the IAEA is a second. For a country to do what you said, it would have to abrogate its agreement with the Agency as well.

Mr. LONG. Supposing Egypt reaches the time when it says, "We think Israel has nuclear weapons; therefore, we want nuclear weapons."

They kicked Russia out when the time seemed ripe. Why can't they do the same to us, not necessarily Sadat but whoever succeeds him?

Mr. TAPE. The point you are making that international treaties can be abrogated——

Mr. LONG. Of course, that is why I wonder why we are so doggone intent on seeing that Egypt gets nuclear technology.

Mr. TAPE. You also made a point that the biggest factor in this whole area is a political type of judgment. The technology, the science of fission is a fact of nature——

Mr. LONG. That is not altogether true. It may be a fact of nature but the country doesn't necessarily have it and we are helping them get it. We are supplying the technicians, the technology, the hardware, and above all we are supplying the credit and the money.

Mr. TAPE. The point I am trying to make is the judgment to abrogate a treaty is a political judgment in which that nation has to decide what the benefits will be.

INADEQUACY OF SAFEGUARDS

Mr. LONG. But let's not go through the disingenuous reasoning that somehow we have safeguards against this stuff being turned into weapons when we don't at all.

We have it only so long as the country chooses to stay with us on peaceful use. The moment it decides it wants to turn this into weapons, there would be very little we could do to stop them.

Mr. TAPE. It depends on the programs they have and the materials they have available.

Mr. LONG. You are just saying in other words, what I am saying.

Mr. TAPE. If they have a nuclear reactor power program they do not necessarily have the reprocessing capability. They will not necessarily have the plutonium, and that is a decision that they have to look into and take into consideration.

TRADING NUCLEAR MATERIALS

Mr. LONG. Let me get to the plutonium. The point is in all these cases in which they can't use the uranium or whatever they have developed to make a bomb there are ways—I have asked Kissinger and I have not gotten a forthright answer; he has been very evasive and disingenuous on this—they can trade irradiated fuel off to other countries to get "laundered" plutonium, and then be in perfect conformity with the treaties we have developed.

Mr. TAPE. I don't follow that.

Mr. LONG. They simply take the stuff they have made in our reactors and trade it to some other country, then they get the stuff from the other country.

Mr. TAPE. How do they trade it? The material which they trade is exported under safeguards, any import to them——

Mr. LONG. Not all the countries are parties to the nuclear nonproliferation treaty.

Mr. TAPE. Even for those countries not party to the treaty, we export under safeguards. Other nations are doing the same, will export only under safeguards so the question you are asking is what facilities in the world are not under safeguards, that is, where a country would have plutonium not contained within that safeguards system.

There are a few such.

INDIAN REPROCESSING

Mr. LONG. Is the Indian reprocessing plant under IAEA safeguards?

Mr. TAPE. Not as yet because it is not operational.

SOUTH AFRICAN ENRICHMENT FACILITIES

Mr. LONG. Are the South African enrichment facilities under safeguards?

Mr. TAPE. South Africa, if you are talking about enrichment facilities, is not under safeguards. Why? Because they have developed it on their own.

Mr. LONG. But isn't this a place where a country can go to get laundered fuel?

Mr. TAPE. That is an enrichment plant for enriching uranium. It is not plutonium.

Mr. LONG. Can't they enrich it to weapons grade strength?

Mr. TAPE. If they so design their facilities and operate right.

Mr. LONG. That is precisely the point I am trying to drive at.

Mr. TAPE. You are making the following point, Mr. Congressman, that a country can develop its own indigenous resources and obtain that capability, whereas if we cooperate and insist that those be under safeguards we have some——

Mr. LONG. You are going through this old line, that if we help them we have some control over them. I have heard this argument so many times.

Mr. TAPE. I believe it.

CONCERN REGARDING PROLIFERATION

Mr. LONG. I have heard so much disingenuous stuff before this committee that it doesn't shock me any more; but you know blessed well that it has just not worked that way. It didn't work that way with the Russians, for example. The Russians went into Egypt. They spent billions upon billions of dollars in Egypt, and when Egypt decided it wanted to go to war, it booted the Russians out.

We have given weapons to country after country with the idea this gave us some sort of leverage. But when they wanted to go to war they went to war.

Please, let's try to be straight on this. I think we ought to try to deal with these questions in a straightforward way, in a candid way, and avoid disingenuousness as much as we can.

Mr. LEWIS. All of us are deeply concerned about nonproliferation.

Mr. LONG. I haven't seen any evidence that you are, though.

Mr. LEWIS. I am and all my colleagues are. I know Secretary Kissinger is.

Mr. LONG. I know you profess to be.

Mr. LEWIS. Not profess to be. We see the same dreadful scenario you see and the safeguards program——

Mr. LONG. The only dreadful scenario to Mr. Kissinger is what might happen in the next election. I don't think his vision goes much beyond that.

Mr. LEWIS. Well, I disagree.

Mr. LONG. You can put that in the record, and I want to point out here that I have asked questions of Mr. Kissinger, and that he promised to answer them, but that he has not answered them yet, after many, many months. The critical unanswered question is on this problem of laundering. He gives an answer, but it was not the answer that you could regard as a direct answer to my question. It is an evasive answer.

ASSISTANCE TO SOUTH AFRICA

Mr. LEWIS. What I was trying to ask, Mr. Congressman, is whether you believe it is better, as Ambassador Tape was saying, to let a country like South Africa go its own way and create its own nuclear capacity? Is that the policy you recommend that the executive branch follow, because we are searching for a handle on this problem.

Mr. LONG. I certainly would. I don't believe you can help South Africa. But South Africa, I think, is a case in which a country could go get it on its own, because it is a technologically advanced country.

Mr. TAPE. And it has the raw material.

Mr. LONG. Right; it is going to be six of one and a half dozen of the other whether they develop it themselves or we help them with it, except that we speed it up a bit.

I am talking about countries like Egypt, Brazil, Argentina, and India, whom we have helped. And it hasn't been just the technology,

but the credit that we provide which is a very important aspect of all of this.

BRAZIL/GERMANY ARRANGEMENT

Mr. LEWIS. With regard to Brazil, we have denied ourselves the commercial export to Brazil in order to try to get them to accept safeguards, and they end up getting the systems from another country.

Mr. LONG. Exactly. Here again, you come to the disingenuousness of this administration. It so happens that Germany, which made the arrangement with Brazil, has licensed U.S. technology. It also so happens that most of their enriched uranium comes from the United States and will for another 4 or 5 years.

So we had some clout with the Germans, which we chose not to exert at all. Instead, we let the Germans go ahead and make an agreement with Brazil that we denied to our own businessmen.

Mr. LEWIS. We tried to persuade the Germans not to.

Mr. LONG. We said, "Please don't do it", or "Let's sit down and talk," and "maybe it would be nice if you didn't do it." We didn't use any of the clout we have. We have a great deal of clout if we choose to use it. We didn't use any of it, so Germany went ahead and made an agreement. We denied our own businessmen the possibility of doing this, and now they have an agreement with Brazil which I think is damaging, and now I am talking when you get something going between Brazil and Argentina, you are creating great mischief in the world, and the arrangement between Germany and Brazil is one which eventually, in my opinion, and in the opinion of many others, is going to be a very dangerous one.

Mr. TAPE. Mr. Congressman, the German-Brazil bilateral agreement and the IAEA Brazil-German safeguards agreement, between the two of them, provide for many, many new innovations and controls which I think will make it a much better arrangement than certainly was first thought to be the case——

POTENTIAL BRAZILIAN ABROGATION

Mr. LONG. Which Brazil could abrogate any time it wanted to with how many days' notice before they abrogate the treaty?

Mr. TAPE. The abrogation here is notification of the parties. They are not both parties to the NPT.

Mr. LONG. There you are. We let Germany, with all of our encouragement and all the credit and bargaining power and leverage we have over Germany, we let them make an agreement with a country like that that hasn't ratified the Nuclear Nonproliferation Treaty.

But you people come in here and justify that sort of thing, and that is what burns me up.

COOPERATION THROUGH INTERNATIONAL AGREEMENTS

Mr. TAPE. I happen to believe that it is better to move ahead cooperatively with international agreements.

Mr. LONG. You happen to believe what you want to believe. Isn't that the truth of it? You are just like the rest of the human race, like me, like everybody else, you believe what you want to believe.

It is your job to believe that, and you are going to believe it, and there isn't anything Congressman Long could do to keep you from believing it.

Mr. TAPE. I entered the nuclear program in 1937.

Mr. LONG. So you are the one we have to blame for all of this.

Mr. TAPE. You can blame me. I have probably been closer to some of these problems than many others, and I am very concerned about it, and I am trying to argue and trying to persuade people the directions in which we are going——

Mr. LONG. I hope it is those who promoted the proliferation that get hit when the whistles and sirens begin to blow—not my children and grandchildren.

INTERNATIONAL ATOMIC ENERGY AGENCY

Why should any of the voluntary contributions or any contributions that the United States gives to the IAEA go for the promotion of nuclear power?

Mr. TAPE. The primary U.S. objective in the IAEA is to provide vigorous support to the Agency in carrying out the provisions of the treaties on the nonproliferation of nuclear weapons and in strengthening the application of international safeguards to prevent the diversion of nuclear materials from peaceful to military usage. The primary interest of the developing countries, on the other hand, is in the Agency's technical assistance program, including programs to disseminate the information concerning nuclear power. Through strong support of these programs, the United States helps maintain an overall balance in IAEA activities, thereby obtaining improved acceptance and support of safeguards by the developing countries. In this connection, at the NPT Review Conference in May of 1975, the United States took the position that its support for the IAEA technical assistance programs has been a major part of fulfilling U.S. obligations under article IV of the NPT concerning the obligations of advanced countries to assist developing countries in obtaining the benefits of peaceful uses of nuclear energy.

In addition, it is strongly in the U.S. public and private interest that power reactors used in the developing world be subject to safety criteria which will minimize the risks of nuclear accidents and that the people regulating, operating, and servicing these reactors be as well trained and competent as possible to preclude, insofar as practicable, the chance of such accidents. The Agency's activities are a major factor in achieving this goal.

Mr. LONG. What would be the consequences if this committee were to deny the use of voluntary contributions we provide to the IAEA for the promotion of nuclear power?

Mr. TAPE. The Agency's program of technical assistance, which is based on voluntary contributions, is designed to broadly assist member states in deriving the full benefits of the peaceful atom and is not designed, per se, to promote nuclear power. This is an element of the IAEA program of considerable importance to the LDC's. If the United States refused to assist this effort, it would serve to weaken the support of developing countries for the safeguards program which we

believe is central to the U.S. national interests. It would probably be interpreted as a reneging upon the U.S. obligation undertaken in connection with the NPT that advanced countries are to assist developing countries in obtaining the benefits of peaceful uses of nuclear energy. Such a denial might also prevent the improvement of the quality of management of nuclear facilities on the part of developing countries and increase the possibility of accidents.

Mr. LONG. What number of inspectors does the IAEA now have in the Division of Operations within the Department of Safeguards and Inspection? Has the division filled all 102 positions? If not, how many of the positions have been filled?

Mr. TAPE. The IAEA Board of Governors has approved a staffing level of up to 102 personnel in the IAEA Department of Safeguards ind Inspection. This level, however, is not needed to carry out the safeguards activities for facilities currently being safeguarded. It was authorized some time ago in the expectation that the IAEA/Euratom safeguards agreement would come into effect shortly, along with the prospective safeguards agreements with the United States and the United Kingdom as a result of their respective voluntary offers to place civil nuclear facilities under safeguards. These three agreements, once they take effect, would necessitate a sudden and substantial increase in the workload of the IAEA inspectors. Since these three agreements have not yet come into effect, the Agency prudently has not moved to fill all of the positions at once.

It must be noted that inspection is but one aspect of a safeguards program. In addition to the Operations Division, there are units devoted to development, standardization, and coordination.

As of January 1 of this year, the total number of professionals in the Department was 77, 5 of whom were there under "special service arrangements" and were not regular staff members. Of the 72, 68 have been approved by the Board of Governors to serve as inspectors. Of these 68, 46 are in the Division of Operations, of which 41 regularly participate in safeguards inspections. Formal offers have been sent to nine additional individuals to serve as inspectors. Once they report for duty—expected in April—it will bring the field inspection force to 50. On the surface, 50 inspectors does not seem like very many to cover over 400 nuclear installations. In that regard, however, it should be recalled that the largest number of nuclear facilities currently under IAEA safeguards are small research facilities, with little or no capacity to produce significant quantities of weapons-usable materials.

Such nonsensitive facilities only need to be visited occasionally—in many cases only once a year—to assure compliance with safeguards requirements. In addition, it should be noted that many of these research facilities, while separate entities for the purposes of IAEA inspections, are in fact colocated, thereby greatly reducing the time necessary to carry out inspections.

Mr. LONG. If the United States were to grant India permission to reprocess irradiated U.S. nuclear fuel from the Tarapur reactors, can you guarantee that the IAEA inspection system would prevent any Indian diversion of weapons material contained in this fuel?

Mr. TAPE. Article II E of the agreement for cooperation provides that reprocessing of special nuclear material utilized in Tarapur "may be performed in Indian facilities upon a joint determination of the parties that the—safeguard—provisions of article VI of this agreement may be effectively applied." It was the intent and understanding of the parties, as reflected in article VI B.1. of the agreement, that this joint determination would be preceded by a review of the design of the facilities in which reprocessing might take place, so as to determine whether these facilities permit the effective application of safeguards.

Pursuant to article VI B.1., the Indian Atomic Energy Commission provided the U.S. Atomic Energy Commission with design information on June 27, 1968. Following review of this information, the IAEC was informed, by letter of October 18, 1968, that the information submitted "* * * indicates that the design of India's proposed nuclear fuel reprocessing facilities permits effective application of the safeguards arrangements," but that "* * * Before the joint determination * * * is made, we would expect to be able to confirm during visits to the plant that the measuring and control procedures to be used are such that the provisions of article VI may be effectively applied."

In anticipation of a request from India to allow reprocessing to occur, the United States is now in the process of reviewing, with the IAEA and India, whether the measuring and control procedures likely to be applied to the plant will be effective.

Since this matter is still under consideration, we would prefer not to comment at this time on the specific technical measures that will apply. As a general proposition, however, we cannot see any reason why the IAEA, subject to adequate agreement on the precise technical arrangements, should not be able to apply safeguards measures that would effectively detect diversion of nuclear material in a reprocessing plant. In this regard, the IAEA system was explicitly designed to accord the IAEA the opportunity to effectively safeguard sensitive facilities such as reprocessing plants. For example, the Agency system accords the IAEA inspectorate the right to have access at all times and to apply continuous inspection to such facilities when they have more than a nominal throughput.

Mr. LONG. Please provide for the record a complete description of the inspection and safeguards procedures which the IAEA would use for the Indian reprocessing plant if U.S. fuel were reprocessed there. Include data on frequency of inspections, whether inspectors would be in residence at all times while U.S. fuel was being reprocessed and how many of the inspections would be unannounced.

Mr. TAPE. The question of the detailed safeguards procedure to be utilized by the IAEA in safeguarding the new Indian reprocessing plant at Tarapur when fuel subject to safeguards is reprocessed has not yet been resolved between the IAEA and the Government of India. No safeguarded fuel may be reprocessed in the plant until this problem is resolved.

Since these matters are currently under active consideration, no full answer to the committee's question is possible at this time. However, the following information may be of some interest to the committee:

INFCIRC–66, which governs safeguards procedures which apply to non–NPT parties—such as India—requires a right of continuous inspection so long as safeguarded material is being reprocessed. Annex I contains the following key provisions:

> When a reprocessing plant is under Agency safeguards only because it contains safeguarded nuclear material, the inspection frequency shall be based on the rate of delivery of safeguarded material (as will be the case at Tarapur); It is understood that for plants having an annual throughput of more than 60 effective kilograms, the right of access at all times would normally be implemented by means of continuous inspection.

We understand informally that the IAEA intends to carry out these provisions—which, taken together, grant a right of continuous inspection while safeguarded material is being reprocessed—in a fashion which will in fact provide for continuous inspection.

The rights and ability to apply continuous inspection provide a capability to apply "unannounced" inspections.

Mr. LONG. Does the IAEA make unannounced inspection visits to nuclear facilities?

Mr. TAPE. The IAEA is authorized to make unannounced inspection visits to nuclear facilities, both under the right of "access at all times" provisions of INFCIRC–66 (Rev. 2, pars. 50 and 57), and under the "without advance notification" provisions of INFCIRC–153 (par. 84), and has made such inspections.

Mr. LONG. How can we be sure that IAEA inspection and safeguards will detect the diversion of nuclear material if countries can limit the number of inspectors that can inspect a facility and if countries can exclude the use of surveillance and containment devices, such as automatic cameras and reactor seals?

Mr. TAPE. The Agency has many safeguarding techniques available; different instruments, different procedures, different inspector deployment tactics, different containment, and surveillance devices, et cetera.

Although countries have the right under IAEA procedures (GC(IV) INF/27) to refuse certain proposed IAEA safeguards inspector designations, they cannot employ this opportunity to frustrate the effective operation of the safeguard system. Specifically, the Agency's procedures provide that—

> The Director General may refer to the Board, for its appropriate action, the repeated refusal of a state to accept the designation of an Agency inspector if, in his opinion, this refusal would impede the inspections provided for in the relevant project or safeguards agreement.

Accordingly, while countries have taken exception to certain designations on various grounds, we do not feel that this has impaired the effectiveness of the system.

Also if the number of available inspectors acceptable to a country is fewer than the Agency would prefer to have assigned—for reasons of optimizing travel arrangements, economy, or inspector utilization—the Agency has flexibility to send the accepted inspectors more frequently or for longer periods, or to shift emphasis, in appropriate cases, to containment and surveillance devices.

In the case where a plant operator objects to use of a particular containment or surveillance device because he feels it would cause

undue operational or safety hazard or might engender negative employee or union reactions, the Agency may use more frequent inspections to make up for the difference.

In its safeguards planning, the Agency evaluates the safeguards situation for each facility, taking into account the special nature of the facility, its operating mode, the form and quantity of nuclear material, et cetera. In determining the final safeguards plan for that facility, specific attention is given to any limitations imposed by the situation, including those arising out of preferences of the operator or the country.

Mr. LONG. How many countries have limited the number of inspectors that can inspect their facilities or have excluded or limited the use of devices such as cameras and seals?

Mr. TAPE. In the ultimate analysis, the IAEA Secretariat has the right to determine the number of inspectors it wishes to assign to the State within the rights it generally has under a safeguards agreement. The Agency's policy in choosing the number is based, inter alia, on operational need—the size, scope and nature of the state's nuclear program—the desire to be flexible—possibility to choose from among a number of available inspectors—and on reasons of economy—possibility of combining trips. The actual number is usually arrived at following consultations with the state and there have so far not been any cases where the Agency was unable to designate enough inspectors to cope with its operational needs. In some installations the use of cameras and/or seals has been considered by the authorities concerned to be inappropriate for technical or psychological reasons.

In such cases, the Agency has been able to follow alternate modes of verification. The fact that the nonuse of devices will lead to increased human surveillance often helps overcome objections to the use of such devices.

Mr. LONG. Can the IAEA announce what countries have limited its power of inspection in the ways mentioned in question 8 above?

What action could the IAEA take if a country so limited its inspections—by limiting the number of inspectors and by excluding the use of devices—that the IAEA could not be sure that no diversion were taking place? Has the IAEA ever announced that a country was so limiting IAEA inspectors and safeguards that it could not assure that no diversion would take place undetected? Has any country refused to allow onsite inspections of any of its nuclear facilities under IAEA safeguards? If any countries have refused to allow unannounced or announced onsite inspections, what has been the IAEA's reaction?

Mr. TAPE. The Agency's statute and safeguards rule empower the Director General to bring to the attention of the Board any action of a state subject to safeguards that serves to prevent the Agency from verifying that nuclear material subject to safeguards is not being diverted to prohibited purposes. If the Board judges that an action by the state is essential and urgent for verification purposes, it is entitled to call upon the state to take the requested action without delay irrespective of whether procedures for the settlement of a dispute have been invoked. Moreover, if the Board finds that the Agency is unable to verify that no diversion of nuclear material has occurred, it is em-

powered to call this matter to the attention of the Security Council and to apply other sanctions pursuant to article XII of the IAEA statute.

We would expect the Director General to invoke the procedure of calling a compelling problem to the Board's attention if he felt that the constraints placed by a State on the Agency's containment, surveillance, and inspection rights were so severe as to impair the effective conduct of the Agency's safeguard responsibilities. To date, no occasion warranting such an action by the Director General has developed. Moreover, no State has challenged the Agency's right to perform unannounced inspections, although on occasion some operational problems associated with such proposals have been encountered.

Mr. LONG. Have any of the same countries who have limited onsite inspections in any way also limited the use of devices of cameras or seals? If so, what are these countries? If so, what has been the IAEA's response?

Mr. TAPE. See answer to question A9.

Mr. LONG. If diversion or theft of nuclear material is detected, how does the IAEA announce that diversion or theft?

Mr. TAPE. I have partially answered this question earlier. It also should be noted that under the terms of article XII of the IAEA Statute the Agency has a number of responsibilities or opportunities.

Paragraph 7.C of article XII requires that inspectors report any noncompliance—not limited to materials diversion—to the Director General who transmits the report to the Board of Governors. The Board then calls upon the recipient state or states to "remedy forthwith any noncompliance which it finds to have occurred." The Board must report the noncompliance to all members and to the Security Council and General Assembly of the United Nations.

Article XII—7.C also requires that "in the event of failure of the recipient State or States to take full corrective action within a reasonable time, the Board may take one or both of the following measures: direct curtailment or suspension of assistance being provided by the Agency or by a member and call for the return of materials and equipment made available to the recipient member or group of members. The Agency may also suspend any noncomplying member from the exercise of the privileges and rights of membership."

Mr. LONG. What real effect will an announcement by the IAEA—that diversion or theft of nuclear material has occurred—have?

Mr. TAPE. Given the grave international interest in preventing the spread of nuclear weapons, we are confident that any announcement by the IAEA of a perceived theft or diversion of safeguarded nuclear material would have a very serious effect on the world community. While it is difficult to speculate about a hypothetical case, we can anticipate that any state that willfully violated its safeguards undertakings with the EAEA would be subject to political and possible economic censure and most probably a termination of the nuclear assistance that it receives from outside suppliers. Since many states are looking to nuclear power as a principal energy source and also import most of their nuclear power equipment and fuel, the threat of a possible interruption of supply in the event of a violation, in our judgment, is a very significant deterrent to diversion.

Announcement of a confirmed diversion or theft of nuclear material would result, as stated in the answer to question 17, in the discontinuance under the IAEA statute, of all further peaceful nuclear assistance. Also, under our bilateral agreements, further U.S. assistance would be discontinued if U.S. nuclear material were involved, and we would seek retrieval of our materials and equipment as we are entitled to under our agreements. It is generally believed that these actions are significant disincentives to any violation.

Mr. LONG. Has the IAEA ever announced the detection of a diversion or theft of nuclear material?

If not, do you argue that no diversion or theft of a nuclear material has taken place in IAEA-safeguarded facilities? With what degree of certainty—please express as a percentage probability—do you make that statement?

Mr. TAPE. The IAEA, which has conducted many hundreds of inspections—for example, 502 inspections from July 1, 1974 to June 30, 1975—of IAEA safeguarded facilities since its inception in 1957, has not detected, and therefore has not announced the significant diversion of nuclear material to an unauthorized use.

The degree of certainty with which the conclusion at no significant diversion has taken place is based to some extent upon the known limits of accuracy in material quantities measurements. These were identified in a paper at the IAEA's Safeguards Technical Symposium in 1975. At that time, the Agency Inspector General Rometsch presented the following figures for expected accuracy of material balances expressed as a percent of throughput or inventory:

Type of facility:	*Expected operator's*[1] *accuracy (percent)*
Uranium isotope measurement	0.2
Uranium fuel fabrication	0.3
Uranium in power reactors	0.5
Reprocessing, uranium line	0.2
Reprocessing, plutonium line	0.8

[1] Including all contributions to the uncertainty in materials balance; e.g. statistics, measurement uncertainties, low level partially measured waste streams.

The IAEA inspectorate always strives for the greatest accuracy of measurements achievable. There are inevitably some limitations in measurement accuracies, and some materials unaccounted for from a statistical standpoint, so-called "MUF" figures. It is not valid to conclude that these amounts necessarily were lost, or even possibly diverted. On the contrary, we believe it is important to stress that the agency's safeguard accountancy techniques are reinforced and supplemented by important additional qualitative techniques such as physical and mechanical surveillance as well as containment measures that provide supplementary assurances in detecting any unauthorized or suspicious activities and deterring any evasions. Containment and surveillance techniques such as tamper indicating seals on stored nuclear materials or tamper resistant automatic cameras providing unmanned observation of nuclear material in storage give evidence of whether the quantities of nuclear material in a given location have changed since the previous inspection took place. The containment and surveillance functions further serve to assure the IAEA of the integrity

inherent in materials flow measurements in and out of facility areas which have limited or no direct physical access.

Furthermore, should a questionable situation arise, the agency pursues the matter with the State concerned to reconcile differences or to develop additional relevant information necessary for making a determination.

Mr. LONG. What amount of nuclear material which the IAEA has been responsible for since its beginning is unaccounted for? To what degree do you argue that this material unaccounted for is explained by statistical errors and the like? What evidence do you have that none of the material unaccounted for has been diverted to illicit uses?

Mr. TAPE. So far there has not been a case of material unaccounted for—MUF, considered relevant from the viewpoint of safeguards, which could not be explained by statistical evaluation of measurement uncertainty or traced to operational conditions. It should be noted that the concept of MUF, as used in NPT safeguards accounting, simply refers to the difference between book inventory and physical inventory of nuclear material and does not necessarily mean that this material has disappeared. There has so far not been a single case of noncompliance with a safeguards agreement which would require being brought to the attention of the Board of Governors.

Mr. LONG. How successful is the IAEA in convincing particular nations that their physical security for nuclear materials and facilities is inadequate? Please provide examples of instances in which improvements in physical security systems have occurred as a result of IAEA suggestions.

Mr. TAPE. Since physical security measures are primarily a function of internal national state security organs, the IAEA is limited in the extent to which it can effectively become involved in improving such measures in member states. Nevertheless, the agency in 1971 and 1972 developed a set of recommendations for the physical protection of nuclear material, which were recently updated and distributed to all member states [IAEA document INFCIRC/225]. It is published in English, French, Spanish, and Russian. At U.S. initiative, the general conference of the IAEA adopted a resolution at its last session in September 1975 which welcomed publication of these revised recommendations and urged member states to take appropriate steps to review and, if necessary, strengthen their physical protection systems for nuclear material and facilities, in order to insure that the measures employed would be effective against the full range of potential threats. This resolution also endorsed the announced intention of the Director General to assist member states at their request in developing and strengthening their national systems for physical protection. In November 1975, the Director General followed up with a special letter to all member states drawing attention to this resolution and to the need to minimize the risks of unauthorized interference at or between nuclear facilities in various forms, including theft, sabotage, vandalism, terrorism, and hijacking. The Director General also stressed the need for international cooperation in the face of such common dangers among member states. There has been insufficient time since these steps were taken by the IAEA to judge their effectiveness in convincing member states of the need to improve their physical security systems.

Mr. LONG. What comment do you have on the July 1975 GAO report's conclusion that the real effectiveness of IAEA safeguards is not known. There is no public evidence to show whether agency safeguards have prevented or detected diversion of nuclear material from intended peaceful purposes [GAO report, ID 75–65, fig. iii].

Mr. TAPE. There is considerable evidence that IAEA has an effective safeguards system beyond the fact no diversion of materials under IAEA safeguards has been detected. This includes both the range of powers that the agency possesses and the manner in which it conducts its business. The basis for the agency's safeguards system is spelled out formally in the agency's documents INFCIRC/66 Rev. 2 and INFCIRC/153, or to specific facilities [INFCIRC/66 Rev. 2].

There are a number of important assurances ranging from the important rights that the agency enjoys in its basic safeguards agreements to the detailed technical procedures that the agency employs which the U.S. helps to shape through many contacts at the scientific level.

Extensive technical backup has been developed during the past 15 years.—Two international symposia, more than a dozen international technical working groups, and dozens of meetings of special consultant groups focusing attention on all aspects of international safeguards have been held.

More than 40 U.S. experts in various technical fields have been involved in IAEA working and consultant groups.

The U.S. mission to IAEA has had extensive contact with IAEA safeguards staff at all times and at all levels.

The United States has been host to several IAEA safeguards exercises and thus has had opportunity to see IAEA in operation.

The United States is aware of safeguards equipment used by IAEA for measurement, containment, and surveillance purposes and recognizes that most IAEA equipment is the best available for these purposes.

The opportunity to conduct inspections in order to verify that no diversions are occurring is among the most important of IAEA rights.

The agency has a highly competent cadre of safeguards personnel, including 41, soon to reach 50, staff members that regularly participate in inspections.

The agency has an extensive and diverse inventory of equipment. As of December 1975, inspector equipment in use included 77 automatic cameras, 21 nondestructive assay instruments, and 24 portable calculators. In the year ending June 1975, the IAEA used 2,000 seals and took 500 samples for chemical analyses.

Nuclear material accountancy is being supplemented to an increasingly greater extent by containment and surveillance techniques in order to assure that relatively small quantities of material, which cannot be accounted for through accountancy limitations in accuracy at large nuclear facilities, cannot be removed from these facilities without detection.

There have always been U.S. nationals on the IAEA safeguards staff—10 currently. The U.S. staff members are highly competent professionals who, through their participation, help to insure that agency policies are effectively implemented.

IAEA has established the Standing Advisory Group on Safeguards Implementation (SAGSI) to advise IAEA on technical aspects of agency safeguards including:

Evaluation of technical objectives of agency safeguards, particularly with a view of assuring their continued validity in light of technical developments;

Advising on techniques to be employed in safeguards operations in order to insure that these techniques conform to the latest international standards; and

Recommending areas where further work on methods and techniques are needed. SAGSI group includes 10 experts from IAEA member states, including Dr. Carl A. Bennett, an internationally recognized American statistician with over 15 years experience in international safeguards.

The IAEA has the responsibility to protect privileged commercial information that it acquires through its safeguards function and obviously wishes to comport itself with sufficient discretion to keep a potential diverter off his guard. Notwithstanding, however, the need to preserve some confidentiality in its operations, the IAEA Secretariat is engaged in an intensive effort to provide the IAEA Board of Governors with more diagnostic current information as to how effectively agency safeguards are being applied.

Relatedly, it should be stressed that the Director General is under an obligation to bring promptly to the board's attention any untoward development or circumstances that raise any question about a possible diversion.

Mr. Long. Within the IAEA, does the objective of safeguarding nuclear materials have equal footing with the promotion of nuclear materials? If you answer "yes," how do you explain the fact that only 20 percent of the IAEA total budget is allocated for safeguards and inspections?

Mr. Tape. Under the terms of its statute, the agency shall seek to accelerate and enlarge the contribution of atomic energy to peace, health, and prosperity throughout the world and it shall insure, so far as it is able, that assistance provided by it, or at its request, or under its supervision or control is not used in such a way as to further any military purpose. In executing its responsibilities, the agency has established several major programs of which the safeguards program is the largest with a budget in 1976 of about $6.5 million. The other programs which are also of interest to the United States include nuclear safety and environmental protection with a budget of $3.1 million; a program of information and technical services with a budget of $2.9 million; a budget for the research laboratory which does work in medical and agricultural and other fields at a cost of $2.2 million; and a program of research in the physical sciences which costs $2 million. The safeguards program is the largest specific programmatic effort conducted by the agency; as one program among several, it must share the total budget of the agency in accordance with the priorities established by the entire membership and articulated through the General Conference. A comparison of safeguards efforts against all other agency activities is not meaningful.

Mr. LONG. Do you see the objectives of promoting and safeguarding as working at cross purposes?

Mr. TAPE. The overall objective is the beneficial use of nuclear energy in its widest context without proliferation of nuclear explosives or military uses. The control of the spread of nuclear technology and the availability of special nuclear material is better served through cooperation under safeguards than by unrestricted national developments. The objectives are compatible and are served well by the IAEA.

Mr. LONG. Since IAEA safeguards operations compete for funds with other programs in the IAEA budget, do you think it might be desirable to separate the safeguards program from the programs for promotion of peaceful use of nuclear material? If not, why not?

Mr. TAPE. We believe that the present arrangement is more productive in broadening support for safeguards by linking them with the other programs of more general appeal than would be the situation if the safeguards program were separated. The linkage provides more support than the program would receive on its own.

Mr. LONG. Is it true that the IAEA is increasingly relying upon the use of offsite inspections rather than onsite inspections because of political pressures by member nations?

Mr. TAPE. All IAEA inspections, in the sense we use the word, are carried out at the site. We are accordingly unaware of what an offsite inspection would consist of; the term is not used by either U.S. or IAEA experts. There are accompanying analysis and inspection report evaluations performed at headquarters in Vienna. There is no question, however, of elimination of the crucial onsite inspections.

Mr. LONG. What role does the size of the IAEA's staff and the current level of IAEA resources play in the frequency of onsite inspections?

Mr. TAPE. There is an obvious and direct relationship between the level of IAEA resources allocated for safeguards purposes and the size of the IAEA's inspection staff. There is a similar relationship between the size of the inspection staff and the number of man-hours which can be devoted to the inspection of a given facility. Finally, of course, there is a more complex relationship between the level of inspection effort for a given facility and the degree of confidence one can have that all nuclear materials in that facility remain within the safeguards system. The IAEA can perform, with its present number of inspectors, all onsite inspections it considers essential. The number of inspectors will clearly have to increase in the future, due to increases in inspected facilities.

It is because of these interrelationships that the United States has consistently favored improved funding for both safeguards research and for the safeguards effort itself, which includes the inspectors, but also includes such efforts as recordkeeping and data processing on nuclear mateiral balances, et cetera. In that regard, we are pleased at the support shown by the Congress for a further expansion of the U.S. contribution to the safeguards effort.

Mr. LONG. The CRS report to the Senate Government Operations Committee sets forth a list of various functions and powers that IAEA may not be reasonably expected to provide:

Physical protection of nuclear materials and facilities against sabotage or attack;

Detection of clandestine production of nuclear materials;

Regulation of world nuclear exports;

Application of sanctions against states that divert nuclear materials to illicit purposes or punishment of other persons or groups that steal nuclear materials.

Do you agree that the IAEA should not be expected to perform the above functions? Should the functions listed above be performed at all? If so, by whom? What are the U.S. proposals for the performance of these functions?

Mr. TAPE. I would agree with the CRS report insofar as it states that the IAEA may not reasonably be expected to provide the functions or services listed.

I do believe, however, that the agency has shown potential for becoming involved productively in some of these functions.

For example: In the area of physical protection of nuclear material, we believe that the IAEA is evolving a desirable plan of action and has made a very useful contribution in framing, through the use of a panel of experts, guidelines to be completed by member states in physically protecting sensitive nuclear materials and facilities.

While it is true that physical security is basically a responsibility of national governments, the last IAEA general conference endorsed the agency's activities in the area of physical security, and we anticipate that this will be an area of growing agency involvement and responsibility. On this subject, the United States is exploring with other countries the proposition of developing an international convention in the area of physical security. Should there be a reasonable amount of international interest in this concept, we can foresee that the IAEA could serve as the host organization for the elaboration of any such instrument.

We also believe that a number of the agency's responsibilities in the safeguards area are clearly relevant to the detection of any clandestine production of nuclear materials. For example—in an NPT safeguards agreement, a state is obligated to place all its peaceful nuclear activities under safeguards. Moreover, before a state can transfer materials out of the civilian sphere into the military sector—for nonexplosive purposes—it must assure the agency that none of the materials involved are subject to any peaceful uses undertaking. With this backdrop, we believe the agency would be fully within its rights to seek prompt clarification if it had any reason to believe that a clandestine nuclear facility existed within the state. Of course, the function of intelligence gathering must be left to the national services, including our own.

With respect to nuclear exports, we believe the IAEA safeguards system serves a critically important role in assuring that safeguarded international nuclear facilities do not foster military purposes.

We recognize, however, that the IAEA system must be reinforced by other important constraints, including prudent nuclear supplier policies and the development of common understandings among the suppliers as to the minimum ground rules that should be adhered to

to prevent proliferation. It is for this very reason that the United States over the last several years has been engaged in concerted consultations with the other principal suppliers designed to forge common nuclear export policies and to encourage common approaches to specific, sensitive cases.

Finally, with respect to sanctions, we believe that the IAEA has some important remedies in its own right, as noted in our answer to question A–17 above. Moreover, we believe any IAEA communication to the Security Council as called for by article XII of the IAEA statute could be expected to trigger the application of even more rigorous punitive actions by those supplier states, including the United States, whose agreements have been violated.

Mr. Long. What kinds of sanctions does the United States propose be applied to non-nuclear weapon states that divert nuclear materials for nuclear weapons development?

Mr. Tape. As Secretary Kissinger noted in his March 9, 1976, appearance before the Senate Committee on Government Operations, the United States would treat a violation of one of our agreements for cooperation with the "utmost gravity," as would, we are confident, the world community at large. With regard to specific actions that would be taken, the statute of the International Atomic Energy Agency provides that all further peaceful nuclear assistance would be discontinued in the event a country violated its IAEA safeguards commitments. And if U.S. nuclear assistance was involved, our bilateral agreements call for halting further assistance. The IAEA statute also provides for suspension of membership in the agency in the event of a violation and reporting to the U.N. Security Council. In addition, both our bilateral agreements and the IAEA Statute include the right to call for the return of supplied materials and equipment.

While these actions are substantial, particularly if the violating nation had committed a major portion of its electrical energy generation to nuclear energy, additional measures, including political and economic actions, could also be considered depending on the circumstances involved.

Mr. Long. What kinds of sanctions or pressures does the United States proposed to bring to bear on countries that undertake irresponsible nuclear export policies?

Mr. Tape. To forestall irresponsible nuclear export policies on the part of nuclear exporters which would undermine our nonproliferation objectives, the United States has been engaged in active consultations with other major nuclear suppliers in an effort to devise a common set of standards concerning safeguards and other related controls associated with nuclear exports. These consultations have resulted in adoption by the United States of certain principles which will govern our future nuclear exports. And we have been informed that a number of other countries intend to do the same.

Notwithstanding the success we have attained thus far in these consultations, it is important to recognize that the United States is not in a position to unilaterally dictate certain policies, which we deem desirable, to other nuclear suppliers. This is an area where there has to be a reasonable give and take and exchange of views between nations in

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the interest of evolving commonly agreed objectives. Other industrial powers have the capacity and desire to help in meeting the world's need for peaceful nuclear energy.

We also believe they share our general interest in assuring that such cooperation does not contribute to the spread of nuclear weapons. We recognize, however, the need to continue our efforts to assure that supplier constraint and other controls keep pace with the spread of technology. We also recognize that further efforts are needed to improve and extend the principles we have adopted, and that our efforts are part of a progressive and evolving process which we will continue in close consultation with other suppliers. This will involve not only the further elaboration of desirable policies but also the continuation of close consultations relating to dealing with sensitive countries or regions.

Mr. LONG. Could the IAEA play an important role in limiting the spread of the ability to make nuclear weapons by preventing the export of certain critical items and technologies? If so, what is IAEA planning along this line? If not, what mechanisms could the United States use to accomplish this?

Mr. TAPE. The IAEA statute—a treaty—which governs the agency's activities, does not give the agency the authority or the power to prevent exports of nuclear materials, equipment or technology, or the authority to approve or prohibit such exports from any state—except insofar as it may extract such a commitment from a state with respect to items provided in connection with an agency-sponsored project. Such regulatory powers are exercised by each sovereign member state.

The agency does have both the right and the obligation to apply safeguards with respect to any agency project, or other arrangement where the agency is requested by the parties concerned to apply safeguards, in order to verify compliance with an undertaking against any military use or against use for any nuclear weapon or other nuclear explosive device. The intensity of the safeguards procedures applied varies according to the nature of the facility concerned and the quantity and composition of the materials involved. Thus the agency's important role in limiting the potential spread of nuclear weapons capability, as a result of exports of critical items and technologies, lies in applying appropriate safeguards to the facilities and materials involved.

In addition, the IAEA is conducting a study of the concept of multinational fuel cycle centers. Such centers might provide a solution to the complex problems attending the nuclear fuel cycle—including economic and waste disposal aspects as well as safeguards and physical security—and, therefore, might tend to obviate the need and desire for small uneconomic reprocessing plants and other sensitive facilities under national control. The United States is providing strong support to this IAEA study.

With respect to mechanisms available to the United States, existing law, regulations, and policies governing nuclear exports enable the U.S. Government to prevent the export from the United States of critical items and technology when this is considered necessary to protect the common defense and security or the interest of the United

States. Special nuclear material and nuclear facilities—that is, nuclear reactors and other "production" and "utilization facilities"—may not be exported unless they will be subject to the terms and conditions of an appropriate Agreement for Cooperation between the United States and the recipient nation. All applications to export such nuclear materials, facilities, or sensitive technology are reviewed on a case-by-case basis to determine whether the proposed exports would be inimical to the U.S. interest. The review process takes into account the U.S. nonproliferation policy and other applicable national policies, the nature and intended use of the proposed exports, the nuclear program and policies of recipient countries, and other pertinent factors. The United States follows a policy of restraint regarding exports of critical items and technology, particularly those pertaining to enrichment, reprocessing and heavy water production.

In addition to requiring IAEA safeguards and certain bilateral restrictions and guarantees on exports authorized under agreements for cooperation, the United States has adopted the policy that significant quantities of sensitive nuclear materials may not be approved for export unless physical security measures in the recipient country are deemed to be adequate. In future, we intend to require the application of adequate physical security measures to U.S. exports of both special nuclear material and facilities and certain equipment.

Since a number of other nations export nuclear materials, equipment, and technology, unilateral U.S. restraints on exports could not alone prevent international nuclear transfers from contributing to the risk of proliferation of nuclear weapons capability. Consequently, the United States has initiated discussions, which are still continuing, with other suppliers concerning common nuclear export policies. Pursuant to these discussions, the United States has stated that it will follow certain principles (most of which already characterize U.S. policy), including requiring IAEA safeguards on exports of special nuclear material and of "trigger" items; requiring that adequate physical security measures be applied in the recipient country; requiring recipients to guarantee that exports will not be used for nuclear explosive devices, and exercising restraint with respect to exports of sensitive equipment and technology. We have been informed that other major suppliers intend to observe the same principles as those announced by the United States. The United States believes that the continuing discussions with other suppliers provide a valuable mechanism for development of export policies designed to further nonproliferation objectives.

Mr. Long. Do you agree that nonweapon states will be less likely to decide to opt for nuclear weapons if the world arms situation does not push them to acquire a nuclear capability? If so, what do you think the U.S. role should be to accomplish this? How can the IAEA assist?

Mr. Tape. A number of factors would be taken into account by a nonnuclear weapons state as to whether it will or will not seek to acquire a nuclear weapons option. Among these factors would be:

Its assessment of the likelihood of success in achieving a nuclear weapons option;

The costs involved for the weapons and delivery systems;

The risks involved, including the risks of preemptive strikes, stimulation of hostile alliances, et cetera;

The perception of a security threat, including above all the question of whether neighboring states possess nuclear weapons, or are seeking to acquire them, et cetera;

Its perception of whether progress is made in controlling nuclear weapons and reducing the probability of their use by nuclear weapon states;

The treaty and other commitments which the state is party to, including alliances, nonproliferation agreements, et cetera.

In many cases, a key factor impeding further proliferation is the confidence a given state has that its neighbors and adversaries are living up to their own commitments and utilizing the atom solely for peaceful purposes. The IAEA plays a critical role in this by verifying, through its safeguards system, that nuclear materials are not being diverted to military purposes.

Mr. LONG. In order to slow the proliferation of spreading capability to produce weapons grade nuclear materials, do you think the IAEA could help limit this spread by making public advisory reports to supplier nations on the implications of certain dangerous types of nuclear exports? If not, why not? If so, has the United States proposed this to the IAEA?

Mr. TAPE. The supplier nations, as well as others, share a growing interest in the development of methods and practices which will help limit any broadening of the capability to produce weapons grade nuclear materials. The supplier nations, several being nuclear weapons states, are among the most knowledgeable with respect to proliferation risks which may be associated with certain types of nuclear exports. In view of these facts, and, in particular, because the supplier nations have agreed to meet periodically on matters which have, as their basis, the specific concern identified in your question, it is appropriate that communications on this subject be handled by them, rather than by the IAEA.

Mr. LONG. What do you think the implications would be if supplier states were required to obtain an IAEA export license or approval for certain classes of exports?

Mr. TAPE. Under its statute, the IAEA does not have the right to issue export licenses, nor does it have the right to grant approval or disapproval of exports of any kind from any nation—except insofar as it may extract such a commitment from a state with respect to items provided in connection with an IAEA-sponsored project.

For the IAEA to acquire such rights, an amendment to the IAEA statute [a treaty] would be required. There appears to be no possibility at present that IAEA members would be willing to approve an amendment giving the agency authority with respect to decisions on matters governed by the laws and regulations of each sovereign nation.

Mr. LONG. What is your thinking about the suggested alternative of establishing multinational nuclear fuel facilities?

Mr. TAPE. In his March 9 appearance before the Senate Committee on Government Operations, Secretary Kissinger observed that one of the more troublesome nonproliferation issues confronting us is how to

deal with sensitive nuclear technologies such as reprocessing. At that time, as he had in his U.N. General Assembly address last fall, he suggested that one alternative which might meet the future reprocessing needs of certain countries in a potentially economic manner, and at the same time alleviate some of our concerns regarding the proliferation implications of such facilities, is the concept of a multinational fuel cycle center serving regional needs.

We believe that such centers, which could involve management, operation and perhaps ownership by more than one country, could reduce the incentive for small and inefficient plants. Additionally, they would provide useful added assurances against unilateral abrogation of nonproliferation undertakings, particularly if colocated with other parts of the fuel cycle, such as the fabrication and storage of nuclear materials.

Mr. LONG. Please list for the record all nuclear facilities of any country—with information on the location and capacity of each facility, either operating or under construction that are not or will not be under IAEA safeguards. For the purposes of this question, please assume that any country not now a party to the NPT will not be a party when the facility in question begins operations.

Mr. TAPE. The list is attached. [It is assumed that the request refers to facilities in nonnuclear weapon states.]

INDIA

Fuel Reprocessing Plant, Tarapur.[1]—100 metric tons uranium/year, scheduled operation in 1976.

Nuclear Fuel Complex, Hyderabad.[2]—Ceramic fuel fabrication plant (CANDU fuel), 100 tons/year, operational 1971.

Uranium oxide plant, initial capacity of 125 tons/year uranium dioxide with future capacity of 250 tons/year. Trial runs began in 1971.

Kalpakkam Reactor Research Center.—Experimental fast breeder reactor (42 MWt), under construction pursuant to French-Indian agreement of 1969.

Power Plants.—Madras: Two Candu-type units, each about 220 MWe, are being built by Indian engineers, first unit scheduled for operation in 1977, second for about 1980 (delayed by suspension of Canadian assistance after Indian nuclear test of May 1974).

Narora: 2 pressurized heavy water units, each about 220 MWe, are under construction, scheduled for completion 1981–1982.

Heavy Water Production Facilities.—Naugal: 14 tons per year output (in operation); Kota: 100 tons per year output[3]; Baroda: 67 tons per year[3]; Tuticorin: 71 tons per year[3]; Tolcher: 63 tons per year[3].

ISRAEL

Twenty-six MW natural uranium research reactor, Dimona—supplied by France; achieved criticality 1963—and a fuel fabrication facility.

JAPAN

Experimental enrichment project: 180-centrifuge cascade. A 250-centrifuge cascade is under construction.

NORTH KOREA

Two MWt research reactor supplied by Soviets in about 1966 at Young Byon.

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[1] If material subject to IAEA safeguards is processed in any of these facilities, the facilities involved will be under safeguards while such material is located in them.
[2] Information not available on capacities.
[3] Under construction.

SOUTH AFRICA

Pilot uranium enrichment plant, Valindaba, started up in 1975; 5,000 tons SWU per annum plant to be built, scheduled to start operation in 1984.

SPAIN

Vandellos, Tarragona—480 MWe gas-graphite power reactor—French-Spanish facility—achieved criticality 1972. Also a laboratory-size reprocessing facility.

Mr. LONG. How many times in the past 2 years the Tarapur nuclear power station in India been inspected by IAEA inspectors? How many of these inspections were unannounced?

For all the power reactors—operating or under construction—reprocessing plants, and enrichment plants which are under IAEA safeguards, please list the number of IAEA inspections each has undergone in the last 2 years. Please indicate how many of these inspections were unannounced.

Mr. TAPE. The Agency's practice is not to disclose inspection effort spent at specific facilities in individual countries. However, as noted previously—question 19A—from July 1, 1974, to June 30, 1975, the IAEA performed a total of 502 inspections, 178 of these for nuclear powerplants. On June 30, 1975, 47 nuclear powerplants were safeguarded. It should be noted that the number of inspections is not necessarily an indication of safeguards effectiveness; other factors also must be taken into consideration, such as the extent, nature, and intensity of the verification activities performed.

Mr. LONG. Given the limitations of the IAEA and if the U.S. Government is totally committed to developing the best possible safeguards system, where should the United States concentrate the funds available for safeguards research and development? In the IAEA or in U.S. agencies?

Mr. TAPE. The safeguards program of IAEA and the programs of U.S. agencies are highly complementary in nature, and the research and development portions within these safeguards programs are complementary as well.

Major emphasis is placed in the IAEA program on implementation methods and enhanced effectiveness of safeguards and controls. Member state R. & D. programs are considerably larger than the IAEA R. & D. programs. It is logical and highly desirable that the results of these member-state efforts be utilized in a manner that is complementary to the IAEA's efforts. This is accomplished particularly with regard to the adoption by the IAEA of new and advanced techniques in such important areas as safeguards instrumentations and surveillance devices to help in upgrading the IAEA system.

The United States should not concentrate the funds available for R. & D. in either the IAEA or U.S. agencies but should consider the allocations to both in a manner which will tend toward optimum benefits through the achievements of the IAEA and the U.S. agencies, as well as those of their technical contractors.

The research and development efforts by ERDA, NRC, ACDA, and the National Bureau of Standards make significant contributions to the safeguards efforts of both the U.S. domestic effort and the IAEA program. The fiscal year 1977 research and development effort

which is proposed for ERDA includes $18.8 million for development of safeguards systems and technology for nuclear fuel cycle applications including physical containment and protection systems.

In 1975, the IAEA spent $5.2 million for safeguards. This amount is expected to be increased to $6.4 million in 1976. Approximately one-third of this total effort is development activity.

Increases in the level of assistance for IAEA safeguards were effected by funds made available to the Agency by the Congress in the Foreign Assistance Act of 1974. The purpose of this 1974 program was to finance activities which might best contribute to strengthening the Agency safeguards procedures. The four specific categories identified were:

One: Equipment—prototype, or other—that the Agency might need for inspection demonstration or actual inspection use;

Two: Support for inspection training on use of nondestructive analysis instruments;

Three: Experts to visit Agency for short periods to support specific activities; and

Four: Studies of immediate use to the IAEA Safeguards Division.

A special contribution has been proposed by the President in his February 26, 1976, energy message to Congress of $5 million for a period of up to 5 years to strengthen the IAEA safeguards program. This special contribution would take the form of safeguards inspector training programs, provision of experts and consultants, instrumentation procurement, as well as research and development and major improvements in both the hardware and the software of the safeguards information system—automated data processing—required to automatically process the anticipated volume of nuclear materials accountancy data.

Major commitments of funds beginning in fiscal year 1977 and continuing are required to help develop and fully test IAEA procedures which will be required for the various types of large, sophisticated nuclear fuel cycle facilities which will be processing uranium and plutonium under IAEA safeguards. Such facilities include spent fuel reprocessing plants, isotope separation plants, and fuel fabrication plants.

The task of the IAEA in implementing safeguards is becoming more formidable as it is called upon to assume responsibility for more complex facilities and increasing volumes of nuclear material. It is essential that during this growth process the IAEA be capable of maintaining the vigilance necessary to detect diversion or theft of nuclear material from peaceful purposes.

Mr. Long. Would the IAEA be the most effective agency for providing physical security for nuclear materials in international transit? If not, what institution should perform this function?

Mr. Tape. The responsibility for providing physical security for nuclear materials in international transit is generally perceived as pertaining to the states from, through, and to which the materials are transferred. We believe that an international convention governing this matter merits serious consideration and so we are exploring with other states the form which such a convention should take. We would

expect the IAEA to serve important functions with respect to a convention of this nature, but its exact relationship must await further development of the concept.

Mr. LONG. Why does the IAEA not have the authority to prescribe minimum physical security standards for national nuclear systems? What institution should perform this function? What proposals has the United States made for immediate action on this question?

Mr. TAPE. The IAEA does not have the authority to prescribe minimum physical security standards for national nuclear systems because the IAEA statute does not give the Agency any rights or responsibilities in the field of physical security, except with respect to materials in the Agency's possession and, indirectly, with respect to materials transferred for use in Agency projects. There does not now exist any international institution with the right to prescribe physical security standards for national nuclear systems, which are considered primarily the prerogative of sovereign nations. However, a growing international awareness of the importance of physical security is leading to the strengthening of national systems. Furthermore, to a certain extent the United States and other nuclear suppliers are able to influence the systems of recipient nations by imposing requirements for adequate protection of supplied materials.

Attaining agreement, during negotiation of the IAEA statute, on the Agency's right to apply safeguards within nations, to verify their compliance with international undertakings, was an extraordinary achievement; addition of the right to prescribe physical security standards to be observed within member nations could not possibly have been achieved at that time, especially as the statute was negotiated long before the rise of terrorism focused attention on the universal need for strong physical protection measures.

As indicated in the response to the preceding question, however, there has been a growing interest on the part of the Agency and its members, in the importance of measures to protect nuclear materials against theft or sabotage. The United States believes that by preparing recommended guidelines in this area the Agency is performing a valuable function by promoting realization of the need for appropriate physical security standards within nations and of the need for agreement on measures to be applied to materials in transit.

The United States is exploring adoption of an international physical security convention covering materials within nations as well as materials in transit. Relatedly, we favor (1) the support of IAEA continued activities in the area and continuing dialog among nations on the need for adequate physical protection measures, and (2) the adoption by supplier nations of requirements for adequate physical protection of supplied materials. As discussed in the response to an earlier question the United States has already adopted the policy that significant quantities of sensitive nuclear materials may not be exported unless the United States is satisfied that adequate physical security measures are being applied in the recipient state. Following discussions with other supplier nations, we have stated that in the future we intend to require adequate physical security on U.S. exports of both special nuclear material and facilities and certain equipment; and we understand that other major suppliers intend to observe a similar policy.

In addition, the United States has had numerous bilateral exchanges of visits and consultations with other nations, both supplier and recipients of nuclear materials, regarding physical security measures. These exchanges have demonstrated keen awareness regarding the need for adequate physical protection systems, and the interest of other nations in strengthening their systems.

Mr. LONG. Isn't it true that the United States does not receive information on IAEA inspections even though the United States may have provided the particular facility? Technology?

Mr. TAPE. We feel some degree of confidentiality in the IAEA system is essential in order to assure states concerned that their proprietary commercial secrets will be protected, and also to keep potential violators from obtaining knowledge of detection approaches and methodology which might be employed by the IAEA inspectorate.

However, we also believe suppliers and members of the IAEA Board of Governors are entitled to receive more timely information to facilitate a better evaluation concerning the continued effectiveness of the system. In this regard, the United States has urged the IAEA to make available to the Board of Governors more comprehensive information on safeguards operations so that the Board may assume a more active role in this critical area of IAEA's program. The Director General plans to expand detail and frequency of reports to the Board on this subject and has asked its Standing Advisory Group on Safeguards Implementation (SAGSI) to review possible categories of information for reporting which would assist the Board in evaluating technical effectiveness of Agency's safeguards operation and achievement of safeguards objectives. There is a broad area of information on IAEA safeguards implementation which should not involve proprietary data nor reveal sensitive details of safeguards information, and this could be given to the Board.

Mr. LONG. What advantages have accrued to the United States, in joining the IAEA, to compensate for the direct safeguards control it has lost?

Mr. TAPE. By suspending the operation of bilateral safeguards during the period of implementation of IAEA safeguards, the United States has contributed to the creation of an effective system of international safeguards which directly enhances U.S. security. This system has the advantage of insuring that nuclear material and equipment in all participating countries, no matter what the source, are effectively safeguarded and not simply material or equipment supplied by the United States. In addition, the IAEA provides a uniform international system of safeguards which avoids the irregularities and discrepancies which might be expected were this function left to a multiplicity of bilateral arrangements. Finally, Agency safeguards cut costs to the United States for safeguards over U.S.-furnished material and equipment, since we pay only an assessed portion and not the full amount, as we would for bilateral safeguards.

INTERMEDIATE TECHNOLOGY

Mr. LONG. To what degree is intermediate or light capital technology a major policy focus of the U.N. environment program?

Mr. HERTER. Intermediate or light capital technology is not considered to be a major policy focus for UNEP, and no program categories exist for these or similar concepts. However, UNEP's overall program does contain several technology-oriented activity areas, and the program narratives often refer to the need and intent to pay particular attention to insuring the appropriateness and relevancy of all environmental technologies created for, or transferred to, developing countries. Out of a total UNEP budget of approximately, $35 million for 1976, UNEP proposes to invest: $900,000 to support analytical work and pilot projects under a technology element of its environment and development program area; $550,000 under an energy activity, to study the concept of rural enregy centers and conduct research on nonconventional sources of energy and energy conservation; and $600,000 under a human settlements technology category, to train architects, town planners and documentalists, support research on low-cost water supply, waste disposal and building materials, and conduct a regional experts meeting on technologies for human settlements.

In contrast to these technology-oriented activities with a developing country focus, UNEP-financed design work for the Global Environmental Monitoring System, as well as for other pollution and natural disasters monitoring activities and information transfer projects, contemplates the use of highly sophisticated technologies such as satellite and ocean buoy networks and computer systems. UNEP expenditures to analyze and demonstrate such sophisticated technologies have not yet been significant, but they will probably become so as project planning and design gives way to testing and demonstration.

Mr. LONG. Please list for the record the projects or activities by UNEP in the field of light capital or intermediate technology. Please provide sufficient details to show that the technology involved is, in fact, intermediate technology and not primitive or heavy capital technology.

Mr. HERTER. The following list describes all UNEP-funded projects through December 13, 1975, which are associated with the three technology-oriented program categories I referred to in my previous answer. In addition, new activties proposed by UNEP for 1976 and 1977 are identified. It should be noted that UNEP's program categories do not include any that are specifically identified as covering or subsuming "light capital technologies" or "intermediate technologies".

Further, most of the work to date has consisted of preliminary analyses and studies carried out to define the types of technologies that should be pursued. However, since the "Human Settlements" and "Environment and Development" program areas are targeted largely on developing country problems—and since UNEP documentation urges recognition of the need for the use of appropriate technologies—it is inferred that all technology-oriented projects carried out under these two programs will be of an "intermediate" variety. Also, the energy technologies UNEP is pursuing are small units for rural areas—for example, methane, generators, solar pumps, windmills.

Since UNEP has not invested to date in technology design and development, but rather has concentrated on the analysis of needs and in program definition and planning, it is impossible to determine whether UNEP will, in the future, attempt to support any projects

involving "heavy capital" or "primitive" technology. We believe, however, that UNEP financing of such technologies is neither contemplated or warranted; and the United States will oppose any proposals of that nature which might come before the UNEP Governing Council.

[NOTE.—The following project descriptions have been extracted from UNEP program documents GC/62 and GC/68 prepared for the March–April 1976 Governing Council meeting.]

1. HUMAN SETTLEMENTS TECHNOLOGY

THROUGH 1975—FUNDED

(*a*) *Architecture and environment in the Arab region—$45,000*

This project was designed to convene a meeting of experts who would produce a reference volume of environmentally sound architecture, construction materials and city planning suitable for the climate and living conditions of the Arab region. A meeting of experts and policymakers from the Arab region was held at Khartoum in October 1975, to review commissioned papers, including a paper submitted by UNEP on the human settlements technology program and the report of the International Advisory Group on Human Settlements Technology. The encyclopedia will be written, edited and translated by ALECSO, and UNEP is currently expecting a draft report and first edition.

1976–1977—proposed

UNEP plans to spend $600,000 in 1976 and $1,150,000 in 1977 to:

(*a*) Promote the gathering and distribution of documentation and the dissemination, on a regional and global basis, of the results of research and demonstration projects;

(*b*) Convene a regional expert group meeting on human settlements technology at Nairobi in February—followup to ad hoc expert group meeting—concerned primarily with the development of an action strategy and framework for implementation of appropriate human settlements technology in Africa and for Western Asia. Proposals are under consideration for similar assistance in Latin America and the United Arab Emirates;

(*c*) Consider support for a project on training of documentation specialists for human settlements technology programs, as well as project proposals from the Asian Institute of Technology on:

(i) Human settlements education.

(ii) Development of an Asian Documentation Center for human settlements technology.

(iii) Upgrading the sewage disposal system of Bangkok's squatter areas; (feasibility study).

(*d*) Support consortium-type research and demonstration on a regional level in environmentally appropriate technologies, including low-cost housing, water supply and waste disposal, cost reduction techniques for infrastructure and services and other areas such as building materials, food and health.

(*e*) Support courses for architects and town planners.

2. ENVIRONMENT AND DEVELOPMENT—TECHNOLOGY

Low-waste and nonwaste technologies, regarding transfer of technology.

THROUGH 1975—FUNDED

(*a*) *Transfer of technology and interrelated environmental problems—$457,000*

The objective of phase 1 of the project is to analyze the interrelationship between the technological pattern of developing countries and their environmental problems, with emphasis upon the impact of foreign investment and other channels for technology transfer, environmental protection measures, and policy options. Phase 1 will be followed by phase 2 (specific case studies) and phase 3 (development of policies). Phase 1 of the project is expected to be completed and a final report submitted to UNEP in early 1976.

(b) Environmentally sound and appropriate technologies—$89,500

This project is designed to elaborate a concrete program on environmentally sound and appropriate technology and initiate a series of pilot projects in developing countries. A consultant is now identifying countries suitable for pilot projects. A meeting of experts was convened in December 1975, for which the consultant prepared an introductory paper. A second meeting of experts was held in January 1976.

(c) Information on low-waste technologies—$20,000

The objective of this project is to collect information on three types of low-waste technologies: biomethane gas, solar energy, and windmill power, and to assess the present and potential uses of these technologies in terms of cost-benefit factors and present constraints. A series of reports was received in October 1975.

(d) Development and application of appropriate technology for the sugar industry: pilot project for Africa (phase 1)—$200,000

The objectives of this project are to examine the environmental consequences, physical, social and economic, of the development of the sugar industry in Africa, and in particular the environmental impact of modern large-scale projects based on the vacuum-pan process; to identify technically feasible alternative technologies; and to demonstrate the environmental viability of technology choices other than those associated with an industry-wide use of the vacuum-pan sulfitation technique.

The project would, in addition, design a program of research and development which would enhance the environmental and economic attractiveness of traditional techniques, such as the open pan sulfitation process, and lead to more effective use of byproducts and/or waste products, such as molasses and bagasse, and to an improvement in the energy utilization pattern of the industry. Project activities were scheduled to begin in November 1975 with the description of existing sugar technologies. A progress report is expected in January 1976.

1976–1977 (proposed)

UNEP support during 1976–77—$900,000 and $950,000 respectively—will focus on launching an action-oriented program of environmentally sound and appropriate technologies as a followup to project 2b. above. This program will include support for several pilot projects. Consultations have been started in relation to:

(a) An appropriate technology information and development center in Botswana; and

(b) Environmentally sound and appropriate technology for the Arusha region of the United Republic of Tanzania.

3. Energy

THROUGH 1975 (FUNDED)

(a) Rural energy centers, $120,000

The objective of this project is to engage Oklahoma State University and Brace Research Institute of McGill University to send their representatives to Sri Lanka and Senegal respectively to carry out a feasibility study on the construction of a pilot project for a rural energy center and the design of necessary equipment. Contracts with the above institutions were signed in December and representatives should begin their mission in early 1976. A report is expected by April 1976.

1976–1977 (proposed)

New and followup activities to be initiated in 1976–77—with funding of $550,000 and $600,000 respectively—are:

(a) The second phase of the rural energy centers project;

(b) Assistance to developing countries, at their request, in utilization of nonconventional sources of energy, for example, solar, wind and biogas;

(c) Support of research on new nonconventional sources of energy and on energy conservation; and

(d) Meeting of a nuclear energy panel which will address the environmental impacts of nuclear development.

MEDITERRANEAN CONFERENCE

Mr. LONG. Please provide some details on the recent meeting between Israeli and Arab representatives on environmental and maritime issues in the Mediterranean Sea.

Was this meeting under the auspices of the U.N. environment program?

Mr. HERTER. The meeting to which you refer was the Conference of Plenipotentiaries of the Coastal States of the Mediterranean Region on the Protection of the Mediterranean Sea, which convened in Barcelona, Spain, February 2 to 16, 1976. Sixteen of the eighteen littoral states were represented. Only Albania and Algeria were absent.

The conference, which was sponsored by the United Nations environment program (UNEP), provided the political and legal framework for a multifaceted approach to the serious pollution problems of the Mediterranean. The participants approved—and 12 of them—Cyprus, Egypt, France, Greece, Israel, Italy, Lebanon, Malta, Monaco, Morocco, Spain, and Turkey—subsequently signed—a convention that will bind them to take all appropriate measures to reduce and prevent pollution. They also approved two protocols, one controlling dumping at sea and the other providing for cooperation in combating pollution by oil or by other harmful substances in cases of emergency.

Concurrently with its preparations for the conference, UNEP has worked through existing scientific institutions to develop a research and monitoring network around the Mediterranean. It is also bringing the expertise of regional economic planners to bear on the anticipated environmental impact of development trends in the Mediterranean region. In this way UNEP hopes to provide, on a continuous basis, the type of information national decisionmakers need for sound planning. UNEP is already laying the groundwork for its next goal in the Mediterranean, a protocol limiting land-based pollution.

This ambitious program got off to an impressive start at Barcelona. It is the type of integrated programing, in which different aspects of a problem are tackled in different but coordinated ways, which we hope UNEP will be able to apply elsewhere.

MEDITERRANEAN CONFERENCE

Mr. LONG. What other activities are there under the U.N. environment program in which Israeli and Arab representatives are meeting and working together?

Mr. HERTER. The Mediterranean Conference is, to our knowledge, the only UNEP program to date that has involved representatives of both the Arab states and Israel. However, it has been the normal practice over the years at international conferences under U.N. or other auspices for representatives of Israel and the Arab countries to take part in discussions of nonpolitical problems.

Mr. PASSMAN. Thank you very much, Dr. Long.

DANGER OF PROLIFERATION

Mr. LONG. I am sorry I took up so much time. I think you are about ready to get ready to blow up the world. You know Karl Marx said—

I wish he had never lived, but he was a brilliant guy,—he understood our capitalist system which he so thoroughly detested and said someday we would pay for his carbuncles. He said if the time ever came for capitalism to be hanged, it would supply the contract for the rope.

Now, you people would be in here asking for a Government subsidy to subsidize the contract and make sure we got it instead of some other group.

ACCOUNTABILITY OF INTERNATIONAL ORGANIZATIONS

Mr. PASSMAN. Thank you, Dr. Long. Before we drop the curtain on this part of our hearings this year, let me bring this to your attention. Diplomas don't make you smart; sometimes it just takes old down-to-earth commonsense to realize what we are doing to unborn generations.

FOREIGN AID AND THE PUBLIC DEBT

Please, if you will, when you go home, take with you a copy of the committee's report, where on page 12, you will find that the U.S. international balance of payments deficit's, which means foreign exchange deficit, from 1950 to 1974, amounts to $110,730,000,000.

In 1974, the last complete year, it was the second largest in the history of our great country. We sent out $18,100,000,000 more than we brought home. It will probably continue to grow because when our ships go to sea, with our commodities, the bills are not sent to the foreign government but to the U.S. Treasury to be paid.

FAILURE OF FOREIGN AID

Nothing on the face of the Earth has been as big a failure as foreign aid. We lost control of it. You go to Southeast Asia; they have kicked us in the pants—we don't have any friends left there, and the people we gave the most to, we have lost more completely, such as Laos, Cambodia, and Vietnam. Just look at the record.

NEED FOR CONTROL

I am doing my best to bring it under control, and I don't know how much longer the American people are going to tolerate this when it finally gets through to them that we have to cancel needed American projects in order to fund projects abroad on borrowed money for 50 years with no interest. You can drain the largest water tank in America one drop at a time if you keep the spigot open long enough.

So your program is only a small part of the total of $15 billion. Not all of it is bad. Export-Import Bank is a good outfit, even though some of it is quite long term. We are going to nickel and dime the American people to death because we have fragmentized this program, scattered it all over the lot, and it is a heck of a job to try to put all back together. That concludes the hearing on this subject.

WEDNESDAY, MARCH 24, 1976.

OPERATING EXPENSES, AGENCY FOR INTERNATIONAL DEVELOPMENT

WITNESSES

HON. CHARLES A. MANN, ASSISTANT ADMINISTRATOR, BUREAU FOR PROGRAM AND MANAGEMENT SERVICES

JOHN F. OWENS, DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR PROGRAM AND MANAGEMENT SERVICES

H. B. HOPKINS, DIRECTOR, OFFICE OF PERSONNEL AND MANPOWER, BUREAU FOR PROGRAM AND MANAGEMENT SERVICES

LEON VAUGHN, CHIEF, SUPPORT PLANNING DIVISION, OFFICE OF FINANCIAL MANAGEMENT, BUREAU FOR PROGRAM AND MANAGEMENT SERVICES

BRIAN E. KLINE, MANAGEMENT ANALYST, OFFICE OF MANAGEMENT PLANNING, BUREAU FOR PROGRAM AND MANAGEMENT SERVICES

Mr. PASSMAN. The next item we will consider is that of the operating expenses of the Agency for International Development.

We have as witnesses the Honorable Charles A. Mann, Assistant Administrator, Program and Management Services, for the Agency for International Development, accompanied by Mr. John F. Owens, Deputy Assistant Administrator, Bureau for Program and Management Services; Mr. H. B. Hopkins, Director, Office of Personnel and Manpower; Mr. Leon Vaughn, Chief, Support Planning Division, Office of Financial Management; and Mr. Brian E. Kline, Management Analyst, Office of Management Planning.

Good afternoon, gentlemen.

GENERAL STATEMENT

I believe, Mr. Mann, that you have a statement you would like to make for the committee.

Mr. MANN. Yes, sir.

Mr. PASSMAN. We will insert your statement at this point.

[The statement follows:]

Mr. Chairman, members of the committee: It is a pleasure to appear before this committee once again and to testify regarding AID management, personnel, and operating expenses for fiscal year 1977. These are matters of primary responsibility for me as the Agency's Assistant Administrator for Program and Management Services.

Since my appearance before you last year, shortly after taking on these responsibilities, my staff and I have been working very hard to fulfill the commitment I made at that time to make AID a lean, hard working, efficient organization responsive to the program directions established by the Congress. And I believe we have made considerable progress.

In our budget request we have estimated our fiscal year 1977 requirements for AID operating expenses at $206 million, with $195.9 million of this to come from appropriated funds. As our past experience has demonstrated, Mr. Chairman, this estimate is subject to a number of contingencies and variables: changes in the world situation; our need, from time to time, to support new or expanded programs; natural and man-made disasters; worldwide inflationary pressures, particularly in the developing countries; and diminishing availabilities of local currencies. These considerations compel me to emphasize the need for flexibility in this fundng.

Our presentation that you have before you documents this in considerable detail. Here I would just like to mention a few of our most important management improvement actions, then review the steps we are taking for better personnel management, outline our personnel requirements, and finally summarize our funding needs for operating expenses.

MANAGEMENT IMPROVEMENTS

Congressional mandates of recent years, together with our continuing concern for economy, efficiency and effectiveness, have given impetus to a variety of Agency efforts toward better management of AID's programs. Central among these efforts have been the revision and integration of AID's basic systems for program planning, budgeting, accounting, and reporting—the effort known as PBAR. As part of PBAR and other initiatives closely related to it, a number of significant actions have been taken and others are underway.

For better support, coordination and management of AID's program activities, three management information systems are being developed covering budgeting and project data, economic and social data on developing countries, and project accounting information. Work on the basic systems is largely completed; design of the automated elements is progressing, with full implementation planned for fiscal year 1977. A new activity numbering and classification system is being installed, reflecting the congressional mandate and changes in the Agency's appropriation structure, unifying separate systems for different types of activities, and facilitating computer treatment of data.

We have also set up a new organization, the development information service staff, to provide for retrieval and analysis of development information and for its dissemination to project designers. Such information will include evaluation material on programs and projects, and technical information on the "state of the art" in various fields of development.

Already in operation are a budgeting, programing and tracking system for food for peace title II commodities and a contract inventory and status system. An automatic tracking and status system has been developed for projects under our Technical Assistance Bureau. We have also installed 11 new time-sharing computer terminals to provide remote query capability to data files; this gives quick access to material not in our periodic reports and also reduces the need for our computer people to prepare special query programs.

A new system of project identification, review and approval has been established, in conjunction with a new planning cycle. We now require that proposals for new projects be submitted as part of the annual budget submission, before we prepare our congressional presentation. The proposals are then reviewed and approved as part of the budget process. The system incorporates integrated documentation and procedures for both loan- and gant-financed projects. With the new documentation we can make a more precise and systematic review of project proposals, particularly in terms of their responsiveness to new policy and the quality of supporting analysis.

To improve project design, we have been conducting an intensified training effort aimed at achieving proficiency for all AID professionals with program and project design responsibilities. During 1975 about 620 officers were given this training. As a related action, we now require for all project proposals the use of a logical framework matrix [logframe]. The logframe relates country and sector goals to project purposes, purposes to desired project outputs, and outputs to required inputs of assistance in various forms.

By the end of 1976 we hope to have installed a worldwide project performance tracking system, which will soon be tested in eight missions. The purpose of this system is to further improve project design and to show project progress in terms of agreed measures of performance. An effort is also underway to simplify

project implementation procedures, make them uniform where feasible as between loan and grant projects, and identify actions that can be undertaken before funds are obligated, so as to speed up the implementation process.

Complementary to PBAR is a continuing effort to improve project evaluation, by examining and refining our techniques in the light of Agency experience:

Evaluation provisions, including indicators and measures of project progress, are now required as part of project design in all cases.

The evaluation system is being extended to cover all types of project assistance, irrespective of funding source, with evaluation methods tailored to the unique character of each type.

To meet growing field requirements, we have taken on additional design and evaluation service contractors under indefinite quantity contracts.

We are emphasizing the importance of using evaluation findings not only to measure the progress and impact of individual projects, but for project design in other countries and program management in Washington.

There have been a number of organizational and staffing actions to improve our operational and managerial effectiveness:

We have realigned responsibilities for countries in the Near East, South Asia, and East Asia, adjusting to the termination of activities in Indochina and the initiation of new programs in the Middle East.

We are restructuring our geographic bureaus internally to foster more uniformity of approach, facilitate interchange of personnel, and provide for integrated treatment of capital and technical assistance.

We are restructuring our office that coordinates U.S. response to disasters abroad, and have given it additional staff. This action recognizes AID's enlarged responsibilities as a result of our administrator's designation as the President's Special Coordinator for International Disaster Assistance, under section 493 of the Foreign Assistance Act. It is also intended to facilitate immediate response when disaster strikes; our capabilities in this respect were, I believe, amply demonstrated after the recent earthquake in Guatemala.

We have designated a coordinator of reimbursable development programs, in the office of the Administrotor, who is taking the lead in stimulating developing countries' requests for U.S. services and commodities and in encouraging broader response from the United States private sector, under sections 607 and 661 of the Foreign Assistance Act. A restructed, augmented office of country-financed technical services has been given primary responsibility for the centralized operational aspects of an expanded program of country-financed technical services.

What I have touched on here, Mr. Chairman, are the highlights of our manage-improvement efforts still underway to a successful conclusion, and to mount a commitment to build upon what has been accomplished thus far, to bring the improvement efforts still underway to a successful conclusion, and to mount a concerted attack on still other problems that we know can be solved by tough-minded analysis and hard work.

PERSONNEL MANAGEMENT

In my testimony last year, I dealt at some length with the impact upon AID personnel management of the reduction-in-force we were then undergoing, and the disruption caused by termination of AID programs in Indochina. The major impact of the reduction-in-force is now past; the overall size of our workforce is more nearly in line with anticipated requirements, giving us some flexibility to recruit in skills categories where there are shortages.

With respect to the Indochina program termination, of the 525 United States direct-hire employees displaced, as of early March: 274 have been reassigned, 95 have been separated, 56 have retired or resigned, 69 are temporarily assigned within AID or temporarily detailed to the Department of State or the Department of Health, Education, and Welfare, 15 are pending reassignment, and 16 are under notice of pending separation.

In addition to the reduction-in-force and the Indochina terminations, we have also been concerned with meeting increased manpower needs in the Middle East and Africa, and with supporting the Sinai peacekeeping effort.

Despite these concerns, AID has moved vigorously to strengthen personnel management. We have developed and installed a far-reaching program based on broad Agency personnel management goals and objectives, each with its own plan

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for implementation. This program will be monitored closely and reviewed annually so that as goals are achieved, they can be replaced or modified to meet changing requirements.

These goals include: improving managerial and supervisory performance, bringing into closer harmony the dual foreign service and civil service personnel systems under which we operate, continuing to insure equal employment opportunity for minorities and women, improving communications with employees and employee organizations, improving workforce planning and coordination to achieve more accurate projection of staffing requirements, and emphasizing sound position management, job classification, and better utilization of employees' skills.

Recently we have realined the organization of our Office of Personnel and Manpower for greater efficiency and increased responsiveness to the Agency's program managers.

We are also working to establish a comprehensive system of personnel management evaluation that will measure and motivate achievement of the Agency's personnel management goals and objectives, and compliance with the requirements of law, regulations, and public policy.

Evaluation is to be a continuing process, involving both AID/Washington and our missions.

After an extended period of sharply restricted hiring, shortages have developed in certain skill categories. These shortages are being met through selective recruitment, mainly under the International Development Intern program. We plan on recruiting two classes of 50 interns annually.

As you know, concerns about our grade structure have led to decisions to limit drastically the number of Foreign Service promotions. Last year we promoted only 30 officers, and only from FSR–5 to FSR–4. This year we have approved promotion of 41 FSR–5's to FSR–4, and 19 FSR–4's to FSR–3. For the second straight year we have not approved any promotions to FSR–1 or FSR–2, nor to any class for Foreign Service staff.

For tighter control on employee grade levels, we are maintaining a cyclical review covering about one-third of our AID/Washington positions annually. We plan to begin reviewing grades of overseas positions this spring.

As I noted in speaking of management improvements, we are continuing to stress training for our personnel who develop and manage projects. As a general requirement, all those with specific project management responsibilities participate in special 1- and 2-week seminars designed to improve their skills in project design, implementation, and evaluation. In addition there is our new development studies program, which has been underway for about a year. This is designed to provide access to contemporary analytical techniques and to give a more complete understanding of interdiscipilinary approaches to development. The program covers 12 intensive weeks, emphasizing the relationships among economics, other social sciences, and development sectors, and bringing out the implications of these relationships for project design and management. We plan to train approximately 100 key employees in this program annually.

In many underdeveloped countries, skill in a foreign language is essential for successful operation. We aim at having enough personnel in language training at all times to assure that positions requiring language proficiency can be filled promptly.

PERSONNEL STRENGTH REQUIREMENTS

We project our total direct-hire strength requirements, United States and foreign nationals, at about 6,150 as of September 30, 1977—the same level we expect for the end of fiscal year 1976. This represents a decrease of 65 percent below the 17,569 direct-hire United States and foreign nationals AID had on board as of June 30, 1968.

Of the 6,150 total approximately 3,900 would be U.S. direct-hire personnel, with about 2,500 of these serving in this country. Working overseas on AID activities would be the remaining 1,400 U.S. direct-hire personnel and approximately 2,250 direct-hire foreign nationals. Also overseas there would be an estimated 600 people employed by other U.S. Government agencies and by contractors.

While it now appears that total direct-hire personnel requirements are leveling out, this is subject to contingencies—we may, for example, need more staff for expanding programs in the Middle East and Africa.

OPERATING EXPENSES

In our budget presentation we have detailed our total estimated operating expense requirements of $206 million for fiscal year 1977. This is about $8 million less than our estimated fiscal year 1976 requirements and almost $30 million less than our actual fiscal year 1975 costs. These reductions become especially significant, Mr. Chairman, when we consider that they have been effected during a period of worldwide inflation and in spite of the substantial costs of the October 1974 and October 1975 pay increases.

Our budget presentation reflects the Agency's total estimated operating expenses, even though a portion of these costs is not charged to appropriated funds. Of the projected requirements of $206 million, we estimate that we will be able to fund about $10 million, 5 percent of the total, from nonappropriated funds. Thus our presentation shows estimated requirements of $195.9 million in appropriated funds for fiscal year 1977 operating expenses.

As I pointed out earlier, AID operating expenses are subject to many variables which simply cannot be predicted in advance. Because of our substantially increased responsibilities in the Middle East and Africa, our fiscal year 1977 requirements may well be somewhat greater than the estimate of $206 million, which was developed some time ago. I am working closely with my staff, conducting a comprehensive budget review to assess these requirements based on more current information. I assure you that I will keep the committee informed as this evaluation progresses during the next few weeks.

SUMMARY

To conclude, Mr. Chairman, we have come a long way in adapting our organization, balancing our staffing, and improving our systems and procedures, in response to the Congress' mandates on Agency programs and priorities. We all recognize that complexities and uncertainties are inevitable when we operate in the less-developed countries. And we have seen rapid shifts in the world situation, requiring difficult adjustments in our program, organization, and staff. Nevertheless, with relative stability in staffing levels, adequate funding, and strong leadership, I am sure that we can achieve the kind of thrifty, alert management in the foreign assistance program that the Congress and the American people rightly demand of us.

Mr. PASSMAN. We will insert certain justification materials in the record at this point.

[The justification materials follow:]

A.I.D. continues to improve its internal administration and the management of its complex program despite expansion in several program areas and heavy involvement in the orderly closeout of Indochina assistance.

Among its significant management achievements during the past year are:

-- implementation of a new project identification, design, review and approval process that merges previously separate loan and grant procedures.

-- development of new information systems, designed to support the program planning process, which are scheduled for operational use in 1976.

-- strengthening of project management by development of a project performance tracking system and by expansion of related training.

-- reorganization of the Geographic Bureaus, realigning their country responsibilities, to reflect program terminations in Indochina and expansion in the Middle East, and to achieve greater uniformity in internal structure and integration of capital and technical assistance activities.

Introduction

A.I.D. continues its responsibilities for a number of diverse, complex programs, many of which show increases over FY 1974. The scope and variety of these programs are indicated by the following statistics:

-- Planning, managing and monitoring:

** bilateral economic and technical assistance programs, totalling $2.34 billion in 65 countries in FY 1975;

** a loan portfolio of 1,286 active A.I.D. loans totalling $12.4 billion as of December 31, 1975;

** active grant programs and projects totalling $994 million at the end of FY 1975, including projects in such critical development sectors as food and nutrition, health and population planning, and education;

** commodity procurement totalling $808 million in FY 1975, of which 77% was purchased in the United States;

** housing guaranty projects authorized as of November 1975 totalling $773 million in 98 projects covering about 143,000 units;

** 1,594 technical service contracts with a value of $751 million as of December 31, 1975;

** training programs for 8,358 foreign participants during FY 1975;

** P.L. 480 Title II grants to private voluntary agencies such as Catholic Relief Services, Church World Service, CARE, etc. totalling $275 million, including freight, in FY 1975;

** P.L. 480 Title II World Food Program and Government-to-Government grants in FY 1975 totalling $186 million, including freight;

** comprehensive audit programs; 592 audits conducted in FY 1975.

-- Overseeing participation in A.I.D. programs by:

** eleven Federal agencies, with major involvement of the Departments of Agriculture, Commerce, Interior, and Health, Education and Welfare.

** 115 U.S. universities and educational institutions.

-- Coordinating:

** U.S. Government overseas disaster relief programs; 34 disasters in 31 countries with $200 million of U.S. assistance provided in FY 1975.

** U.S. development assistance policies and programs with other U.S. Government agencies and with various international institutions such as the International Bank for Reconstruction & Development (World Bank), International Development Bank, Asian Development Bank, African Development Bank, United Nations agencies, Organization of American States, Development Assistance Committee of the Organization for Economic Cooperation and Development, etc.

-- Participating:

** with USDA and other departments in the development of P.L. 480 Title I programs in 29 countries, totalling $759 million in FY 1975.

Impact of Indochina Closeout

The need for an orderly closeout of A.I.D. activities in Indochina, following U.S. evacuation of that area, has imposed a substantial workload. The Agency's continuing progress in improving its management is especially noteworthy considering its heavy involvement in these tasks:

-- Returnees - reassignment or separation of 525 U.S. Direct-hire employee

-- Claims - of 413 claims for personal property losses submitted as of December 31, 1975, by AID personnel, 325 have been settled for a total of $1.49 million.

-- Commodities - disposition and/or settlement on $66.5 million outstanding under 2,192 letters of credit is more than 90% completed -- i.e., 2,008 transactions representing $60.5 million have been completed.

- disposition of more than $30 million worth of cargo to which A.I.D. took title enroute to Indochina countries involved 1,698 transactions. Action has been completed on 971 transactions costing $19.4 million.

-- Contracts - terminating 172 contracts and grants, and settling 127 contractor/grantee claims totalling $12.2 million, of which 33 have been settled for a total value of $497,956.

-- U.S. property - reviewing and certifying the loss of $22.4 million in U.S. real and personal property. As of December 31, 1975, review and certification had been completed on property valued at $12.3 million.

-- Funds - liquidating obligations of $238.5 million, of which $140 million was completed by December 31, 1975.

Key Management Devices

Three mechanisms continue to be especially valuable in the ongoing effort to improve A.I.D. management:

-- The Administrator's Advisory Council, made up of the Agency's top managers (its statutory officials), concentrates in the area of substantive program policy. Its role is to identify and analyze policy issues and to develop foreign assistance policies, concepts and approaches.

-- The Senior Operations Group (SOG), which is chaired by the Deputy Administrator, includes all Deputy Assistant Administrators and certain Office Directors. SOG advises on the Agency's most significant management and operating problems, serves as a forum for analytic discussion, and sponsors an extensive program of systems development and staff studies.

— A.I.D.'s Management Improvement Plan for 1975 sets forth a broad program of improvement and innovation in Agency operations and systems.

A.I.D. Management Improvements

Congressional mandates of recent years, together with our continuing concern for economy, efficiency and effectiveness, have given impetus to a variety of Agency efforts toward better management of A.I.D.'s programs.

— A new system of project identification, review, and approval has been established:

** The new planning cycle provides for earlier submission of project proposals, before preparation of the Congressional Presentation, so that possible factors which would preclude final approval can be identified.

** The system incorporates integrated documentation and procedures for both loan and grant financed development projects.

** The new documentation permits more precise and systematic review of project proposals, particularly in terms of their responsiveness to new policy guidelines and the quality of supporting analysis.

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** Evaluation plans are required under the new system, as an integral part of project design.

-- Several measures have been taken to improve project design.

** An intensified training effort has been made, aimed at achieving proficiency for all A.I.D. professionals with program and project design responsibilities. Approximately 620 officers were trained during 1975.

** Two design tools are now required, the logical framework matrix (log-frame) and a project planning network (part of the project performance tracking system, below). The logframe has been refined on the basis of experience and is now required for all project proposals. The logframe relates country and sector goals to project purposes, purposes to desired project outputs, and outputs to required inputs of assistance in various forms.

-- Project management is being made more effective.

** A project performance tracking system has been established to show project progress in terms of agreed measures of performance. The purposes of the system are to foster improved project design, better control at the project level, improved program management at the Mission and subregional level, and more effective monitoring by A.I.D./Washington.

** To improve the implementation of projects, work is underway to simplify procedures, make them uniform where feasible as between loan and grant projects, and identify actions which can be undertaken before the obligation of funds, thereby accelerating the implementation process.

** All individuals with project management responsibilities are required to take relevant training (see Personnel and Workforce section of this volume).

-- Management information systems are being installed to improve the support, coordination and management of A.I.D.'s development activities.

** Development of three basic systems covering budgeting and project data, economic and social data on developing countries, and project accounting information is largely completed. Design of the automated elements of these systems is underway, with full implementation in 1976.

** A new activity numbering and classification system has been installed reflecting changes in the Agency's appropriation structure, unifying separate systems for different types of activities, and facilitating computer treatment of data.

-- A new organization, the Development Information Service Staff, will provide

for the retrieval, analysis and dissemination to project designers of development information, including evaluation material on programs and projects, technical information on the "state of the art" in various fields of development, and socio-economic-political data on the developing countries. Some elements of the Development Information Service will be automated, and will be integrated with and draw upon the other three automated management information systems above, as well as the project performance tracking system.

— The Agency is working to improve project evaluation, and to extend its coverage:

** Evaluation concepts and techniques are being examined and refined in the light of Agency experience, particularly to establish, during the design stage, indicators and measures of project progress.

** The evaluation system is being extended to cover all types of project assistance, irrespective of funding source, with evaluation methods tailored to the unique character of each type.

** To meet growing field requirements, A.I.D. has added to the number of its design and evaluation service contractors, who are readily available to Missions under indefinite quantity contracts.

** The Agency is emphasizing utilization of evaluation findings, recognizing their dual value not only for measuring the progress and impact of individual projects but also for providing information useful for project design in other countries and for program management in A.I.D./Washington.

— Steps are being taken to achieve a more effective integration of research and operating programs, with these objectives:

** increased relevance of research to the development priorities established by the Congress.

** fuller and faster utilization of research results.

** more effective participation by the less developed countries (LDC's) in planning and conducting research, and greater sharing in its benefits.

— Actions thus far include:

** tightened procedures for the review of research proposals.

** Mission identification of research needs in their Annual Budget Submission.

** transmission of selected research proposals to appropriate Missions to obtain their suggestions and the views of LDC experts.

** initiation of "state-of-the-art" surveys in several key fields, drawing on expertise developed under FAA Section 211(d) grants.

** initiation of a pilot Sector Research Plan effort in the field of Soil and Water, identifying critical problems, ranking them in order of priority, and assessing the prospects of solution through research.

-- In addition to the several automated systems described elsewhere, the Agency has expanded the scope of automatic data processing services in support of program and management activities:

** A new Project Analysis and Reporting Information System (PARIS), which became operational in 1975, provides automatic tracking and status of critical events for Technical Assistance Bureau projects. Nonfinancial data is largely complete; financial data is presently being added.

** A comprehensive budgeting, programming, and tracking system for Food for Peace, Title II commodities was completed and is now in operation. The system also provides an increased program evaluation capability and permits more rapid and efficient response to disaster situations. A similar system will be developed for Title I programs in 1976.

** A contract inventory and status system has been developed which will increase the efficiency of regular reporting and decrease ad hoc reporting requirements.

** Eleven time-sharing terminals were installed to provide remote query capability to data files, thereby reducing reliance on periodic reports and reducing the need for preparation of ad hoc query programs.

Several actions have been taken to improve the operational and managerial effectiveness of the Agency:

-- Responsibilities for countries in the Near East, South Asia, and East Asia were realigned under a Bureau for Near East and a Bureau for Asia, adjusting to the termination of A.I.D. activities in Indochina and the new requirements to support U.S. initiatives in the Middle East.

-- The Agency's Geographic Bureaus are being restructured internally to:

** foster uniformity of approach to development activities,

** facilitate interchange of personnel, and

** provide for integrated treatment of capital and technical assistance.

-- Reflecting the Administrator's designation by the President under Section 493 of the Foreign Assistance Act as the Special Coordinator for International Disaster Assistance, A.I.D.'s disaster relief coordination office was restructured and given additional staff.

-- A restructured and augmented Office of Country-Financed Technical Services has been given primary responsibility for an expanded program of country-financed technical services under Sections 607 and 661 of the Foreign Assistance Act. A coordinator of Reimbursable Development Programs in the Office of the Administrator will provide primary leadership in stimulating requests by developing countries and encouraging broad response from the U.S. private sector.

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In all its improvement efforts, A.I.D., is emphasizing the importance of its Missions and other field organizations, building greater field capacity to carry out Congressional mandates and Agency initiatives.

During the eighteen-month period from July 1974 to December 1975, while all of the above were proceeding, A.I.D. personnel were reduced 35%.

Introduction

A.I.D. continues to improve its personnel management and adjust its workforce to changing program requirements. During the past year the following major actions have been taken:

-- Provide for reassignment or separation of the 525 U.S. employees displaced as a result of the abrupt program termination in Indochina.

-- Ensure that the increasing manpower needs resulting from the new and expanding programs in the Middle East and Africa are met.

-- Plan for the stabilization of the Agency's total direct-hire workforce at a level of approximately 6200.

-- Undertake recruitment for skills in short supply, mainly through the International Development Intern Program.

-- Promote a limited number of employees from FSR 5 to FSR 4 in occupational skills in short supply in that grade range while maintaining a general freeze on Foreign Service promotions.

-- Restructure the Office of Personnel and Manpower to increase its efficiency and responsiveness.

-- Institute a cyclical classification review of all Washington Civil Service positions.

-- Increase the emphasis on training to upgrade the skills and better utilize the talents of Agency employees.

During the remainder of FY 1976, and into FY 1977, A.I.D. intends to accomplish a series of improvements in its personnel and workforce management. Responsibilities have already been assigned and schedules are being developed for accomplishing the following:

-- Assess the effects of the Indochina phase-down, new program directions, and changes in workload on personnel requirements, and take action to meet these requirements promptly and effectively.

-- Improve the understanding, acceptance, and performance by managers and supervisors of their responsibilities.

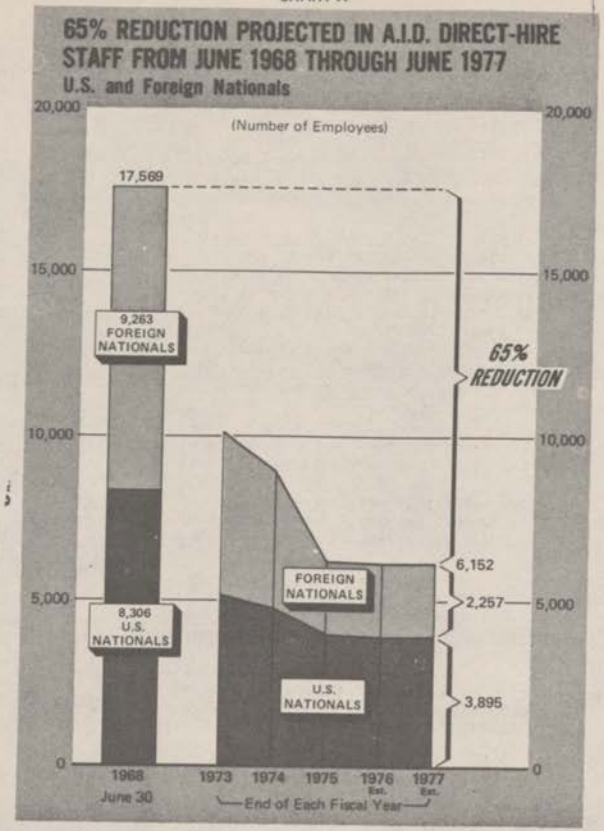
-- Enhance the contribution of the Foreign Service (FS) and Civil Service (GS) Systems to the accomplishment of A.I.D.'s mission.

-- Ensure equal employment opportunity in all its personnel policies, practices, and operations.

-- Establish and maintain a comprehensive personnel management evaluation program which measures and motivates achievement of the Agency's personnel management goals and compliance with legal, regulatory, and public policy requirements.

-- Improve communications with employees and employee organizations on management plans and actions which affect conditions of employment.

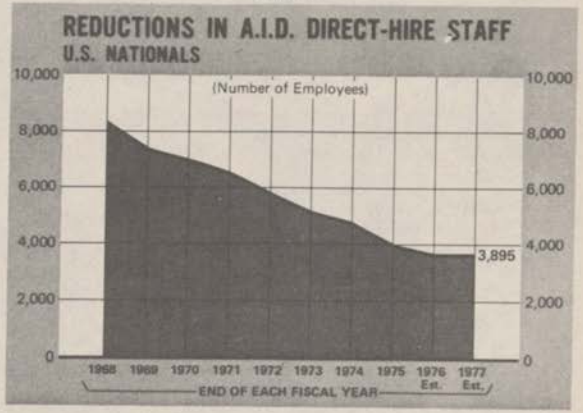
CHART A



-- Strengthen workforce planning and coordination in the Agency to ensure that short and long-term staffing needs are projected as accurately as possible as the basis for timely and effective action to meet those needs.

-- Align positions and staffing to achieve operational efficiency and economy, compliance with Congressional mandates, sound position management and job classification, and effective utilization of employee skills.

CHART B



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A.I.D. Employment Levels

The Agency's total direct-hire strength, Americans and foreign nationals, is projected to decrease from 17,569 on June 30, 1968 to 6,152 on September 30, 1977 -- a cumulative reduction of 65%. Table 1 and Charts A, B and C provide the detailed comparisons.

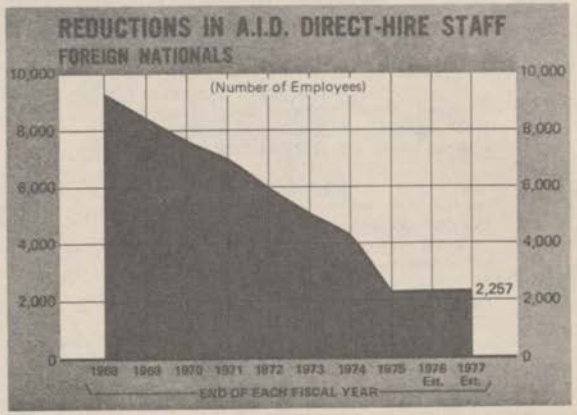
Table 1

A.I.D. STAFF REDUCTIONS

A.I.D. Direct-Hire Personnel

	End of Fiscal Year			
	FY 1968 Actual	FY 1975 Actual	FY 1976 Est.	FY 1977 Est.
U.S. Nationals				
United States	3,468	2,735	2,455	2,425
Overseas	4,838	1,231	1,440	1,470
Total U.S. Nationals	8,306	3,966	3,895	3,895
Foreign Nationals	9,263	2,219	2,257	2,257
Total	17,569	6,185	6,152	6,152
Cumulative Decrease		%	%	%
U.S. Nationals		52	53	53
Foreign Nationals		76	76	76
Total		65	65	65

CHART C



As is evident from the data in Table 1, the Agency's direct-hire staff levels have stabilized at a level of approximately 6200 employees, both U.S. and foreign nationals. It should be noted that the total direct-hire requirements for the expanding programs in the Middle East and Africa (including the Sahel) may well require additional staff resources.

A.I.D.'s direct-hire staff consists of:

-- Operations Personnel -- in Washington and overseas -- engaged in policy planning, programming, coordination, management and supporting functions;

-- Project Personnel -- technical advisors directly engaged in the implementation of programs and projects.

Table 2 shows the distribution of A.I.D.'s U.S. and foreign national direct-hire staff between operations and project personnel from the end of FY 1975 (actual), through FY 1977 (estimated).

Table 2

DISTRIBUTION OF A.I.D. DIRECT-HIRE PERSONNEL

FY 1975 - FY 1977

	End of Fiscal Year		
	FY 1975 Actual	FY 1976 Estimate	FY 1977 Estimate
Operations Personnel			
U.S. Nationals	3,891	3,822	3,827
Foreign Nationals	2,188	2,231	2,234
Subtotal	6,079	6,053	6,061
Project Personnel			
U.S. Nationals	75	73	68
Foreign Nationals	31	26	23
Subtotal	106	99	91
All Personnel			
U.S. Nationals	3,966	3,895	3,895
Foreign Nationals	2,219	2,257	2,257
Total	6,185	6,152	6,152

Tables 3 and 4 appended to the end of this section reflect the distribution of the Agency's full-time employees in permanent positions as projected for the end of FY 1976 and FY 1977.

Indochina Program Terminations

The unexpected withdrawals from Vietnam, Cambodia, and Laos during the Spring of 1975 interrupted the orderly process of restructuring the Agency, that began in 1974. As a result of program terminations in these countries, 525 U.S. national A.I.D. employees were displaced and provision nad to be made for their immediate or future employment or their separation.

-- Special temporary Indochina Complements were established to:

** Provide the emergency staff requirements of the Office of Refugee and Migration (State) to operate the refugee relief centers on Guam and at four military bases in the United States (Inter-Agency Task Force).

** Liquidate these abruptly terminated programs, e.g., cancel contracts, resolve distressed and frustrated cargoes, settle claims and outstanding letters of credit, and fulfill A.I.D.'s obligations for the A.I.D.-sponsored participant trainees in the U.S.

-- Records and qualifications of these former Indochina employees are reviewed to match them against existing vacant positions and known future requirements.

-- Employees whose skills are no longer required in the Agency are being separated.

As of the end of December 1975, the following actions had been effected for the 525 employees:

-- 234 had been assigned to regular positions.

-- 86 had been involuntarily separated.

-- 56 had been voluntarily separated or retired.

Of the remaining 149, it is estimated that:

-- Approximately 45 will be detailed to the Department of Health, Education and Welfare and the Department of State for continued refugee relief work.

-- The remainder will be assigned to positions which require their skills, or separated if their skills are no longer required.

-- These actions are scheduled for completion by June 30, 1976.

Throughout this continuing process, consideration is being given to matching and upgrading relevant employees against vacancies, including those for the new and expanding programs in the Middle East and Africa.

Utilization of these employees on critical temporary assignments has enabled A.I.D. to assure an orderly close-out of the Indochina program, minimize disruptions to Agency operations, and to plan and effect the best utilization of these skilled resources.

To facilitate this process, we have circulated staffing patterns which reflect present and anticipated vacancies to employees both in Washington and overseas so that they can express interest in being considered for specific positions.

Because the abrupt closing of the Indochina missions and the need for prompt staffing of the refugee centers had the potential for creating even more serious morale problems among affected employees, A.I.D. undertook a number of forestalling actions:

-- Staff members of the Office of Personnel and Manpower visited the refugee centers to counsel and assist A.I.D.'s employees.

-- Efforts were expanded to find positions outside the Agency, particularly with International Organizations, for employees on the Special Indochina Complements whose skills would be excess to A.I.D.'s needs.

-- A "hotline" was opened whereby employees at the refugee centers could call Washington regarding the full range of personnel matters.

Expanded Program Initiatives

FY 1975 and FY 1976 have been significant in terms of the Agency's workforce resources distribution. These years have seen a dramatic termination of programs in Indochina. At the same time, there has been a significant increase in program responsibility in other parts of the world.

-- The program for the Middle East, while still in its formative stages, is becoming the Agency's largest economic assistance program. Although provided for under the authority of the Supporting Assistance legislation, the assistance to Egypt, Syria, Israel, and Jordan will be largely programmed on a project basis requiring substantial direct-hire workforce resources to properly plan, design, implement, monitor, and evaluate these activities.

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-- The increasing program activity and requirements for additional skilled personnel in most of the African countries will place greater demands upon the Agency's overseas direct-hire staff. Our programs in the Sahel area of Africa are changing from emergency relief and rehabilitation to long-term development assistance projects. There are also a number of new country programs which will require additional staff resources, including those in Guinea Bissau and Sierra Leone.

The effect of these new and expanding programs has been to stem the Agency's long-term downward trend and stabilize the Agency's direct-hire workforce levels at 6200.

Actions to Improve Personnel Management

In September 1975 A.I.D. conducted its annual review to determine the detailed workforce requirements by skills and grade levels for each organizational components of the Agency, both in Washington and overseas. As a result:

-- Recruitment is now being undertaken for those skills in short supply within the agency.

-- A.I.D. has accelerated the hiring of International Development Interns (IDI's) to ensure a steady input of young talent into the Agency. Two classes, of approximately 50 each, are being recruited annually.

-- The freeze on Foreign Service promotions imposed by the Agency in June 1974 was lifted in April 1975 to permit the promotion of 30 employees from FSR-5 to FSR-4 in those occupational skills determined to be in short supply in this grade range.

-- The findings of the Fall 1975 Promotions Panels have been deferred pending a review in February 1976 of A.I.D.'s Foreign Service requirements.

The Agency's continuing efforts to improve its organization structure have a direct impact on the number and types of employment skills required. A detailed description of many of the Agency's organizational changes is provided in the Management section of this volume.

In addition, the Office of Personnel and Manpower's organization has been realigned to increase its efficiency and improve its responsiveness to operating managers. An evaluation staff has been established to monitor personnel operations in the Agency and make recommendations for their improvement.

A special staff was established to define procedures and handle all inquiries resulting from the Privacy Act. All Agency managers have been instructed on their responsibilities under the Act, and all personnel have been informed by means of seminars and publications of their rights and responsibilities.

A management consulting firm conducted an evaluation of the Agency's outplacement program. The Agency has reviewed the results of this study and is presently implementing recommendations designed to improve outplacement service for Agency personnel.

Effective and efficient personnel management requires that all Agency positions be properly classified in accordance with appropriate standards.

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-- A cyclical review process whereby each Civil Service position in the Agency is audited at least once every 3 years went into effect in 1975. This effort - which resulted in the immediate correction of more than 200 Washington positions - maintains the integrity of the Civil Service classification process.

-- A cyclical classification review of overseas positions will be started in 1976.

Training and Workforce Development

A.I.D. continues to emphasize improvement in its training activities through the development of revised and new training programs which will provide the means to upgrade the skills and better utilize the talents of Agency Employees.

-- A.I.D. managers operate within a complex interdisciplinery, multi-donor overseas environment. Developing and maintaining the needed skills requires a substantial continuing effort on the part of the Agency. A.I.D. has designed and implemented a number of programs to improve the skills of its employees.

-- A twelve week Development Studies program was initiated early in FY 1976, and the third of a series of courses is now underway. This program provides an interdisciplinary approach to the areas of management, economics and the social sciences.

-- In October 1975 it was determined that all individuals having project management responsibilities must participate in the Agency's Project Management Seminars which are designed to improve the skills essential to successful project design, implementation and evaluation.

-- Advanced Management Training Seminars provide a review of contemporary theories and concepts of management integrated with relevant behavorial science findings. These seminars are conducted periodically both overseas and in the United States.

-- A training program has been developed and implemented to qualify Foreign Service staff personnel (e.g., secretarial, communications and records) for professional Foreign Service Reserve Officer positions and thereby provide expanded professional career opportunities for these employees.

— Foreign language capability is an essential skill needed to effectively carry out a development assistance program. To ensure that the Agency has the necessary language trained individuals on a timely basis, a policy has been established which provides for approximately 40 individuals to be in language training at any one time. This also provides for more effective central control over the training process.

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Table 3

ESTIMATED DISTRIBUTION OF FULL-TIME EMPLOYEES
IN PERMANENT POSITIONS

On Board as of June 30, 1976

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Presidential Appointees				
EX-II	($44,600)	1	07.14	00.02
EX-III	($42,000)	1	07.14	00.02
EX-IV	($39,900)	10	71.43	00.16
EX-V	($37,800)	2	14.29	00.03
Total		14	100.00	00.23
Average Salary, $40,086				
Chiefs of Mission				
FA-02	($42,000)	1	05.00	00.02
FA-03	($39,900)	8	40.00	00.13
FA-04	($37,800)	11	55.00	00.17
Total		20	100.00	00.32
Average Salary, $38,850				
Foreign Service Reserve				
FSR-01	($37,800)	96	05.19	01.56
FSR-02	($36,092-$37,800)	292	15.78	04.75
FSR-03	($28,582-$34,300)	608	32.87	09.88
FSR-04	($22,906-$27,490)	511	27.62	08.31
FSR-05	($18,612-$22,332)	208	11.24	03.38
FSR-06	($15,359-$18,431)	52	02.81	00.84
FSR-07	($12,899-$15,479)	83	04.49	01.35
FSR-08	($11,046,$13,254)	-	-	-
Total		1850	100.00	30.07

Average Taxable Income*, $31,655
*Includes overseas post differentials.

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	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Foreign Service Staff			
FSS-01 ($28,582-$37,159)	-	-	-
FSS-02 ($22,906-$29,782)	-	-	-
FSS-03 ($18,612-$24,192)	1	00.36	00.02
FSS-04 ($15,359-$19,967)	14	05.00	00.23
FSS-05 ($13,770-$17,901)	46	16.43	00.75
FSS-06 ($12,345-$16,053)	99	35.36	01.61
FSS-07 ($11,068-$14,389)	108	38.57	01.75
FSS-08 ($9,923-$12,902)	12	04.28	00.19
FSS-09 ($8,896-$11,569)	-	-	-
FSS-10 ($7,976-$10,370)	-	-	-
Total	280	100.00	04.55
Average Taxable Income*, $15,589			
Classification Act			
GS-18 ($37,800)	1	00.06	00.02
GS-17 ($37,800)	3	00.18	00.05
GS-16 ($36,338-$37,800)	10	00.61	00.16
GS-15 ($31,309-$37,800)	132	08.02	02.15
GS-14 ($26,861-$34,916)	172	10.46	02.80
GS-13 ($22,906-$29,782)	178	10.82	02.89
GS-12 ($19,386-$25,200)	130	07.90	02.11
GS-11 ($16,255-$21,133)	102	06.20	01.66
GS-10 ($14,824-$19,270)	12	00.73	00.19
GS-09 ($13,482-$17,523)	121	07.36	01.97
GS-08 ($12,222-$15,885)	63	03.83	01.02
GS-07 ($11,046-$14,358)	196	11.91	03.19
GS-06 ($9,946-$12,934)	203	12.34	03.30
GS-05 ($8,925-$11,607)	178	10.82	02.89
GS-04 ($7,976-$10,370)	134	08.15	02.18
GS-03 ($7,102-$9,235)	10	00.61	00.16
GS-02 ($6,296-$8,186)	-	-	-
GS-01 ($5,559-$7,224)	-	-	-
Total	1645	100.00	26.74
Average Salary, $18,876			

*Includes overseas post differentials.

Table 3, page 3

		Number of Employees	Percent in Each Grade By Each Pay Schedule	Percent in Each Grade of Agency Total
Administratively Determined				
AD-18	($37,800)	10	14.49	00.16
AD-17	($37,800)	5	07.24	00.08
AD-16	($36,338-$37,800)	17	24.64	00.28
AD-15	($31,309-$37,800)	18	26.08	00.29
AD-14	($26,861-$34,916)	3	04.35	00.05
AD-13	($22,906-$29,782)	4	05.80	00.06
AD-12	($19,386-$25,200)	1	01.45	00.02
AD-11	($16,255-$21,133)	-	-	-
AD-10	($14,824-$19,270)	1	01.45	00.02
AD-09	($13,482-$17,523)	4	05.80	00.06
AD-08	($12,222-$15,885)	1	01.45	00.02
AD-07	($11,046-$14,358)	2	02.90	00.03
AD-06	($9,946-$12,934)	1	01.45	00.02
AD-05	($8,925-$11,607)	2	02.90	00.03
AD-04	($7,976-$10,370)	-	-	-
AD-03	($7,102-$9,235)	-	-	-
AD-02	($6,296-$8,186)	-	-	-
AD-01	($5,559-$7,224)	-	-	-
Total		69	100.00	01.12
Average Salary, $31,966				
Wage Systems				
WI-16	($14,830-$16,390)	1	05.88	00.02
WI-15	($14,394-$15,891)	1	05.88	00.02
WI-12	($13,104-$14,477)	2	11.77	00.03
WI-10	($12,251-$13,541)	4	23.53	00.06
WG-06	($10,795-$12,605)	1	05.88	00.02
WG-05	($10,150-$11,835)	8	47.06	00.13
Total		17	100.00	00.28
Average Salary, $12,697				

Table 3, page 4

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent of Agency Total
Total U S. Nationals	3895	-	63.31
Average Taxable Income, $25,135			
Average nontaxable benefits; -- excluding allowances for cost of living, quarters, education, representation, and official residence expenses: $2,050.			
Total Foreign Nationals, (not included in table above)	2257	-	36.69
Total A.I.D.	6152	-	100.00

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Table 4

ESTIMATED DISTRIBUTION OF FULL-TIME EMPLOYEES
IN PERMANENT POSITIONS

On Board as of September 30 1977

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Presidential Appointees				
EX-II	($44,600)	1	07.14	00.02
EX-III	($42,000)	1	07.14	00.02
EX-IV	($39,900)	10	71.43	00.16
EX-V	($37,800)	2	14.29	00.03
Total		14	100.00	00.23
Average Salary, $40,086				
Chiefs of Missions				
FA-02	($42,000)	1	05.00	00.02
FA-03	($39,900)	8	40.00	00.13
FA-04	($37,800)	11	55.00	00.17
Total		20	100.00	00.32
Average Salary, $38,850				
Foreign Service Reserve				
FSR-01	($37,800)	90	04.85	01.46
FSR-02	($36,092-$37,800)	275	14.81	04.47
FSR-03	($28,582-$34,300)	621	33.44	10.09
FSR-04	($22,906-$27,490)	523	28.16	08.50
FSR-05	($18,612-$22,332)	213	11.47	03.46
FSR-06	($15,359-$18,431)	52	02.80	00.85
FSR-07	($12,899-$15,479)	83	04.47	01.35
FSR-08	($11,046-$13,254)	-	-	-
Total		1857	100.00	30.18
Average Taxable Income*, $31,572				

*Includes overseas post differentials.

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Foreign Service Staff		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
FSS-01	($28,582-$37,159)	-	-	-
FSS-02	($22,906-$29,782)	-	-	-
FSS-03	($18,612-$24,192)	1	00.36	00.02
FSS-04	($15,359-$19,967)	14	05.00	00.23
FSS-05	($13,770-$17,901)	46	16.43	00.75
FSS-06	($12,345-$16,053)	99	35.36	01.61
FSS-07	($11,068-$14,389)	108	38.57	01.75
FSS-08	($9,923-$12,902)	12	04.28	00.19
FSS-09	($8,896-$11,569)	-	-	-
FSS-10	($7,976-$10,370)	-	-	-
Total		280	100.00	04.55
Average Taxable Income*, $15,589				
Classification Act				
GS-18	($37,800)	1	00.06	00.02
GS-17	($37,800)	3	00.18	00.05
GS-16	($36,338,$37,800)	10	00.61	00.16
GS-15	($31,309-$37,800)	126	07.69	02.05
GS-14	($26,861-$34,916)	165	10.07	02.68
GS-13	($22,906,$29,782)	170	10.38	02.76
GS-12	($19,386-$25,200)	125	07.63	02.03
GS-11	($16,255-$21,133)	98	05.98	01.59
GS-10	($14,824-$19,270)	12	00.73	00.20
GS-09	($13,482-$17,523)	121	07.39	01.97
GS-08	($12,222-$15,885)	63	03.85	01.03
GS-07	($11,046-$14,358)	196	11.97	03.19
GS-06	($9,946-$12,934)	203	12.39	03.30
GS-05	($8,925-$11,607)	178	10.87	02.89
GS-04	($7,976-$10,370)	157	09.59	02.55
GS-03	($7,102-$9,235)	10	00.61	00.16
GS-02	($6,296-$8,186)	-	-	-
GS-01	($5,559-$7,224)	-	-	-
Total		1638	100.00	26.63
Average Salary, $18,669				

*Includes overseas post differentials.

		Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Administratively Determined				
AD-18	($37,800)	10	14.49	00.16
AD-17	($37,800)	5	07.24	00.08
AD-16	($36,338-$37,800)	17	24.64	00.28
AD-15	($31,309-$37,800)	18	26.08	00.29
AD-14	($26,861-$34,916)	3	04.35	00.05
AD-13	($22,906-$29,782)	4	05.80	00.06
AD-12	($19,386-$25,200)	1	01.45	00.02
AD-11	($16,255-$21,133)	-	-	-
AD-10	($14,824-$19,270)	1	01.45	00.02
AD-09	($13,482-$17,523)	4	05.80	00.06
AD-08	($12,222-$15,885)	1	01.45	00.02
AD-07	($11,046-$14,358)	2	02.90	00.03
AD-06	($9,946-$12,934)	1	01.45	00.02
AD-05	($8,925-$11,607)	2	02.90	00.03
AD-04	($7,976-$10,370)	-	-	-
AD-03	($7,102-$9,235)	-	-	-
AD-02	($6,296-$8,186)	-	-	-
AD-01	($5,559-$7,224)	-	-	-
Total		69	100.00	01.12
Average Salary, $31,966				
Wage Systems				
WI-16	($14,830-$16,390)	1	05.88	00.02
WI-15	($14,394-$15,891)	1	05.88	00.02
WI-12	($13,104-$14,477)	2	11.77	00.03
WI-10	($12,251-$14,541)	4	23.53	00.06
WG-06	($10,795-$12,605)	1	05.88	00.02
WG-05	($10,150-$11,835)	8	47.06	00.13
Total		17	100.00	00.28
Average Salary, $12,697				

	Number of Employees	Percent in Each Grade by Each Pay Schedule	Percent in Each Grade of Agency Total
Total U.S. Nationals	3895	-	63.31
Average taxable Income, $24,989			
Average nontaxable benefits; -- Excluding allowances for cost-of-living, quarters, education, representation and offical residence expenses: $2,036.			
Total Foreign Nationals, (not included in table above)	2257	-	36.69
Total A.I.D.	6152	-	100.00

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A.I.D. OPERATING EXPENSES

In FY 1974 A.I.D. introduced the worldwide Operating Expense concept for two reasons:

-- To develop more accurate operational cost data for management control and decision making;

-- To inform the Congress of the total cost of planning, administering and supporting A.I.D. programs and projects.

The A.I.D. Operating Expenses budget consists of salaries and supporting costs in Washington and overseas associated with the functions of:

-- policy formulation;
-- program coordination;
-- program planning;
-- program support;
-- program management;
-- administrative management;
-- program evaluation;
-- personnel support.

The operating expense concept presents in a single budget not only traditional "administrative" costs, but also significant cost relating to support and management of approved programs and projects, such as:

-- technical planning and management of specific projects and programs;

-- contracting;

-- commodity procurement;

-- engineering services;

-- participant training services.

To present a complete picture of A.I.D. Operating Expenses, the presentation includes all costs which fit the definition of operating expenses -- even though about 5% of these costs are met from nonappropriated funds. A.I.D. Operating Expenses are funded from three types of funds, as shown in Table 1:

-- dollar funds appropriated annually by Congress;

-- dollar funds from the A.I.D. Housing Guaranty and Excess Property programs that do not require annual appropriation, and;

-- local currency trust funds provided by the recipient countries themselves to support A.I.D. operations.

Table 1

FY 1977 A.I.D. OPERATING EXPENSES
By Major Funding Sources
($ Millions)

Appropriated Dollar Funds	195.9
Nonappropriated Dollar Funds	1.8
Local Currency Trust Funds	8.3
TOTAL OPERATING EXPENSES	206.0

CHART A

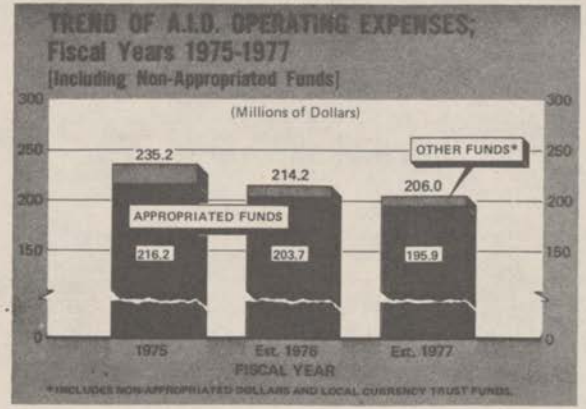


Table 2

A.I.D. OPERATING EXPENSES
BY MAJOR LOCATION
($ Millions)

	FY 1975 ACTUAL	FY 1976 ESTIMATE	FY 1977 ESTIMATE
Overseas Operations	132.5	120.1	117.0
Washington Operations	102.7	94.1	89.0
TOTAL OPERATING EXPENSES	235.2	214.2	206.0

Operating Expenses by type of cost, grouped by the traditional object classifications, are shown in Table 3. The estimated distribution by object class for the FY 1977 budget is illustrated in Chart B.

A.I.D. Operating Expenses continue to decline despite pay raises and substantial inflation factors affecting both overseas and U.S. costs. As shown in Table 2, A.I.D.'s total estimated FY 1977 Operating Expenses are $8.2 million less than estimated FY 1976 requirements and about $30 million less than FY 1975 costs. These reductions are illustrated in Chart A. The figures shown include costs of the October pay raises in 1974 and 1975. No provision for a pay raise is included in the FY 1977 estimate.

There is a need for flexibility in funding A.I.D. Operating Expenses. Many variables which cannot be projected with complete certainty affect total requirements for Operating Expenses, such as:

-- New Programs: the need from time to time to start new programs (e.g., Middle East, Africa, Portugal). Operating Expenses for such programs are very difficult to project, and sometimes activities which A.I.D. is called upon to administer cannot even be foreseen at the time the Operating Expense budget is prepared.

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-- Major Disasters: the need to maintain Agency capability to respond to major disasters (floods, earthquakes, hurricanes and drought) which cannot be predicted in advance.

-- Inflation: substantial inflationary pressure in most of the developing countries in which A.I.D. operates necessitates local employee pay increases and causes other local costs to rise. The effect upon various cost elements of our budget is frequently uneven and unpredictable. For example, the median price increase in the developing countries during the most recent 12-month period, as compiled by the International Monetary Fund, was about 30%. Frequent fluctuations in currency valuations is another variable which affects cost estimates.

-- Diminishing local currency-generating programs: as programs which generate country-owned local currency are reduced, the availabilities of local currency trust funds provided by host countries trend downward unpredictably. This, in turn, may increase the requirements for appropriated dollar funds to meet essential Operating Expenses.

Every effort has been made to incorporate all factors known at this time in the FY 1977 request and to present requirements as accurately as possible. As noted above, the presentation herein furnishes in detail the total estimated Operating Expenses, including those funded from nonappropriated dollars and local currency trust funds, as well as from appropriated dollars.

CHART B

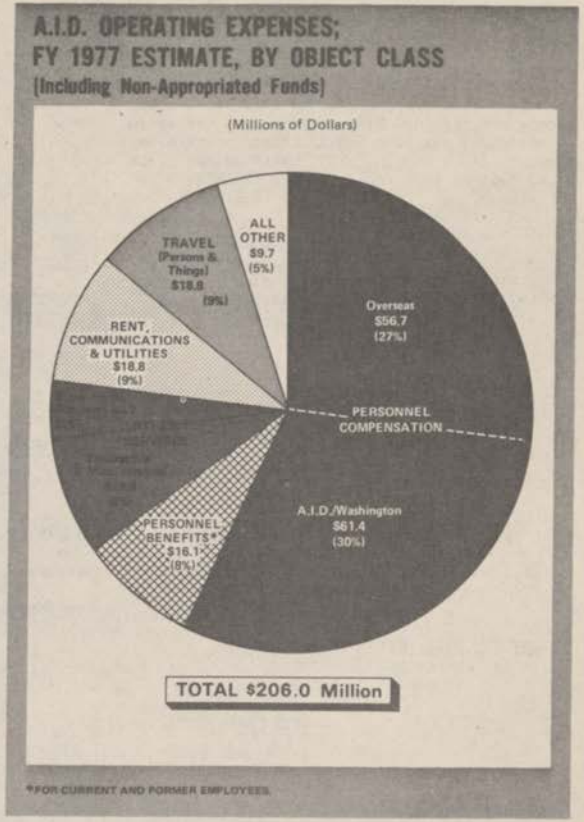


Table 3

A.I.D. OPERATING EXPENSES
BY OBJECT CLASS
($ Millions)

OBJECT CLASS	FY 1975 ACTUAL	FY 1976 ESTIMATE	FY 1977 ESTIMATE
11 Personnel Compensation			
A.I.D. Washington	65.8	62.6	61.4
Overseas	62.3	52.6	56.7
Total	128.1	115.2	118.1
12 Personnel Benefits			
A.I.D. Washington	5.8	4.0	4.0
Overseas	7.2	9.4	10.3
Total	13.0	13.4	14.3
13 Benefits - Former Personnel			
A.I.D. Washington	.7	.7	.6
Overseas	3.8	1.1	1.2
Total	4.5	1.8	1.8
21 Travel and Transportation - Persons			
A.I.D. Washington	10.1	4.9	4.8
Overseas	7.9	8.8	8.4
Total	18.0	13.7	13.2
22 Transportation of Things			
A.I.D. Washington	2.0	1.1	1.1
Overseas	6.2	5.6	4.5
Total	8.2	6.7	5.6
23 Rent, Communications, Utilities			
A.I.D. Washington	7.0	7.5	8.3
Overseas	9.2	9.5	10.5
Total	16.2	17.0	18.8

Table 3
(Continued)

24 Printing and Reproduction			
A.I.D. Washington	.9	.8	.9
Overseas	.1	.1	.1
Total	1.0	.9	1.0
25 Other Services			
A.I.D. Washington	9.5	11.6	7.0
Overseas	23.8	24.0	17.5
Total	33.3	35.6	24.5
26 Supplies and Materials			
A.I.D. Washington	.7	.6	.6
Overseas	4.9	2.8	2.9
Total	5.6	3.4	3.5
31 Equipment			
A.I.D. Washington	.2	.2	.2
Overseas	4.5	4.1	3.1
Total	4.7	4.3	3.3
32 Lands and Structures			
A.I.D. Washington	-	-	-
Overseas	.2	.2	-
Total	.2	.2	-
41 Grants, Subsidies, and Contributions			
A.I.D. Washington	-	-	-
Overseas	2.4	1.9	1.8
Total	2.4	1.9	1.8
42 Insurance Claims and Indemnities			
A.I.D. Washington	-	.1	.1
Overseas	-	-	-
Total	-	.1	.1
SUMMARY			
A.I.D. Washington	102.7	94.1	89.0
Overseas	132.5	120.1	117.0
TOTAL	235.2	214.2	206.0

Table 4

FUNDING SOURCES FOR A.I.D. OPERATING EXPENSES
($ Millions)

U.S. DOLLAR FUNDS	FY 1975 ACTUAL	FY 1976 ESTIMATE	TRANSITION Quarter	FY 1977 ESTIMATE
Functional Development Assistance	119.0	174.6	49.9	176.1
Food and Nutrition	(63.6)	(106.2)	(20.0)	(95.7)
Population and Health	(26.2)	(38.6)	(12.8)	(45.7)
Education and Human Resources	(14.5)	(15.2)	(10.2)	(22.7)
Sec. 106 Development Activities	-	(14.6)	(6.9)	(12.0)
Selected Development Problems	(9.6)	-	-	-
Selected Countries and Organizations	(5.0)	-	-	-
Indochina Postwar Reconstruction	46.6	6.3	-	-
Security Supporting Assistance	2.2	22.6	5.5	19.6
Disaster Relief Assistance	5.1	-	-	-
American Schools and Hospitals Abroad	.2	.2	.1	.2
A.I.D. Administrative Expenses	43.1	-	-	-
Total Appropriated Funds	216.2	203.7	55.5	195.9
Nonappropriated Funds:				
Housing Guaranty Fund	1.2	1.3	.4	1.3
Excess Property Fund	.5	.5	.1	.5
Total U.S. Dollar Funds	217.9	205.5	56.0	197.7
Local Currency Trust Funds	17.3	8.7	1.9	8.3
TOTAL OPERATING EXPENSES	235.2	214.2	57.9	206.0

NOTE: Totals may not add due to rounding.

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$16.7 million is required to pay for the FY 1977 annual installment required to cover the unfunded liability of A.I.D. Foreign Service employees now included in the Foreign Service Retirement and Disability System.

-- A.I.D. Foreign Service personnel were transferred to the Foreign Service Retirement and Disability System by Section 625(k) of the Foreign Assistance Act of 1973.

-- The Foreign Service Act of 1946 (Title VII) establishes the System and provides that any statute which authorizes extension of the System to new groups of employees is deemed to authorize appropriations to the Fund to finance the unfunded liability created by that statute.

-- Under normal budgetary practice, annual installments to cover the unfunded liabilities are the responsibility of the Department of State for the Foreign Service Retirement System and of the Civil Service Commission for the Civil Service Retirement System.

-- In FY 1974, payment of the first installment of the unfunded liability for A.I.D. Foreign Service employees was made by the Department of State.

-- In FY 1975, the State Department Appropriations Act (P.L. 93-433) included $15,600,000 for payment to the Fund to cover the second installment due on the unfunded liability incurred as a result of including A.I.D. Foreign Service employees in the System.

-- However, the State Department-USIA Authorization Act, FY 1975 (P.L. 93-475) in Section 5, specifically prohibited the use of appropriations made under the authorities of that Act to meet the unfunded liability created by including A.I.D. employees in the System.

-- The FY 1975 Foreign Assistance Appropriations Act (P.L. 94-11) provided for the transfer to A.I.D. of the funds previously appropriated to the State Department to cover the installment due in FY 1975 and provided further that an additional $480,000 from funds made available for development assistance for FY 1975 should be used to cover the additional unfunded liability arising from the October 1974 pay raise.

-- In order to comply with the intent apparent in Section 5 of the State Department-USIA Authorization Act, FY 1975 (P.L. 93-475) which prohibited the use of funds appropriated under the Act to meet the unfunded liabilities attributable to A.I.D. Foreign Service employees, the amount for FY 1976 ($16.7 million) was included in the FY 1976 Foreign Assistance Appropriations request. Similar requirements of $16.7 million have been included in the FY 1977 Foreign Assistance Appropriations request.

BUDGET REQUEST

Mr. PASSMAN. It is my understanding that your request for fiscal 1977 is $206 million; is that correct?

OPERATING EXPENSES LINE ITEM

Mr. MANN. Yes, sir.

Mr. PASSMAN. And your 1976 program is $214,200,000.

Mr. MANN. That is correct.

Mr. PASSMAN. There is a difference of $8,200,000.

Mr. MANN. That is correct.

Mr. PASSMAN. The necessity for this examination is that when the bill went to the Senate, they pulled all of the pieces out of what we refer to as project support and made a line item in the bill. Is that stated correctly?

Mr. MANN. That is correct, sir.

Mr. PASSMAN. So under this program, at least you can see it all in one place and when you allocate funds, you have to allocate out of this to the projects as they are made; is that the way you do it?

Mr. MANN. That is correct, sir.

LOCAL CURRENCY TRUST FUND AVAILABILITIES

Mr. PASSMAN. I note on page 29 that you indicate the local currency trust fund amounts made available for operating expenses are going to decrease by $17.3 million to $8.3 million in 1977. Could you please tell the committee why these amounts are decreasing and where the offsetting increase would be made?

Mr. MANN. Sir, the nature of our programs no longer generates large amounts of counterpart funds, which is a significant source of the trust fund contributions. Our requirements for local currency operating expenses have decreased in some countries as staffs decrease. For example, in Brazil, because of continuing staff reductions our local currency requirements for local employees' payrolls and other costs payable in local currency have been reduced by more than $1.7 million during the past 3 years. About half of our local currency requirements for operating expense in fiscal year 1974 related to the programs in Indochina.

Mr. PASSMAN. Thank you very much.

TRAVEL COSTS

On page 28, you indicate that the travel and transportation of persons will decline in fiscal 1977 to $13,200,000. Is that correct?

Mr. MANN. Yes.

Mr. PASSMAN. From what figure?

Mr. MANN. In 1976 of $13.7 million and in 1975 of $18 million.

Mr. PASSMAN. Does this mean that you have less people on board, or are you actually cutting down on your travel mileage and permitting contract personnel to offset it?

Mr. MANN. No, sir; it means that we are managing our travel expenditures considerably more in detail. We have instituted——

Mr. PASSMAN. You mean you are traveling less, or are they getting some discount somewhere?

Mr. MANN. No, sir; we do not get discounts.

Mr. PASSMAN. Are your personnel traveling less?

Mr. MANN. Well, the answer is yes.

Mr. PASSMAN. You are only cutting it by $500,000, anyway. You are cutting from $13.7 to $13.2 million; is that correct?

Mr. MANN. That is $500,000.

Mr. PASSMAN. Out of $13,700,000, you estimate you can cut it to $13,200,000, which is $500,000 less?

Mr. MANN. Correct.

Mr. PASSMAN. I am sure it is necessary for AID personnel to travel.

PRESS CRITICISM OF CONGRESSIONAL TRAVEL

Do you people ever get chastised by the press for having to make these trips?

Mr. MANN. I really don't know.

Mr. PASSMAN. You administer the program. Have you seen criticism in the press about the AID personnel making the trips?

Mr. MANN. No.

Mr. PASSMAN. You ought to come to Congress and see the press coverage you get when you make an inspection trip.

FUNDING SOURCE OF OPERATING EXPENSES

As you well know, the Senate has placed a line item appropriation in the fiscal year 1976 appropriations bill for operating expenses at a level of $194,600,000. Could you please tell the committee what your reaction is to this line item appropriation approach?

Mr. MANN. It has been our experience that the dynamic nature of the foreign assistance program requires some flexibility in the funding of AID's operating expenses. Many uncertainties which impact on AID operating expenses simply cannot be predicted in advance. As the world situation changes, we are called upon to support new or expanded programs and to respond to natural and manmade disasters. In view of these variables, we believe that the preferable approach for meeting AID operating expense requirements would be to fund such costs from the several program appropriations.

Mr. PASSMAN. Would you please place in the record what your travel mileage was in fiscal year 1975, fiscal year 1976, and your estimate for fiscal year 1977?

Mr. MANN. Unfortunately, we do not have any mileage figures available since our budget is based upon costs projected by our overseas missions and AID Washington offices. We can, however, derive an indication of travel trends from the number of travelers serviced each year by our Travel and Transportation Division in AID/W, as follows:

Fiscal year:	Number of travelers
1973	13,065
1974	13,560
1975	12,361
1976 (estimated)	10,104
1977 (estimated)	10,000

STATE ADMINISTRATIVE SUPPORT

Mr. PASSMAN. On page 27 you indicate that $8.7 million of the operating expenses will be used for State administration support. Could you please tell the committee what this item covers?

Mr. MANN. Yes, sir. This item covers the agency's share of the administrative type services furnished by the Department of State to the various agencies located at overseas posts where the agency does not provide the services directly and similar services in Washington. These services include, among other things, the payrolling of local staffs, disbursing officer functions, communications, medical services, shipping and custom services, local personnel security investigations, guard and watchman services, rent, utilities, motor pools, procurement, and building operations.

OPERATING EXPENSES

Mr. PASSMAN. Do you anticipate that there will be an unobligated balance available in this program as of the end of fiscal year 1976 or the transition period?

Mr. MANN. Based on the best information available at this time, we do not anticipate an unobligated balance in our operating expense budget at the end of fiscal year 1976 or the transition period.

REPRESENTATION ALLOWANCE

Mr. PASSMAN. How much is in the fiscal year 1977 request for representation allowance and how does this compare to the current fiscal year?

Mr. MANN. There is $125,000 in the request this year. The requirement for the current fiscal year is $107,000. The $18,000 increase is due to two things. First, we were in a tight bind this year to accommodate within the $107,000 our new and expanding programs such as those in Egypt, Syria and Portugal as well as those in the Sahel, even though some programs declined such as those in India, Turkey, and Indochina. Second, we built in a small sum in recognition of the inflation which has been going on over the past several years. Our missions have not, over the years, had any adjustment for this factor.

OPERATING EXPENSES

Mr. PASSMAN. Could you please tell the committee what percentage the $206 million in operating expenses represents of the total AID program estimated for fiscal year 1977?

Mr. MANN. Yes, sir. The $206 million in operating expenses represents about 6 percent of the agency's total proposed program for fiscal year 1977.

SOURCE OF COMMODITY PROCUREMENT

Mr. PASSMAN. On page 1 you indicate that commodity procurement totaling $808 million was made in fiscal year 1975, of which 77 percent was purchased in the United States. Why wasn't all the procurement for commodities financed by the U.S. program purchased within the United States?

Where would the other procurement take place?

Mr. MANN. The offshore procurement during fiscal year 1975 was due primarily to the severe shortage of fertilizer in the domestic market and the large requirement for petroleum products in Vietnam and Cambodia.

AID adopted special rules for the financing of fertilizer designed to minimize any adverse impact upon domestic U.S. users during the period of tight supply. As one means of taking pressure off of the U.S. market, the eligible source for fertilizer was broadened to include all free world (code 899) countries.

Major petroleum products have routinely been ineligible for financing out of the United States since this country is a net importer of these products. During the period of shortages in the domestic market, additional petroleum products—such as lubricants—were made ineligible for financing from the United States. Fertilizer and petroleum together accounted for about 91 percent of offshore procurement during fiscal year 1975. The major source countries involved were Saudi Arabia, Belgium, Italy, the Netherlands, and Japan for fertilizer, and Singapore for petroleum products. Termination of the AID programs in Indochina has brought an end to large offshore procurement of petroleum products. Since the fertilizer supply-demand picture has changed drastically in recent months, we now have a policy of financing fertilizer only from the United States. Thus, the percentage of AID-financed commodity procurement from the United States is much higher during fiscal year 1976, running well in excess of 90 percent.

Some offshore procurement during fiscal year 1975 was attributable to an AID policy, going back to Presidential determinations in 1969 and 1970, of making less developed countries eligible sources for commodities under AID loans. There were relatively small amounts of AID-financed procurement from such countries as Korea and the Republic of China during fiscal year 1975.

ACTIVE AID GRANTS

Mr. PASSMAN. On page 1 you indicate you have a loan portfolio of 1,286 active AID loans. Could you please tell the committee how many active grant projects are presently in existence?

Mr. MANN. Yes, sir. At the end of fiscal year 1975, the Agency had 1,309 active grant programs and projects totaling $994 million.

INDOCHINA CLOSE-OUT COSTS

Mr. PASSMAN. On pages 2 and 3 you talk briefly about the impact of the Indochina closeout. Some of the commodities that were sold from the Indochina program were sold for 30 or 40 percent of the actual acquisition cost.

Could you please tell the committee how much it actually cost the taxpayer in the loss from the sale of these commodities for less than acquisition costs?

Mr. MANN. We will not be able to give you the final answer to that question until disposition is made of all commodities, about June 30, 1976. However, I would like to say we took title to commodities which cost approximately $25.5 million f.o.b., at the loading ports, or ap-

proximately $30 million delivered. We have transferred $3,189,685 worth of commodities to other agencies. In addition, we have sold commodities with an original f.o.b. value of $16,565,436 for $7,969,950, or 48 percent of the f.o.b. cost. We are in the process of selling the remaining commodities which have an estimated f.o.b. value of $5.7 million.

We should obtain approximately $2 million for the remaining commodities. Therefore, when all commodities are disposed of, transfers plus estimated sales should total approximately $13.2 million. Therefore, the loss against the delivered cost of the commodities will be about $16.8 million. In a further attempt to minimize our losses, we are currently negotiating claims against shipping lines and insurance companies to recover a portion of the freight and insurance costs since these costs were based upon rates to Vietnam and/or Phnom Penh instead of to the alternate ports to which the cargoes were diverted.

Mr. PASSMAN. Do you still maintain offices in Hong Kong, Singapore, Manila, and Bangkok which are charged with the express responsibility of disposing of these commodities?

Mr. MANN. The office in Manila has been closed. Offices in Hong Kong, Singapore, and Bangkok are still maintained with the expectation that they will be closing down during the next 60 to 90 days.

Mr. PASSMAN. How much in commodities remain to be disposed of?

Mr. MANN. Of the original cost of $30,070,159, 23.8 percent still remains for disposal.

Mr. PASSMAN. Could you please provide for the record what the total loss was to the United States when the Southeast Asia program fell?

Mr. MANN. In addition to the losses incurred on commodities, the Agency is liable for loss or damage to private personal property of direct hire, PASA, and personal service contract personnel. These employees have 2 years from time of accrual in which to file claim under the Military Personnel and Civilian Employees Claim Act of 1964, as amended. To date 384 claims have been received from the Indochina evacuated personnel; $1,893,509.21 has been recommended for payment. It is estimated that 70 percent of the expected claims for personal property losses have been settled.

The U.S. Government property lost during the fall of Indochina due to enemy action was as indicated on the attached chart.

In addition, leased property was lost with unamortized rent, paid almost entirely in host country trust funds in the following dollar equivalents:

Vietnam	$737,646
Laos	21,281
Total	758,927

An official survey board has reviewed these data and the circumstances surrounding each loss. The board approved dropping some accountability for the property lost in Vietnam and the Khmer Republic. However, since the United States still has an Embassy in Laos, the board deferred action on that property until mid-1976.

U.S. GOVERNMENT PROPERTY LOST DURING FALL OF INDOCHINA DUE TO ENEMY ACTION

Country	Vehicles	Other nonexpendable property	U.S. Government owned real property	Total
Khmer Republic	$73,935	$590,824	None	$664,759
Vietnam	1,848,344	9,044,965	$21,646	10,914,955
Laos	675,352	4,402,450	5,014,545	10,092,350
Total	2,597,631	14,038,239	5,036,191	21,672,061

Note: All data are based upon original acquisition cost in dollars. No allowance has been made for depreciation although it should be noted that some property had been in service for many years.

DIRECT-HIRE PERSONNEL LEVEL FOR FISCAL YEAR 1977

Mr. PASSMAN. Do you propose to hold your direct-hire personnel level at 6,152 that you are estimating for fiscal year 1977 as being the ultimate number?

Mr. MANN. At this time, we are continuing to project our total direct-hire personnel requirements, U.S. and foreign nationals, at about 6,150 as of September 30, 1977. As you know, this represents a decrease of some 65 percent below 17,569 direct-hire U.S. and foreign nationals AID had onboard as of June 30, 1968.

While it now appears that total direct-hire personnel requirements are leveling out, this is subject to contingencies—we may, for example, need more staff for expanding programs in the Middle East and Africa.

ESTIMATES OF CONTRACT AND CONSULTANT PERSONNEL

Mr. PASSMAN. Could you please tell the committee how many contract people or consultants you plan to have in fiscal year 1977 and how does this compare to fiscal year 1976?

Mr. MANN. As of the end of February 1976, AID carried 145 consultants and experts on its rolls—a reduction of 17 percent from June 1975 when its consultant and expert forces stood at 175.

During these 8 months the Agency averaged 152 consultants and experts on its rolls. That a consultant or expert is carried on the rolls does not mean that his services are necessarily being utilized at a particular time. The contrary is, in fact, the case; during any single month AID paid less than half its consultants for services rendered on an as-needed basis. Of the 152 average onboard, AID paid an average of 58 (38 percent) during each month. Utilization of a consultant or expert during a month is defined as his having worked as little as 1 hour during the month.

A review of the data for the first 6 months of fiscal year 1976 indicates that AID's consultants and experts were paid for 3,575 days during this time. The total consultant and expert force of approximately 150 persons contributed the equivalent of 13.8 man-years to the Agency's effort.

AID has been closely watching its utilization of consultants and experts with a view to assuring that their number and utilization is held

to the minimum commensurate with AID's needs. Since 1973 all requests for consultants and experts have received senior management review, clearance, and approval including, in some cases, that of the Deputy Administrator. In June 1975, following the Indochina withdrawals, Agency procedures regarding the appointment of consultants and experts were strengthened to ensure that the requested talent was not available among AID surplus personnel.

As to contract personnel, we project that there will be 1,043 U.S. nationals working on AID programs overseas in fiscal year 1977. This compares with approximately 1,000 U.S. national contract employees projected for fiscal year 1976.

AID PERSONNEL REDUCTIONS

Mr. PASSMAN. Have you had any great problem with the termination of people that have had skills that are not needed by AID?

Mr. MANN. Any restructuring of an Agency, such as AID has been experiencing during the past 2 years, is bound to cause problems. These were further complicated by the withdrawal of 525 employees from East Asia in the spring of 1975.

I am satisfied, however, that AID's management has succeeded in reducing the Agency's workforce without damaging its ability to carry out ongoing programs and, at the same time, assuring equitable treatment to all its employees.

The extent of the problem was lessened by the requirement to assign AID personnel to the refugee camps. This had the effect of giving assignments to personnel who otherwise would have had to be immediately separated. While they were so assigned, normal attrition created vacancies to which they could be assigned. Fortunately, too, 169 Foreign Service employees elected to retire during the first 8 months of fiscal year 1976 creating other vacancies to which personnel could be assigned.

EMPLOYEE ORGANIZATIONS ACTIONS DURING AID PERSONNEL REDUCTIONS

Mr. PASSMAN. Have the employee organizations cooperated in this effort and not caused too many problems?

Mr. MANN. The reaction of the two employee organizations was understandably one of opposition to the RIF; each took issue, both publicly and internally, with the decision to conduct the RIF, arguing that a reduction in force was both unnecessary and inappropriate. We briefed them on many occasions prior to and during the course of the RIF, responding to their requests for information as well as providing them with advance information about the actions which the Agency planned to take. At the same time, I would not, however, characterize the actions of the employee organizations as having caused too many problems. We recognized that many of their concerns were understandable in light of their obligation to represent bargaining unit employees under relevant Executive orders, and because a reduction-in-force action is directly related to job security.

FOREIGN SERVICE SALARIES

Mr. PASSMAN. On page 16, I note that you have under the Foreign Service reserve personnel close to 10 percent of the people located in the $28,000 to $34,000 salary bracket. Doesn't this seem to be a rather high concentration in this high-salary bracket?

Mr. MANN. AID's position has been, and continues to be, that gross comparisons of salaries against those of other agencies or percentage standards are not valid. The only valid comparisons which can be made are on a position by position basis. AID does not have a career service with a steady annual input of young, lower level employees, although the decision has been made to increase its international development intern program. Until now AID, when it hired, normally sought experienced employees at the midcareer levels.

Its Foreign Service reserve force consists of highly skilled planners, managers, and advisors who must consult with and advise highly placed officials of host governments. Personnel possessing such expertise are rarely available at lower salaries.

Mr. PASSMAN. Is AID trying to reduce large concentrations in the upper income brackets?

Mr. MANN. We continue concerned that personnel ranks of AID's employees correspond closely to the levels of positions required to carry out AID's programs. To aline personal ranks against positions, AID determined in July 1974 to place a moratorium on Foreign Service promotions. The sole exception to this decision was international development interns under training agreements which permitted promotions to the FSR–5 level.

In April 1975 the moratorium was lifted to allow the promotion of 30 employees from the FSR–5 to FSR–4 level. These were the first promotions to a level higher than FSR–5 in almost 2 years.

In February 1976, upon the completion of a detailed study, the promotion of another 52 employees was approved—17 from the FSR–4 to FSR–3 level and 35 from the FSR–5 to FSR–4 level.

AID PROGRAM RELATED TO OPERATING EXPENSES

Mr. PASSMAN. If the program for AID is reduced by Congress overall, would the $206 million in operating expense also be able to be reduced, or are these fixed costs?

Mr. MANN. While there is a longer run correlation between the size of the AID program and the amount of operating expenses required, it is difficult to predict how reductions in the program in 1 fiscal year would affect operating expenses in the same fiscal year. Much depends on the types of activities that would be cut and the size of the cut. In any event, a cut in program might in the short run have little effect on operating expenses. In addition to the costs of carrying out our responsibilities for residual programs, we would undoubtedly incur costs in bringing employees back to the United States and processing employees for separation from the Agency. Conceivably such costs could increase operating expenses in the short run.

FOREIGN SERVICE RETIREMENT FUND

Mr. PASSMAN. I note you are requesting $16,680,000 for the foreign service retirement fund. Could you please tell the committee if this cost will remain constant or will it fluctuate according to the number of people that retire?

Mr. MANN. The fund does not fluctuate according to the number of people that retire. The initial estimate of unfunded liability, as computed by the Treasury Department, was based on the total number of AID personnel who transferred from the civil service retirement system to the foreign service retirement system.

Mr. PASSMAN. Is it not true that you would also have to increase the request every time there is a pay raise?

Mr. MANN. Yes, that is correct. Our request for fiscal year 1977 requirements of $16,680,000 takes into consideration the impact of the October 1975 pay raise. The annual requirements will increase with subsequent pay raises.

Mr. PASSMAN. Thank you, Mr. Mann. Mr. Shriver?

IMPACT OF FEDERAL PAY RAISES IN FISCAL YEAR 1977

Mr. SHRIVER. Mr. Mann, this request includes no funds for a Federal pay raise in 1977, is that correct?

Mr. MANN. Yes, sir; that is correct.

Mr. SHRIVER. Why not?

Mr. MANN. We have been instructed by the Office of Management and Budget not to include estimates for pay raises in our budget unless a pay raise has actually been authorized and we know the rate of the increase.

Mr. SHRIVER. What would a 5 percent pay raise do to this request?

Mr. MANN. A 5 percent pay raise would add about $5 million to our estimated requirements.

Mr. SHRIVER. Would you be able to absorb it?

Mr. MANN. No sir. As I mentioned in my statement, our increased responsibilities in the Middle East and Africa may well increase our operating expense requirements from the level reflected in our budget presentation. A pay raise would further increase our requirements.

REORGANIZATION OF THE GEOGRAPHIC BUREAUS

Mr. SHRIVER. Tell us more about your reorganization of the geographic bureaus. I believe you now have a separate bureau for the Near East and another one for Asia.

Mr. MANN. The termination of AID programs in Vietnam, Cambodia, and Laos—reductions not appreciably offset by increases in other East Asian programs—greatly diminished the program management responsibilities of the Bureau of East Asia. At the same time, expanding Middle East activities significantly added to the program management responsibilities of the then Near East and South Asia Bureau.

Thus, on October 12, 1975, after careful study and review, the country composition of AID's former Bureau for Near and South Asia and Bureau for East Asia was realined to equalize the distribution of

program management responsibilities between the two bureaus. The Bureau for East Asia was redesignated as the Bureau for Asia; and the Bureau for Near East and South Asia was redesignated as the Bureau for Near East. Country responsibility for India, Nepal, Sri Lanka—Ceylon—Bangladesh, and Pakistan was transferred from the former Near East and South Asia Bureau to the new Bureau for Asia.

AID LOANS

Mr. SHRIVER. The book indicates that you have a total loan portfolio of active AID loans of more than $12 billion—is that right?

Mr. MANN. Yes. It represents 1,286 loans made by AID and predecessor agencies with outstanding principal balances of $12.4 billion as of December 31, 1975. Active loans in this sense means loans that are not fully repaid.

Mr. SHRIVER. And you handle procurement of nearly $1 billion a year?

Mr. MANN. Yes. We financed commodities amounting to $808 million during fiscal year 1975.

FEDERAL AGENCIES PARTICIPATING IN AID PROGRAMS

Mr. SHRIVER. List the other Federal agencies which participate in AID programs. This book says there are 11 of them.

Mr. MANN. Yes, sir. The agencies referred to are the Departments of Agriculture; Health, Education, and Welfare; Interior; Commerce; Transportation; Treasury; Labor, and Defense; the Farm Credit Administration; the Federal Home Loan Bank Board; and the Tennessee Valley Authority.

PERSONAL PROPERTY LOSSES IN VIETNAM

Mr. SHRIVER. Was the Agency liable for the personal property lost by AID personnel when we pulled out of Vietnam?

How much did the Agency and its personnel lose there?

Mr. MANN. The Agency is responsible under the Military Personnel and Civilian Employees Claims Act of 1976, as amended, for loss or damage—up to $15,000—to the private property of our employees.

The Agency lost some $10,914,955 worth of U.S. Government property—based on acquisition costs—when we pulled out of Vietnam, plus another $737,646 in unamortized rent which was paid almost entirely by host country trust funds.

Through March 23, 1976, we have processed 249 claims for property lost by employees who were stationed in Vietnam, and have recommended $1,138,551.49 for payment of these claims. I would like to note, however, that we did manage to get quite a bit of property belonging to our employees out of Indochina in spite of the emergency conditions. From Vietnam, we rescued 128 shipments of household effects and 37 vehicles. From Laos, we evacuated 267 shipments of household effects, and 242 lots of unaccompanied baggage, but only 6 of 144 vehicles. Our private property losses in the Khmer Republic—Cambodia—were minimal.

INDEFINITE QUANTITY CONTRACTS

Mr. SHRIVER. The book mentions something called "indefinite quantity contracts". What are those?

Mr. MANN. Indefinite quantity contracts require contractors to provide an indefinite quantity of services during a specified contract period at agreed upon rates. This type of contract is used when we know that there will be recurring small requirements for a certain type of services but it is impossible to determine in advance the precise quantities or exactly when they will be needed. The contracts state that AID will order a minimum quantity of services which the contractor must furnish along with other quantities not to exceed a stated maximum. Rates for the services are negotiated in advance and individual orders are placed as the requirements for the specified type of services materialize.

DISASTER RELIEF—USE OF DATA PROCESSING

Mr. SHRIVER. You are using automatic data processing services to improve our response to disaster situations. How does that work?

Mr. MANN. AID is developing an automated management information systems to support disaster relief efforts. There is an AID Operations Center in the State Department building which is staffed on a 24-hour basis when a major disaster occurs. A remote ADP unit has been installed in this center to provide direct access to AID's computer.

The disaster relief data base contains key information which assists AID in responding effectively to disasters.

The system has not yet been completed. Certain parts of it are operational and were used in response to the recent series of earthquakes in Guatemala. Specifically, during that disaster the automated system provided a listing of commodities by type, status, quantity, donor, supplier, cost, and arrival times, and a report of impact on population centers (departments and municipalities), which identified the numbers of dead, wounded, homeless, and percent of destruction in each area.

These reports proved most useful in determining the relief requirements and the ongoing donations contributed by the USG and the world donor community. This avoided duplication and allowed for more effective and efficient support of disaster relief operations on the part of the U.S. Government.

Additionally, other features provided by the system include country profile data showing demographics, infrastructure, economic and social characteristics of the most disaster-prone countries, and historical data which provides information regarding types and frequencies of disasters to which the United States has responded since 1900.

INCREASING FIELD CAPACITY TO CARRY OUT CONGRESSIONAL MANDATES

Mr. SHRIVER. The book says that in your improvements efforts, you are emphasizing the importance of your missions abroad in building greater field capacity to carry out congressional mandates and Agency initiatives. Gave us some examples of this.

Mr. MANN. As indicated by the substantial decreases in Agency direct-hire staff since fiscal year 1968, AID has successfully fulfilled the U.S. Government's efforts to reduce its presence and maintain a low

profile abroad. Although a substantial portion of this reduction resulted from the abrupt program terminations in Indochina, the bulk of the reductions occurred throughout the world.

In many areas, our efforts resulted in minimal staff levels too small to adequately manage the programs which began to grow as a result of changing U.S. interests. This has been especially true in the case of Africa and the Middle East.

In order that our field posts have the capacity to carry out the congressional mandates, we have made special efforts to insure they are provided the appropriate skills. Some examples of these efforts are as follows:

The programing function for Central West Africa has been transferred from Washington to our field posts in Africa.

New positions established in our overseas posts are primarily those skilled in agriculture, rural development, education, health and family planning, economics and engineering.

The Agency has expanded its efforts to provide its professional overseas direct-hire staff with the interdisciplinary approach to the areas of management, economics and the social sciences in order that the Agency's functional programs can be planned, designed and implemented giving appropriate consideration to the interrelationship of such areas as rural development, health, education, et cetera.

EXPANDED ROLE IN AFRICA

Mr. SHRIVER. You are shifting personnel over to the new and expanding programs in the Middle East and Africa. I am aware of the need in the Middle East, but what about Africa? Are you greatly expanding the U.S. bilateral role there?

Mr. MANN. Yes, we plan to more than double the U.S. direct-hire staff in the Sahel and Central West Africa from 60 in fiscal year 1975 to an estimated 129 by the end of fiscal year 1977. Also notable is the projected increase in contract personnel, from 35 in fiscal year 1975 to 132 estimated for the end of fiscal year 1977.

These increases are being made in our bilateral posts in Africa to provide the needed staff support for the increasing program in these areas.

Regular bilateral assistance to Africa is projected to increase. Excluding emergency drought assistance, regular Africa programs are increasing from $111.2 million in fiscal year 1975 to $184.8 million in fiscal year 1976 to an estimated $200.1 million in fiscal year 1977.

An increasing proportion of our aid is going to the poorer African countries and those most affected by increased food and fuel costs. AID's program is also giving particular attention to the problems of drought-stricken Africa, especially the Sahel.

AID INTERNATIONAL DEVELOPMENT INTERN PROGRAM

Mr. SHRIVER. What is the international development intern program?

Mr. MANN. This program has been designed to recruit and train young individuals with high potential for professional development to assume key positions in the agency.

Mr. SHRIVER. How would a student get information on that?

Mr. MANN. Recruitment for international development interns begins approximately 1 year before the appointment of a class. To recruit Interns, AID:

1. Sends material to approximately 1,000 colleges and universities.
2. Places advertisements in professional journals, and in minority and women's publications.
3. Sends material to approximately 300 recruitment sources such as professional societies, minority and women's organizations and veterans groups.
4. Advises the Peace Corps and all Peace Corps country directors by means of brochures and information sheets.
5. Conducts a limited schedule of university visits aimed at predominantly minority schools. Individuals interested in the international development intern program can also, of course, get full details by writing to the Agency for International Development, Washington, D.C., 20523.

EMPLOYMENT AND PROGRAM LEVELS, 1968–77

Mr. SHRIVER. Your employment level has dropped by 65 percent since fiscal 1968, and I want to commend you and your colleagues for this. What has happened to the program level over that same period?

Mr. MANN. AID's actual obligations (grant and loan funding) between fiscal year 1968 and fiscal year 1975 have varied from a low of $1,724.5 million in fiscal year 1969 to a high of $2,486.8 million in fiscal year 1975. The estimated obligation level for fiscal year 1976 is $3,371.2 million and a level of $3,244.6 is proposed for fiscal year 1977. Compared to the fiscal year 1968 obligation level of $2,212.6, the fiscal year 1977 proposal is an increase of about 47 percent (in current year dollars, without any adjustment for the impact of inflation).

PERSONNEL

Mr. SHRIVER. Some of your Indochina personnel are being "detailed" to the Department of Health, Education and Welfare for refugee jobs. Who pays them, you or HEW?

Mr. MANN. These employees are payrolled by AID from funds advanced for this purpose by the Department of Health, Education and Welfare. HEW pays them.

AID DETAILS TO INTERNATIONAL ORGANIZATIONS

Mr. SHRIVER. Some of them are also going to work with the international organizations, is that correct? Which organizations are you referring to?

Mr. MANN. AID continues to encourage participation in the United Nations and other international organizations by its employees. It should be noted, however, that no AID employees as such are employed by either the U.N. or other international organizations. They are separated from AID before accepting such assignments.

Of the employees displaced from Indo-China, two have been employed by the United Nations. A third has been accepted by the U.N. but has not yet left AID.

FLEXIBILITY IN AID PERSONNEL ASSIGNMENTS

Mr. SHRIVER. I assume you would prefer total flexibility to shift personnel from one area or function to another, especially in view of unknown needs in the Middle East. Would you comment on the need for that flexibility?

Mr. MANN. Flexibility to assign employees to whatever areas or functions those employees are qualified to make a contribution to an Agency's program in has traditionally been one of management's most cherished goals. Such flexibility is particularly necessary in a foreign affairs agency. Equity to employees, however, must also be considered and our laws and regulations, and now agreements with employee representatives, are a compromise between giving management carte blanche and assuring fair treatment to employees.

AID has sufficient flexibility in assigning its Foreign Service employees to positions for which they are qualified that it feels no need for preferring "total flexibility" to its present ways of operating. It is more restricted in assigning non-Foreign Service employees. These are governed by the Civil Service Commission's regulations. However, since all non-Foreign Service employees serve in the United States, the need for flexibility is not as great.

PROFESSIONAL EXPERTISE OF AID DEVELOPMENTAL PERSONNEL

Mr. SHRIVER. In general, how do AID development personnel compare with their counterparts in the international banks and organizations in terms of training and experience?

Mr. MANN. AID has no data on employees of other organizations on which to make a comparison in terms of training and experience. In our opinion AID's employees by training and experience are very well qualified to perform their duties.

Until recently when AID made the decision to expand its international development intern program, most of AID's new hires were seasoned professionals at the mid-career levels well qualified in their technical fields. The international development intern program seeks younger people. The selection process through which they pass assures that only the most talented are appointed.

AID PRIVACY ACT STAFF

Mr. SHRIVER. You have set up a special staff to deal with problems arising from the Privacy Act. Tell us what these people are doing.

Mr. MANN. There are currently four people on the Privacy Act staff, all of whom were with the Agency at the time the act went into effect on September 27, 1975. Since the Privacy Act is so new we still are not certain of the total impact it will have. Personnel in that office answer requests from employees and the public related to the Privacy Act; write and change the Agency's regulations as new guidelines are received from the Office of Management and Budget; assist in the training of Agency employees; and monitor compliance with the act in Washington and at overseas missions.

PERSONNEL COMPENSATION

Mr. SHRIVER. More than half of the requested personnel compensation for 1977 is for people in the United States; is that correct?

Mr. MANN. Yes, sir, that is correct. The amount requested for personnel compensation for our staff located in the United States for fiscal year 1977 is $61.4 million or 52 percent of the total compensation.

Mr. SHRIVER. How does that compare with past years?

Mr. MANN. This compares to fiscal years 1975 and 1976 when the amounts were $65.8 million or 51 percent and $62.6 million or 54 percent, respectively.

FUNDING SOURCES FOR OPERATING EXPENSES

Mr. SHRIVER. According to the book, page 29, operating expenses for food and nutrition are down significantly for 1977, while those for education and human resources are up. Would you comment on that?

Mr. MANN. A reasonably equitable distribution of operating expense is made to all funds appropriated to carry out individual programs. The amount of operating expense borne by any one appropriation will differ from year to year as program levels and total operating expense requirements change.

Mr. SHRIVER. Does that directly reflect program levels, or are there other factors involved?

Mr. MANN. The method we use in allocating operating expenses to the AID appropriation accounts is as follows:

First, the amounts for operating expenses that are available from host country trust funds and from the housing investment guaranty and excess property program funds are deducted. The remainder is the amount of operating expenses that is drawn from appropriated dollar funds.

This amount is divided among those of our regular appropriation accounts that fund activities involving operating costs. For fiscal year 1977, there are six such accounts: the four functional appropriations, security supporting assistance, and the American schools and hospitals abroad.

Since it is impossible to trace individual operating expense requirements back to each source appropriation, particularly in the case of the four functional appropriations, we use the following simple approach that makes for a reasonably equitable distribution. In the case of the supporting assistance appropriation, we determine the operating expense requirements in the field missions involved with these programs and add a percentage share of Washington costs to determine the operating expense charges to these appropriations. In the case of the American schools and hospitals program, we charge that appropriation with the costs of running that program in Washington.

After the above calculations have been made, we are left with the operating expense requirement which is charged to the four functional appropriations. This is done by dividing the remaining operating expense requirements among them on the basis of the program size in each case. Thus, for example, since food and nutrition programs are about 55 percent of the total program for all four appropriations,

the food nutrition appropriation is charged with about 55 percent of the total remaining operating expense requirement. A similar calculation is made for each of other three functional appropriations.

The foregoing calculations are made at the time of our budget presentation to the Congress and reworked when we formulate the operational year budget, which of course reflects the action by Congress on our various appropriation requests.

FOREIGN SERVICE RETIREMENT FUND

Mr. SHRIVER. What do you anticipate in the future in regard to appropriations for the Foreign Service retirement fund?

Mr. MANN. We believe, and the Office of Budget and Management has informally agreed, that in future years the funds required should be included in the State Department's appropriation request. This procedure was used when USIA employees were transferred to the Foreign Service retirement system some years ago and similarly, the Civil Service Commission is responsible for the unfunded liability of the civil service retirement system.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Shriver, Mr. Bevill.

NONAPPROPRIATED FUNDS

Mr. BEVILL. Why has the amount of nonappropriated funds, coming from the nonappropriated dollar funds and local currency funds, dropped during the past 2 years? By how much has each of these funds decreased?

Mr. MANN. The nonappropriated dollar funds required for operating expenses have remained fairly constant during the past 2 years. We estimate requirements of $1.8 million both in fiscal years 1976 and 1977. There has, however, been a substantial decrease in operating expenses funded from local currency. The decrease from $17.3 million in fiscal year 1975 to $8.7 million in fiscal year 1976 resulted primarily from closing our missions in Indochina. About half of the fiscal year 1975 local currency requirements for operating expenses related to the budgets for these missions. Our estimated fiscal year 1977 local currency funding for operating expenses is $8.3 million, or a decrease of $0.4 million from the fiscal year 1976 level. There are basically two reasons for this decrease: (1) the nature of our programs no longer generates large amounts of counterpart funds—a significant source of local currency contributions and, (2) our requirements for local currency operating expenses have decreased in some countries as local employees and payrolls decreased.

OPERATING EXPENSES

Mr. BEVILL. How has the percentage of the operating expenses budget which goes to travel changed from last year's budget? Has it increased or decreased.

Mr. MANN. The percentage has remained the same at 6.4 percent for fiscal year 1976 and fiscal year 1977.

PERSONNEL COMPENSATION

Mr. BEVILL. How has the percentage of operating expenses to go to AID personnel compensation for Washington employees changed from last year?

Mr. MANN. The estimated personnel compensation for AID Washington employees in fiscal year 1977 is 29.8 percent of the total operating expenses. For fiscal year 1976, the corresponding amount is 29.2 percent.

Mr. BEVILL. How has it changed in relation to funding for AID personnel compensation for employees outside of Washington?

Mr. MANN. The estimated fiscal year 1977 personnel compensation for overseas personnel represents 27.5 percent of the total operating expenses. The comparable figure for fiscal year 1976 is 24.5 percent.

Mr. BEVILL. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Bevill, Mr. Conte?

INDOCHINA CLOSEOUT PERSONNEL IMPACT

Mr. CONTE. How smoothly has the transition gone in phasing out the Indochinese program personnel?

Mr. MANN. We feel the phasing out has gone well. Of the 525 direct-hire employees displaced by the closing of the Indochina missions 274 had been reassigned by the beginning of March 1976. Another 151 were separated, retired, or resigned. Sixty-nine were on temporary assignments principally concerned with the liquidation of the Indochina program, or on reimbursable detail to the Department of State or the Department of Health, Education, and Welfare on refugee matters. Another 31 were either awaiting reassignment or serving under separation notices.

NEED FOR ADDITIONAL STAFF IN AFRICA AND MIDDLE EAST

Mr. CONTE. The justification states that additional personnel will be needed to support the growing number of programs in Africa and the Middle East. I think these programs could be some of the most important you have tackled. With economic development necessary to long term peace in the Middle East and the terrible situation in the Sahel especially you will need good support for your programs. How many more people will you need? Does this budget provide sufficient personnel to make these programs work well?

Mr. MANN. I appreciate your concern and support for these vitally important programs. We have been moving forward to provide what we feel is the minimum staff necessary to manage these growing programs. We are increasing our U.S. national direct-hire staff in the Middle East—Egypt, Jordan and Syria—from 18 in June 1975 to an estimated 70 by the end of fiscal year 1977. In the Sahel area of Africa we have increased our direct-hire levels from 60 in fiscal year 1975 to an estimated 129 by the end of fiscal year 1977.

We are currently preparing to obtain from our field missions new estimates of our total staff requirements overseas for fiscal year 1977 and 1978. This data will be reviewed and analyzed this summer, after

which we will have more accurate estimates of our staffing needs for these areas as well as for all of our programs.

Our increased responsibilities in the Middle East and Africa will undoubtedly affect significantly our operating expense requirements. We are in the process of reviewing these requirements as more current data becomes available. We will keep the committee informed as our review progresses.

INTERNATIONAL DEVELOPMENT INTERM PROGRAM

Mr. CONTE. The justification on page 14 mentions your desire to accelerate hiring of International Development Interns. This sounds like a good way to keep fresh ideas in AID. Can you tell us about the program?

Mr. MANN. The International Development Intern program is designed to recruit and select individuals with high potential for professional growth, and through a 2 year, individually tailored, experience-based program, train these junior officers to eventually assume key positions in the Agency.

The training period is calculated to provide the intern with the knowledge and opportunity to: (1) Understand the techniques and philosophy of foreign assistance; (2) Develop a broad understanding of organization and functions of the Agency; (3) Demonstrate management skills and executive potential; (4) Acquire journeyman-level proficiency in at least one occupational specialty.

The training program consists of three parts. All interns in a class spend the first 5 weeks in a group situation where together they go through an orientation to AID; a short course in project design and management; a workshop in interpersonal and organizational skills; an offsite community development simulation; and a review of the development simulation.

Individual training patterns are individually tailored and designed for each intern during the second phase of the program to enable the trainee to progress at his own pace and move into productive work as quickly as possible. While individual assignments may vary substantially, the objectives of this phase remain essentially the same for all International Development Interns. These include gaining a thorough knowledge and understanding of the Agency's programs and operations so they may become effective team members; becoming familiar with the specific programs and plans of their bureaus; accomplishing useful work assignments and assuming responsibilities relevant to their target positions; learning the economic, political, and cultural aspects of their region of assignment; and acquiring needed foreign language proficiency.

The last phase of their training normally includes working in three or four different organizational components at the overseas mission to which they will be initially assigned. These vary from 3 to 5 months in duration, except the last which usually ranges for 6 to 9 months. During this last period interns work in the office where they will be placed in permanent on-going positions upon completion of the training program. An important aspect of this last phrase of training is field trips and attendance at conferences.

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International Development Interns are appointed at the FSR–6 and FSR–7 levels; they finish the program at the FSR–5 level.

As of the end of February 1976, there were 162 IDI's in the Agency. The last class brought on board in the fall of 1975 consisted of 41 IDI's. Selections have been made for a class of 54 to be brought on board in the spring of 1976. AID proposes to bring on board approximately 100 interns annually in two classes of 50 each.

CLASSIFICATION SURVEY OF AID FOREIGN SERVICE PERSONNEL

Mr. CONTE. Has a cyclical classification review of overseas personnel started?

Mr. MANN. In fiscal year 1975, AID undertook an Agencywide review of all Foreign Service positions to assure they were accurately described and classified in preparation for the reduction in force. Following this review AID established a policy of reviewing and certifying the accuracy of all its Foreign Service positions each year in conjunction with its annual manpower review.

At the present time we are conducting a study for the purpose of updating the classification guidelines and occupational standards applying to our Foreign Service positions.

In addition to the annual review and certification AID proposes to conduct on-site audits of four missions—one in each region—annually. The first of these is scheduled for April 1976 in Kenya; the second in September 1976 in Indonesia. During the first quarter of 1977, a mission in Latin America will be reviewed and one in the Near East region during the second quarter.

SKILL SHORTAGES IN AID STAFFING

Mr. CONTE. What skills are in short supply within the Agency?

Mr. MANN. Recruitment is underway for accountants and auditors, economists, anthropologists, engineers, health officers, loan officers, population officers, and rural sociologists.

ADVANCED MANAGEMENT TRAINING SEMINARS

Mr. CONTE. What is the purpose of the advanced management training seminars?

Mr. MANN. The purpose of these seminars is to provide a review of contemporary theories and concepts of management integrated with relevant behavioral science findings. These seminars are conducted periodically both overseas and in the United States.

LOCAL CURRENCY FUNDS

Mr. CONTE. How much of AID's operating expenses are met with local currency funds?

Mr. MANN. The 1977 funds are as follows:

Fiscal year 1977 operating expenses—estimated local currency trust fund availabilities

(Dollar equivalent in thousands)

Bangladesh	$85
Brazil	1,895
Costa Rica	41
Indonesia	938
Kenya	2
Korea	652
Morocco	176
Nepal	491
Pakistan	1,941
Philippines	1,212
Senegal (ADO/Dakar)	25
Thailand	665
Tunisia	76
Nonregional	56
Total	8,255

FUNCTIONS OF THE ADMINISTRATOR'S ADVISORY COUNCIL AND THE SENIOR OPERATIONS GROUP

Mr. CONTE. Would you explain the differeince in functions of the Administrator's Advisory Council and the Senior Operations Group?

Mr. MANN. The Administrator's Advisory Council—AAC—includes the administrator, the deputy administrator, all assistant administrators, the general counsel, the auditor general and the president of the Overseas Private Investment Corp. The AAC is chaired by the assistant administrator for program and policy coordination. The council helps to formulate policy and develop foreign assistance strategy. The council deals with key development issues such as trade, investment, monetary affairs, energy, et cetera.

The Senior Operations Group, composed mainly of deputies to the officials on the Administrator's Advisory Council, deals with operating and management matters—problems of planning and coordination, program implementation and evaluation, and organization, staffing, administration, contracting, financial management, et cetera.

IMPROVING PROJECT EVALUATION

Mr. CONTE. What are you doing to improve project evaluation?

Mr. MANN. Since effective evaluation depends first on good project design, we are intensifying project design training as well as training in project evaluation. For all new projects we are requiring that our project designers use a logical framework matrix and give us a detailed evaluation plan.

We are working to develop better indicators to measure progress. We're expanding the evaluation system to cover types of projects not covered in the past. Then we are undertaking a series of evaluations of completed projects in certain subject areas; this should give us insights to help us improve our new projects in those areas.

We're also testing a new method for evaluation above the level of the individual project. Here we're seeking to measure the impact of our activities in a country in terms of institutions, sectors, target groups, and the society as a whole.

OFFICE OF FOREIGN DISASTER ASSISTANCE

Mr. CONTE. Has the Disaster Relief Coordination Office been fully staffed to handle things like Guatemala?

Mr. MANN. In January of this year a number of steps were initiated to further enhance both the Agency's and the U.S. Government's response to foreign disasters. Among these steps was a significant staff increase for the newly retitled Office of U.S. Foreign Disaster Assistance raising the authorized number of permanently assigned staff in Washington from 15 to 26. Additionally, a regional disaster assistance officer stationed overseas in highly disaster-prone Latin America was approved.

With regard to the availability of staff to meet disasters like the recent Guatemala earthquake, personnel with various needed skills are assigned temporarily from throughout the the Agency to the Office of Foreign Disaster Assistance when such a disaster strikes. The enormous magnitude of work in this office associated with any major disaster requires large amounts of staff time well beyond that needed for the day-to-day operations of the office. The availability on a temporary basis of these additional personnel provides the office with the depth of work force resources needed when a disaster strikes.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Conte. Mr. Coughlin?

DEVELOPMENT INFORMATION SERVICE

Mr. COUGHLIN. On page 3 of your statement, you comment on a new branch called the Development Information Service staff. Could you elaborate a little about this new branch, its purpose, how many personnel will be involved, and whether or not new people will have to be hired?

Mr. MANN. Yes, sir. The primary purpose of the Development Information Service is to provide project designers information on subject matter relating to AID's work in the developing countries. Its task is to recover from AID's current memory facilities material which is of general value to project officers. It also will eventually obtain data from external sources and networks, such as universities, research centers, private foundations, and international agencies.

It will draw upon the automated data banks now being developed as part of the planning, budgeting, accounting and reporting system—PBAR, as well as manually retrieving documents from conventional library and archive sources, such as the AID reference center. The following types of data will be provided by the DIS office:

(1) *Evaluation.*—From project histories, successes and failures of similar projects undertaken by AID and ultimately, by the U.N. development program, the World Bank and private foundations.

(2) *Technical "state-of-the-art."*—From universities and other research institutions.

(3) *Socioeconomic-political.*—Primarily from resources in the State Department, AID and the International Bank of Reconstruction and Development.

The DIS office will work closely with the Technical Assistance Bureau, Population and Humanitarian Assistance Bureau, and geographic bureau staffs in developing information for the field and in backstopping field projects to assure that AID project design requirements and field mission practical needs are met. This will include participating in project reviews, evaluation and policy sessions, technical subject matter and research meetings.

Current plans call for a staff consisting of six employees: a director and deputy director, a librarian, two information specialists and one secretary.

The only new person to be hired will be a senior librarian, as there is no one in the Agency possessing the unique skills required for this position.

CHANGES IN TOTAL DIRECT-HIRE STAFF LEVELS—ACTUALS AND ESTIMATED

Mr. COUGHLIN. Your total estimated personnel in fiscal year 1977 is 6,152. However, in last year's hearings you felt that the end of fiscal year 1976 you would have 7,700 direct-hire personnel and in today's material you believe you will have 6,152 at the end of fiscal year 1976. Additionally, last year you felt you would have 8,200 at the end of fiscal year 1975 and yet today you show us that you actually had 6,185. Could you explain the discrepancies in the figures in today's justifications over the material you submitted last year and also whether or not you anticipate the same changes in the estimates next year?

Mr. MANN. The difference between the estimates that we provided last year for end of fiscal year 1975 direct hire staffing 8,200, and the actual onboard strength for June 30, 1975, 6,185 resulted from the unanticipated termination of the Indo-China programs. At the end of March 1975, over 2,100 United States and Foreign National employees were on the rolls of the Vietnam, Laos, and Khmer Republic missions. As these employees were, for the most part, local employees; they were no longer on the Agency's rolls by June 30. For the same reason, last year's projection of 7,700 for the end of fiscal year 1976 has been reduced to approximately 6,150.

Our workforce and staffing requirements have been under continuous review since the termination of these programs. We feel that 6,152 is the minimum number of positions required to manage the agency's responsibilities. While difficulties in recruitment of certain skills may prevent our filling all positions within this level at the end of fiscal year 1976, our projections of workforce requirements will remain valid.

PROJECT IMPLEMENTATION STAFF

Mr. COUGHLIN. I note that you have 6,061 staff working on policy planning, coordination, and management and about 91 technical advisors engaged in the implementation of programs and projects. Do you think that 91 people are sufficient to effectively implement the number of programs and projects which AID has?

Mr. MANN. I agree that 91 people are insufficient to implement all of AID's programs and projects. During the past few years it has been AID's policy to shift its direct hire work force into the areas of policy formulation, program evaluation, program coordination, program support, administrative management, and personnel support. This includes all the technical planning and management of specific projects and programs.

The actual implementation of programs and projects, that is, the work of technical specialists providing technical advisory services to host country institutions as part of a specific project, is being carried out more and more through the utilization of other resources, for example, other U.S. Government agency personnel, private sector contractors, universities, voluntary agencies, and so forth.

The 91 AID employees to which you refer are the AID direct hire technicians still engaged in the implementation of specific single projects. They are shown separately from the 6,061 other direct hire personnel due to the fact that they are being funded out of project funds rather than the operating expense budget.

As these projects are completed the individuals involved are being reassigned and retrained, if necessary, to engage in the overall management and monitoring of AID funded programs.

In addition to this limited number of direct hire technicians engaged in implementation of specific projects, the Agency, as reported for February 29, 1976, has 1,269 United States and foreign national personnel, 93 U.S. employees from U.S. Government agencies and 1,176 United States and foreign nationals under contract, currently engaged in the implementation of AID programs and projects overseas.

FOREIGN NATIONAL SALARIES

Mr. COUGHLIN. What is the average salary of your foreign nationals? You gave $24,989 as the average taxable income for U.S. nationals in your program and I was wondering how much you pay foreign nationals.

Mr. MANN. The average annual salary paid foreign nationals in 1975 was $5,184.

ESTIMATED TOTAL AID WORK FORCE LEVEL FOR FISCAL YEAR 1977

Mr. COUGHLIN. What do you anticipate the total AID personnel force will be worldwide in fiscal year 1977, including all contract personnel both United States and foreign?

Mr. MANN. The following is a table which reflects our current estimates of AID work force for fiscal year 1977:

Category	*Number*
U.S. direct hire	3,895
Foreign national direct hire	2,257
U.S. PASA	153
U.S. contract	1,043
Foreign national contract	700

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Coughlin. This will conclude our hearings on the fiscal year 1977 budget request for operating expenses for the Agency for International Development.

WEDNESDAY, MARCH 24, 1976.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

WITNESSES

ARTURO COSTANTINO, DIRECTOR
DAVID A. SANTOS, CHIEF OF OPERATIONS
EUGENE D. TUCCI, PROGRAM ANALYST

AMERICAN SCHOOLS AND HOSPITALS ABROAD PROGRAM

PROGRAM AND FINANCING

[In thousands of dollars]

	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Program by activities:				
Total obligations	17,500	10,087	2,500	7,500
Financing:				
Recovery of prior period obligations	−78			
Unobligated balance available, start of period	−8	−87		
Unobligated balance available, end of period	87			
Budget authority:				
Appropriation	17,500			7,500
Appropriation request pending		10,000	2,500	
Relation of obligations to outlays:				
Obligations incurred, net	17,421	10,087	2,500	7,500
Obligated balance, start of period	24,136	21,010	16,017	14,684
Obligated balance, end of period	−21,010	−16,017	−14,684	−11,411
Outlays	20,547	15,080	3,833	10,773
Object classification				
Personnel compensation:				
Permanent positions	160	149	37	136
Positions other than permanent	9	8	2	7
Other personnel compensation	8	7	2	6
Total personnel compensation	177	164	41	149
Personnel benefits: Civilian	16	11	3	10
Benefits for former personnel		2		2
Travel and transportation of persons	18	14	3	21
Transportation of things	4	3	1	5
Other services	17,285	9,893	2,452	7,313
Total obligations	17,500	10,087	2,500	7,500
Personnel summary				
Total permanent positions	5	5		5
Average paid employment	6	6		5
Average GS grade	9.36	9.34		9.20
Average GS salary	$18,122	$18,976		$18,699

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Mr. PASSMAN. The committee will come to order. We will continue the examination of the budget requests of foreign aid and assistance. The next item will be that of American schools and hospitals abroad. We have as witnesses the Honorable Arturo Costantino, director, Office of American Schools and Hospitals Abroad, under the Agency for International Development, accompanied by Mr. David A. Santos, chief of operations; and Mr. Eugene D. Tucci, program analyst.

I would assume, Mr. Costantino, that you would have a statement you would like to make to the committee.

Mr. COSTANTINO. I have, sir.

Mr. PASSMAN. We will insert your statement at this point.

[The statement follows:]

Mr. Chairman, it is once again my privilege to appear before this committee in support of the fiscal year 1977 budget request for the American schools and hospitals abroad program. The amount requested is $7.5 million plus the dollar equivalent of $7 million in U.S.-owned Egyptian pounds.

All the Egyptian pounds requested are for the American University in Cairo to replenish its endownment and to meet current expenditures.

The $7.5 million requested clearly will not allow for any new starts anywhere and will, in fact, require a reduction in past levels of assistance for institutions benefiting from the program. A substantial percentage of this budget will be needed to help the American University of Beirut. In fiscal year 1976, the university's deficit was in the range of $15 million. The university could not have continued to function had it not been for assistance from the Government of Lebanon. When the situation in that country returns to normal, the university will, no doubt, make every effort to implement the plans it had made prior to the civil disturbances to increase its income through better management of its real estate and to decrease expenditures by paring overhead. However, the university will be dependent on continuing U.S. assistance until its financial position can be stabilized.

During the past few months, this committee and individual Members of Congress have expressed their conviction that the U.S. Government cannot assume unlimited responsibility for the financial viability of private institutions such as AUB. Nevertheless, I believe that the committee will agree that the American University of Beirut remains the premier American cultural institution overseas and deserves priority consideration for public support within the limitations imposed by the ASHA budget.

The financial problems facing the American University of Beirut and other institutions with a fine reputation, such as the American University in Cairo, strike me as chronic. Despite every effort our office has made to encourage these institutions to be financially self-reliant, we recognize that the pressures upon them, such as civil disturbances and high inflation rates, are very great.

The Foreign Operations Subcommittee of the Senate Appropriations Committee has just issued a report which I believe to be both illuminating and constructive. The report states that it is that committee's view that

"It is unfortunate, but nonetheless true, that some of the institutions which receive assistance under this program have come to regard American assistance as annual income for their operating budgets. They have become too dependent upon the support of the United States and have not pursued alternative sources of income to the extent the committee believes they should.

"The committee is exploring the means for correcting these two program deficiencies. In our report of last year, we urged the administration to immediately undertake efforts to widen the scope of the program so that not more than four projects are funded in any one country in any one fiscal year after fiscal year 1977. To reduce the dependency of these eligible and worthwhile institutions on American support, the committee will, in preparation for its recommendations on fiscal year 1977 appropriations, carefully study the possibility prohibiting consecutive year funding of any one institution."

The Senate report continues that the committee "understands that the sudden imposition of new funding procedures would be disruptive and, therefore, advance preparation is necessary." It would be most helpful if this committee would express its views on the matter and in the course of this hearing give me such guidance as it may believe appropriate. I think that all of us want the same thing—the best possible use of public funds to assist worthy institutions to demonstrate the best America has to offer in education and medicine.

All the schools and hospitals which are seeking assistance in fiscal year 1977 are listed in a table which has been provided to the committee. This table reflects requests totaling over $41 million, a level which regrettably confirms that expectations continue to outstrip available resources. We trust that those institutions which have not been assisted in the past or those which cannot realistically expect help in fiscal year 1977 will understand the limitations upon us.

In the course of this hearing I shall do my best to answer such questions as you may wish to raise, and I assure you that we will respect such advice and guidance as the members of the committee may wish to proffer. I also want to take this opportunity to thank the committee for its commendation of my office contained in the report by the committee to accompany H.R. 12203.

Mr. PASSMAN. We will insert certain justification materials in the record at this point.

[The justification materials follow:]

AMERICAN SCHOOLS AND HOSPITALS ABROAD

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
17.3	10.1	2.5	7.3[a]

The American Schools and Hospitals Abroad program provides grants to American-sponsored private institutions in foreign countries to help demonstrate American ideas, practices and recent progress in education and medicine.

-- U.S. foreign assistance grants under Section 214 of the Foreign Assistance Act supplement the preponderantly private income which, in most cases, these institutions earn or receive from U.S. and foreign sources.

The FY 1977 request is $7.5 million plus $7 million equivalent in U.S.-owned Egyptian local currency.

-- Priority will be given to a few institutions hich:

** require assistance to survive;

** other wise would have to curtail activities drastically;

** need help to complete ongoing construction programs.

The following major institutions fall into these categories:

-- American University of Beirut, Lebanon

-- Feinberg Graduate School of the Weizmann Institute, Israel

-- Hadassah Medical Center, Israel

-- The People-to-People Health Foundation (Project HOPE)

-- Bologna Center of Johns Hopkins University, Italy

The Egyptian currency equivalent of $7 million is requested to supplement funds provided in FY 1975 and FY 1976 to replenish the endowment fund granted by the Congress to the American University in Cairo (AUC). The University utilized some of the principal of its endowment to meet operating expenses because of unavoidable delay in planned investments. No dollar assistance to AUC is foreseen in FY 1977.

a/ Excludes $.2 million in operating expenses.

Country:

GRANT ACTIVITY DATA

TABLE VI

TITLE	FUNDS	PROPOSED OBLIGATION ($000)	
American Schools and Hospitals Abroad (ASHA)	American Schools and Hospitals Abroad	FY 77 7,300	
	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
NUMBER	FY 1976 Interregional Programs, p. 264	FY:	FY:

Funds appropriated in FY 1977 will be used for the following major institutions which require assistance to survive, to function adequately, or to maintain their construction and procurement programs. Several smaller schools and hospitals throughout the world which have received grants in the past also are seeking help, but it is unlikely that funds will remain available for distribution to these smaller institutions after the priority needs of the major institutions have been met.

The American University of Beirut, Lebanon: Budget support is essential if this University is to continue to be an influential educational showcase for the United States in the Near East. The level of assistance required cannot be estimated with any accuracy until conditions in Lebanon return to normal. However, for the past three years ASHA has urged the University to reduce expenditures and to raise income through academic reorganization, implementation in management of its real estate, and sales of its services. The University has made plans along these lines, but the civil disturbances in Lebanon are delaying implementation. Fortunately the University has secured promises of budgetary support from the Lebanese Government which compensate for the anticipated loss in income to the University through October 1976. If conditions in Lebanon return to normal soon, revisions in academic programs should enable AUB to operate in 1977 with a level of A.I.D. support somewhat lower than that furnished in recent years.

Bologna Center of Johns Hopkins University, Italy: This graduate school of international studies provides students from Europe and other parts of the world with a better understanding of U.S. international relations.

Feinberg Graduate School of the Weizmann Institute, Israel: The Feinberg Graduate School is a prestigious center for advanced technical and scientific studies which collaborates closely with leading American universities. Funds are needed to purchase scientific equipment in the United States.

Hadassah Medical Center, Israel: The Hadassah Medical Center is seeking additional assistance for procurement of equipment and construction of its medical center in Jerusalem.

The People-to-People Health Foundation: Project HOPE is one of America's best known overseas medical philanthropic efforts. It operates medical education projects throughout the world, but Section 214 assistance supports only activities in the Caribbean, Brazil, and Colombia.

The University of the Americas, Mexico: The University is developing its engineering and business administration offerings while maintaining its liberal arts program. For several years, the University has been engaged in a major capital construction program so that it can attract the students and faculty to make it a financially viable academic success.

American University in Cairo, Egypt: No dollar assistance to the University if foreseen in FY 1977. However, the Egyptian currency equivalent of $7 million is requested to supplement funds provided in 1975 and 1976 to replenish the endowment fund granted by the Congress to the University. AUC is the largest American cultural institution in Egypt.

HISTORY OF FOREIGN AID

Mr. PASSMAN. I don't like to place myself in the position of being always contended that it is not all bad. As I stated earlier, Mr. Director, when this program started off in 1947, it was understood that it was to help the starving people of Europe and give them a little lift. The original program was going to take us into 17 nations of the world at a cost of about $15 billion for 5 years.

Now, let's see what happened. Not 5 years; it is now going into the 29th year. Not 16 nations; we have moved the program into 134 nations. Not $15 billion; the net disbursements, when you pick up the conflict in Vietnam, is about $447 billion. By this vast outpouring of American resources, we moved our public debt from $259 billion up to $600 billion. By this operation, we have penalized the thrifty, the aged, and the retiree. We have confiscated 68 percent of the savings of the thrifty Americans, because a dollar today is only worth 32 percent of what it was worth when we started the program. All the increase in public debt has been foreign aid.

I am frightened over foreign aid because it has begun to grow.

Now I think the American schools and hospitals item is a splendid program. I want to ask a few pointed questions, and I want to find out if I am putting it on the record as it is, and you have been one man who, in all the years I have known you, never withheld one bit of information.

SETTING PRIORITIES

We furnish you this money on an illustrative basis?

Mr. COSTANTINO. Correct, Mr. Chairman.

Mr. PASSMAN. And it is up to you to be fair and establish a priority list and fund the programs you feel most meritorious?

Mr. COSTANTINO. That is what my office does, Mr. Chairman.

Mr. PASSMAN. Have you followed that without any exceptions?

Mr. COSTANTINO. Yes, sir.

RECOGNITION OF U.S. CONTRIBUTIONS

Mr. PASSMAN. It is my understanding that in every project abroad under American schools and hospitals, there in a brass plaque placed on these buildings that the funds to build this building were contributed by our American friends.

Mr. COSTANTINO. Correct, sir.

Mr. PASSMAN. I believe that is on all the American university buildings and the Children's Hospital in Taiwan?

Mr. COSTANTINO. Yes, sir.

Mr. PASSMAN. I believe in all the schools there is a big billboard out there saying, "Funds contributed by our U.S. friends," with that handclasp?

Mr. COSTANTINO. Correct, sir.

Mr. PASSMAN. Do you know of any exception where you don't have that type of display?

Mr. COSTANTINO. No, sir; we insist on it as part of every agreement we make with every school.

Mr. PASSMAN. So whether it is a child, adult, college professor, or student, they know that the construction aid being given to that school comes from their friends in America?

Mr. COSTANTINO. Yes, sir.

CUTTING BUDGET REQUESTS

Mr. PASSMAN. Well, why is it that these people downtown insist every year on cutting your budget request and then later on send down a budget amendment increasing it back to what you originally asked for?

Mr. COSTANTINO. The only answer I can give is, I think they seem to be wiser the second half of the year than the first.

Mr. PASSMAN. I think it is for a trade-out because I have never heard any complaint about your schools and hospitals programs abroad. Why don't you find out sometime for this committee why they cut what is known as the best program in foreign aid and that is to take care of little children, crippled children, dying people, give them hospitals and give them comfort. Why don't you find out why they do that?

Mr. COSTANTINO. We will do our best, Mr. Chairman.

Mr. PASSMAN. I have done everything I could to bring to the attention of the people in-the-know downtown that they made a mistake, and they quickly admitted, "Yes, we made a mistake, and we will amend the budget." Of course, if they should send down a budget request for $2.65, that would be all you could testify for, wouldn't it?

Mr. COSTANTINO. Correct; that is the law.

Mr. PASSMAN. It is not the law. You could say we need more. You don't have to swear that $2.65 is all you need. That is what you would have to stick to if that is what the budget request asked for.

APPLICATIONS FOR FUNDING

What is the total amount of the applications now before your agency?

Mr. COSTANTINO. The applications received for fiscal year 1977 total approximately $41 million. The precise figure is $41,184,000.

Mr. PASSMAN. That is the amount that is actually before your shop for consideration?

Mr. COSTANTINO. Yes, sir. In addition to that there is a request for $7 million equivalent in excess Egyptian pounds.

Mr. PASSMAN. At one time you had a larger backlog of requests than you do this time?

Mr. COSTANTINO. Some people have stopped applying because they haven't had any succes in doing so.

Mr. PASSMAN. If you make it all-inclusive what would the grand total of the requests before you in the way of applications be?

Mr. COSTANTINO. If we were to go back and add up applications which have not been met over the past 3 years, fiscal years 1973, 1974, and 1975 the unfunded balance might exceed $130 million.

Mr. PASSMAN. $130 million?

Mr. COSTANTINO. Yes.

Mr. PASSMAN. But the active requests before you that you are looking at is $41 million?

Mr. COSTANTINO. For 1 fiscal year.

Mr. PASSMAN. That is applicable to fiscal 1977?

Mr. COSTANTINO. That is correct, Mr. Chairman.

RECOGNITION OF U.S. CONTRIBUTION

Mr. PASSMAN. I have seen those crippled children, they are just little sweethearts. I have seen maybe 100 of those children. Some of them put their arms around me. They knew that I had tried to help them, you understand, and of course there are plenty of places we can spend the money in America but if we are going to have a program abroad—and we say that the purpose is to win the minds of men—then I don't know of any better way to impress these little kids than to let them know their friends in America built this hospital to care for them, and give them a school to go to.

If you are going to have a program I think that is the kind of program to have. It is your policy that at every school you have this big sign outside I refer to as a billboard showing that the project was being built with American funds?

Mr. COSTANTINO. Yes, sir.

CONGRESSIONAL SUPPORT

Mr. PASSMAN. Mr. Costantino, have you gotten your story over to a sufficient number of Members of Congress for them to understand this, or are you prevented from lobbying?

Mr. COSTANTINO. I am, of course, not in a position to lobby but I think that the Congress——

Mr. PASSMAN. I am not asking you to lobby me because I have too many others, but I wonder if you have put your story over.

Mr. COSTANTINO. I would say the record of the past few years confirms the Congress has supported this program because it has consistently voted funds which exceed the original budget request.

INSTITUTION DEPENDENCE ON UNITED STATES

Mr. PASSMAN. How many institutions under your program do you consider require U.S. assistance to survive?

Mr. COSTANTINO. At this moment I would say one: the American University in Beirut.

Mr. PASSMAN. Some of the others would have to cut back very drastically, wouldn't they?

Mr. COSTANTINO. That is correct.

SELECTION CRITERIA

Mr. PASSMAN. I want you to continue operating on an illustrative basis and leave it up to our high integrity to follow a priority list that is there because I am sure some of your decisions are difficult because of the similarity between the programs.

Do you take into account per capita income of the community as compared to other parts of the country?

Mr. COSTANTINO. Of course, sir.

Mr. PASSMAN. The number of children?

Mr. COSTANTINO. Yes, sir.

Mr. PASSMAN. The facilities they have compared to what they may have in some other place where they recommend funds be spent?

Mr. COSTANTINO. We do.

NONSECTARIANISM

Mr. PASSMAN. It is my understanding this is a strictly nonsectarian program. You have Jewish, Catholic and Protestant institutions?

Mr. COSTANTINO. And Moslem and Buddhist.

LIMITING NEW STARTS

Mr. PASSMAN. It would appear this program has, in the past, been weighted in favor of one of our friends in the Middle East, and I think you would have more support for the program if we would limit the number of new starts in any one nation because when you start these projects, you either have to continue giving them assistance or they will wind up with a school building that is only half finished or a classroom without any chairs and desks.

Mr. COSTANTINO. Yes, sir.

Mr. PASSMAN. I am just wondering what your thinking would be with respect to limiting the number of new commitments in a nation. Do you have any number or do you think it would be wise to come out of certain nations for a while?

Mr. COSTANTINO. Last year, fiscal year 1975, we had only one new start.

Mr. PASSMAN. In 1975 you had one new start worldwide?

Mr. COSTANTINO. One new start.

This year, of course, we haven't yet seen the appropriations, so we haven't made final program decisions. But I agree with you. There should be a limit on the number of schools we subsidize in any one country, and there certainly has to be a limit on new starts. Otherwise our budget would never cover all the requirements.

AMERICAN UNIVERSITY OF BEIRUT

Mr. PASSMAN. Let us take some of the institutions, the American University of Beirut. Of course they are having a lot of trouble in that country. We hope it will be settled and the American University will continue operating.

I believe that every President going back to the beginning of this program has supported funds for the American University of Beirut.

Mr. COSTANTINO. That is correct, sir.

Mr. PASSMAN. Every Secretary of State and every AID Director.

Mr. COSTANTINO. Yes, sir.

Mr. PASSMAN. It reached the point where they said it is a must item and without the American University of Beirut, in all probability Lebanon would have broken off diplomatic relations with the United States a few years ago.

Many of the leaders in that part of the world are graduates of the University of Beirut?

Mr. COSTANTINO. Correct, sir.

Mr. PASSMAN. That university is nonsectarian in every respect?

Mr. COSTANTINO. In every respect.

FUNDING FOR AUB

Mr. PASSMAN. I think we know that our commitments implied strongly that all levels call for a minimum of $6 million a year?

Mr. COSTANTINO. That is what I would hope to give them this year if the funds appropriated are adequate.

Mr. PASSMAN. I think I made this statement that some consideration was being given to give these people another $8 million, and I said if you do you are going to be sorry. There is a limit to what we ought to give these people, and I pleaded with the people even in AID not to give the American University of Beirut any more than that $6 million, and if they wanted another $8 million, to go get it elsewhere. Do you remember that?

Mr. COSTANTINO. I certainly do, sir.

Mr. PASSMAN. You don't have any plans to give them an additional $8 million?

Mr. COSTANTINO. Certainly not, sir.

UNIVERSITY OF THE AMERICAS IN PUEBLO

Mr. PASSMAN. I think you have an institution in Pueblo, Mexico. It is the University of the Americas. It is one of the better American universities in the world.

Mr. COSTANTINO. Indeed it is, Mr. Chairman.

Mr. PASSMAN. I think their former president was Dr. Ray Lindley. The American board requested the services of Dr. Lindley to go down and organize, to develop a new campus, and they say it is one of the most beautiful campuses to be found, it has very strict discipline and it is a credit to the United States.

Mr. COSTANTINO. Correct, sir.

Mr. PASSMAN. Again, we helped them with their building program. If we don't give them a little help now the whole program will fall by the wayside.

Mr. COSTANTINO. We want to complete the construction program.

Mr. PASSMAN. We have committed ourselves.

Mr. COSTANTINO. That is correct, sir.

PROJECT HOPE

Mr. PASSMAN. Let's take Project Hope. That is something that is going on for a long, long time and we are committed to help Project Hope.

Mr. COSTANTINO. I am very happy to hear you say that.

Mr. PASSMAN. Aren't we committed?

Mr. COSTANTINO. I think we are.

WEIZMANN INSTITUTE

Mr. PASSSMAN. We are committed to Weizmann Institute.
Mr. COSTANTINO. An excellent institution.

ADEQUACY OF BUDGET REQUEST

Mr. PASSMAN. We have named four: Weizmann, Project Hope, University of the America, and the University of Beirut.

How in the world can you fund even these four programs with this budget request?

Mr. COSTANTINO. In an adequate way?

Mr. PASSMAN. My friend, you might as well give them nothing. How could you go to a university and say we are going to close up?

You might as well not have anything then to have only $7.5 million.

We just cannot meet our commitments, can we, with that?

Mr. COSTANTINO. I don't think so. No, sir.

LEGISLATIVE ACTION

Mr. PASSMAN. It is my understanding that the International Relations Committee of the House and the Foreign Relations Committee of the Senate both approved $25 million for fiscal 1976 and 1977, and that they have reached a conference agreement and that was the amount they agreed upon.

Mr. COSTANTINO. Yes, sir.

Mr. PASSMAN. So even what we recommended in the House bill is some 20 percent less than what was authorized, and I believe that is a larger reduction than was made in the overall foreign aid bill.

AMERICAN UNIVERSITY OF BEIRUT

Mr. PASSMAN. Mr. Costantino, I have a lot of respect for your ability. Of course these people are in trouble in Lebanon. It is my understanding that the American University of Beirut in fiscal 1976 will have a $15 million deficit.

Mr. COSTANTINO. It now appears their deficit may be somewhat lower because they have had to reduce their expenditures considerably. Of course their income situation is very difficult to ascertain because the university is once again closed because of the hostilities in Beirut.

However, I can tell you that the university has made a very worthwhile and I think praiseworthy effort to reduce its overhead despite the political situation in Lebanon.

The university's budget has come down, despite inflation, from last year's figure of $33.5 million to approximately $32 million. Revenues have come down somewhat too, however.

But I think it is interesting to note that the university has increased fees by an average of 35 percent; that it has reduced its staff by about one-third, and that the university has increased the student-teacher ratio from 1-to-14 to 1-to-19. All of these changes are commendable and surely were difficult for the university to accomplish at this time.

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Mr. PASSMAN. Are they operating at this time?

Mr. COSTANTINO. AUB is closed right now, sir.

Mr. PASSMAN. How long will it be closed?

Mr. COSTANTINO. Until the shooting stops.

Mr. PASSMAN. Do they anticipate reopening it as soon as this thing cools down?

Mr. COSTANTINO. The university has said it will open immediately thereafter.

LIMITING COMMITMENT TO AUB

Mr. PASSMAN. We are not committing ourselves to any part of this $15 million deficit or any lesser amount, so we are going to limit your commitment to the American University in Beirut to $6 million. That is what you gave them last year.

Mr. COSTANTINO. Correct, sir.

Mr. PASSMAN. You tell the committee you are going to put a cap on at that point?

Mr. COSTANTINO. We have already notified the university the maximum they would receive in fiscal year 1976 is $6 million.

FUNDING FOR WEIZMANN INSTITUTE

Mr. PASSMAN. It is my understanding that in fiscal year 1976 you are going to limit Weizmann to $1.5 million even though they want $4 million?

Mr. COSTANTINO. Yes, sir.

Mr. PASSMAN. You know these appetites are pretty hard to satisfy.

Mr. COSTANTINO. We have found that, Mr. Chairman.

Mr. PASSMAN. The University of Americas in Puebla, what are you considering for them for fiscal 1976?

Mr. COSTANTINO. If the appropriations that emerge from the conference committee are adequate we hope to fund fully their new center in Mexico City which is going to cost roughly $1.5 million. Obviously this depends on how many dollars we have to distribute. If necessary we might carry over some of the funding into next year.

I might add that none of the money we are considering for the University is for operating support.

PROGRAM EFFECTIVENESS

Mr. PASSMAN. Mr. Costantino, we are spending money we don't have for things we don't need, trying to be everything to everybody all over the world on borrowed money.

I think you are running a good program. I think it is a reasonably tight program when you look at what you are accomplishing. I hope you will continue scrutinizing these applications closely, and I hope that you will not yield to pressure and overindulge in putting too many projects in any one nation.

Mr. COSTANTINO. I understand you very well, Mr. Chairman.

Mr. PASSMAN. Because you have poor people all over the world. I am not a foreign aid enthusiast.

The program is wrong but all I can do is to conduct the examination, be as fair as I can, and if you have a bad program I am going to say so. If you have a good program, I am going to say so.

I believe that you do have without a doubt the best program in foreign aid.

Mr. COSTANTINO. Thank you, Mr. Chairman.

Mr. PASSMAN. Especially when part of our program is to win the minds of men. If you win the mind of a child, you have won him for always. Adults change their minds but usually children when they get something indented up there, it stays.

I see the job that you have done in Taiwan and Korea. I have to commend you. It strains me to be complementary of any foreign aid program.

RECOGNITION OF U.S. CONTRIBUTION

Again, every school and every hospital all over the world where we have had any program for schools and hospitals abroad either has molded into the structure itself a brass plate saying that this institution was built with funds contributed by friends of the United States, and in buildings under construction you have a big sign indicating clearly and plainly that this structure is being built with funds from the United States, and it shows that hand clasp?

Mr. COSTANTINO. Sir, there is always a sign identifying the project with the United States.

Mr. PASSMAN. This is bound to impart a favorable impression. Aside from the good we are doing, we think the minds of men and women and children is one part of foreign aid; isn't it?

Mr. COSTANTINO. Yes; Mr. Chairman.

SELECTION CRITERIA

Mr. PASSMAN. I hope, Mr. Costantino, that you will continue in the future as in the past following a list of priorities. You can't fund all the applications.

If you will. place in the record at this point a copy of your selection criteria, so that people know how you make your selection I would assume you would take into consideration the per capita income of the people who would benefit from your efforts?

Mr. COSTANTINO. We take that into account.

[The information follows:]

AMERICAN SCHOOLS AND HOSPITALS ABROAD CRITERIA

1. All institutions for which assistance is requested must be located abroad, and must have been founded or be sponsored by U.S. citizens. The Agency construes founding and sponsorship as requiring a preponderance of U.S. citizens in the founding or sponsoring group and an identification of the institution with the United States.

2. The institution must be a private nonprofit organization, not under the direct control or management of any government, or governmental organization.

3. The sponsors must participate in the management of the institution and contribute to its financial support. No applications for assistance will be considered for ventures entirely dependent upon a grant under section 214 for their initiation.

4. The institution should be open to all regardless of race, creed or color. No portion of the grant may be used to promote religious activities.

5. Schools must have a student body comprised of a majority of citizens from countries other than the United States.

6. In the case of medical institutions, the majority of students, nurses, and other medical personnel receiving training shall not be U.S. citizens.

7. The faculty or staff must include U.S. citizens or other nationals trained and graduated from U.S. institutions and thus be able to reflect American theory and practices in education, medicine and/or medical research.

8. Full time schools will be expected to provide instruction in an American studies program designed to include aspects of American history, geography, cultural, political and economic subjects. English should be used in instruction or taught as a second language.

9. Vocational and subprofessional training institutions should be planned to meet the needs of the host country.

10. The institution must demonstrate competence in instructional skills, management, and financial operations.

11. Each application must include the information required to permit a firm estimate of the total costs of the project to the U.S. Government and to demonstrate the capacity to insure effective use of the assistance requested.

N.B. The above criteria establish eligibility for a section 214 grant. However eligibility does not ipso facto imply that a grant will be recommended or approved by AID.

Mr. PASSMAN. As to the condition of the people in the area where these schools are located; is that one of the predominant factors in making your decision?

Mr. COSTANTINO. It is an important factor but not the predominant factor.

Mr. PASSMAN. What is the most predominant factor?

Mr. COSTANTINO. That it is really an American institution of proven quality——

Mr. PASSMAN. I thought that was understood.

Mr. COSTANTINO. That is really the No. 1 consideration.

I would like to introduce for the record once again the criteria we follow in selection of projects.

RECOGNITION OF U.S. CONTRIBUTION

Mr. PASSMAN. I don't think I could possibly help you justify putting a school maybe in some very wealthy community where people may have a very high income. As I understand it, most of these schools are strictly to accommodate underprivileged children?

Mr. COSTANTINO. Many of them do, yes, sir.

Mr. PASSMAN. Let me say for the record that I have always supported the program schools and hospitals abroad because under your able leadership you have indicated clearly and concisely for every person that is in a neighborhood where you have a school or American hospital or university to have that sign or to have that plaque, and to me that is commendable.

I just wish it were possible for that to be true with all of our aid. That is one reason I almost scream when they mention multilateral organizations. The recipients have no idea where this money is coming from. They just don't know, and it just didn't make sense to me that we are going to pour your wealth through multilateral organizations when we don't get any credit for it.

That is why I have to commend you for running what I consider the best program in AID.

Let me say this. I am only the chairman of the committee. I don't run the committee, but without Congressman Shriver of Kansas backing me up on schools and hospitals abroad, in all probability your program would have been greatly reduced or maybe fallen by the wayside.

He is like me, stubborn, but if you convince him, he is a good supporter, and Mr. Shriver has backed me up all the way because he recognized as I do that it is a good program.

At this time I would yield to Mr. Shriver.

SUPPORT FOR PROGRAM

Mr. SHRIVER. Thank you, Mr. Chairman. I would like to associate myself with your remarks about Mr. Costantino and his staff in doing a difficult job well.

We appreciate your efforts, and I also want to emphasize my own strong support along with that of the chairman of the job you are doing.

There is no way you can adequately fund the project requests and needs with this budget request, isn't that true?

Mr. COSTANTINO. That is true, sir.

HADASSAH MEDICAL CENTER

Mr. SHRIVER. I am pleased to see the Hadassah Medical Center is listed as one of the priority considerations in the 1977 budget.

LEGISLATIVE ACTION

As you know, we are going to conference next week on the fiscal 1976 bill. The House version has $20 million for this account, and the Senate version has $10 million.

Mr. PASSMAN. I believe this committee cut it 20 percent below the authorizing legislation, which is a greater cut on this program than the average cut on foreign aid; is that true?

Mr. COSTANTINO. That is true, sir.

Mr. PASSMAN. Thank you.

LEVELS OF ASSISTANCE

Mr. SHRIVER. If we split that difference between the House and Senate versions, how would it affect this total program?

Mr. COSTANTINO. Mr. Shriver, let me first thank you for your support and expressions of good will. I appreciate your statements very much.

I think that the budget figure this committee has determined for fiscal year 1976 is the correct figure. If the conference committee were to emerge with a compromise, a split down the middle, many worthwhile projects which we have in mind for this year will simply have to be ignored or deferred, possibly forever. I think this would be a shame because, as director of the program I believe, of course, that it is a good program. We want to make it a better one. We can't make it a better one if we can't fund projects adequately. There is no satisfaction in doing half a job.

EFFECT OF FUNDING REDUCTIONS

Mr. PASSMAN. You would have to discontinue some projects.

Mr. COSTANTINO. We would have to discontinue some ongoing activities and curtail some construction programs. For example if we were to build the Mexico City Center for the University of the Americas, we estimate the cost as a million and a half——

Mr. PASSMAN. It is 80 miles from Mexico City.

Mr. COSTANTINO. This particular center, Mr. Chairman, is in Mexico City, but a branch of the university. Part time and night time students are trained at that center. It is an integral part of the university in Puebla.

We have seen the construction estimates prepared by architects. We know the Center is going to cost $1½ million. If we don't get $20 million, clearly we have a problem because we won't be able to provide the necessary $1.5 million, and we cannot start construction unless we have the financing to complete it.

Mr. SHRIVER. I just wanted you to estimate what would happen if we had a split down the middle, and you answered that, I think, in general terms.

Mr. COSTANTINO. I can only say as I said previously, that this would require curtailment of virtually every grant from the levels that we have in mind. Since the budget for our program varies so, we have avoided making firm commitments to any institution. We have to avoid making firm commitments until we know the outcome of the appropriations process.

But I think that some useful activities which we hope to be able to fund would have to be deferred altogether. Others, as I said previously, could be funded only partially which, over time, would increase the cost of their execution.

So I hope that this committee will try to obtain the full amount when it meets with the Senate.

Mr. SHRIVER. I do, too.

DEMONSTRATING AMERICAN IDEAS

Would you give us some examples of how these institutions demonstrate American ideas and the American way of life within these countries? You might put that in the record as another means of our defending the program.

Mr. COSTANTINO. Yes. sir: I will prepare this material for the record.

[The information follows:]

AMERICAN FARM SCHOOL, GREECE

The purpose of this unique institution is to disseminate knowledge of American agricultural methods in the classroom as well as through rural demonstration and extension. The 260 students are selected for their interest in farming, leadership potential and scholastic ability. In addition to the general high school curriculum, they are taught the application of American agricultural technology in the agricultural enterprises of the school, including the dairy and dairy processing facilities, poultry, hog production, farm products marketing and field crop production, using primarily American agricultural machinery and equipment. The school is much admired and a respected symbol of the United States and its friendship for Greece.

AMERICAN UNIVERSITY OF BEIRUT

This prestigious institution is the major project receiving support from the American schools and hospitals abroad program. Over 15,000 degrees, as well as about 14,000 diplomas and certificates have been granted by AUB since the school was founded in 1866. Chartered by the board of regents of the State of New York, the University offers higher education in the medical and agricultural sciences, in the humanities, social science, the arts, engineering and architecture. The alumni body includes many individuals who are providing leadership in business, government, the medical field, and the arts throughout the Middle East. Among these have been presidents, prime ministers, cabinet members, and legislators from several countries in that region of the world.

BOLOGNA CENTER, JOHNS HOPKINS UNIVERSITY, ITALY

Established in 1944 with assistance from the U.S. Government, the Bologna Center is an extension of the area studies program of the School of Advanced International Studies of Johns Hopkins University. The school exposes non-U.S. students to a U.S. system of graduate education with small classes, low faculty-student ratio. Bologna offers courses in American politics, hitory, culture and a contemporary U.S. approach to social sciences. Enrollment is over 100. This unique, U.S. graduate school abroad promotes U.S. political and economic ideas among an elite group of European intellectuals.

CHENG HSIN REHABILITATION CENTER, TAIPEI

The Center treats post-polio children. It was opened during May 1966 and since that time, through corrective surgery, prothesis, physiotherapy and occupational therapy, has rehabilitated several thousand children. The Center's facilities have been filled to capacity since the beginning of its operations. Chinese doctors and medical technicians are being trained in the latest American rehabilitation techniques in the United States and plans include residency by American physicians at the hospital.

CHEMKE MERCY HOSPITALS, NIGERIA

The small cottage hospitals built by this project, sponsored by the World Mercy Fund, are located in some of the poorest regions of the country. They are partially staffed by American physicians and nurses who have brought American medical practices to that part of Nigeria. The hospitals provide an extremely valuable service in a part of the world where there are no other hospitals or health services available.

HADASSAH MEDICAL CENTER, ISRAEL

The Hadassah medical complex located in Jerusalem is a full service teaching hospital with a heavy accent on research. All of Hadassah's medical and teaching institutions in Israel were established by U.S. citizens. Its policies and programs are formulated and directed by the National Board of Hadassah in New York. The teaching staffs and medical personnel include many U.S. citizens. In addition, many of the Israelis working for Hadassah are U.S. trained and they bring to their positions American standards and expert knowledge. This is an American institution overseas demonstrating American medical techniques and practices on a large scale.

PEOPLE-TO-PEOPLE HEALTH FOUNDATION (HOPE)

HOPE is the acronym for "Health Opportunity for People Everywhere." HOPE began in 1958 when President Eisenhower asked Dr. William B. Walsh, a prominent heart specialist of Washington, D.C., to initiate a project of international good will and understanding through people to people contact. The hospital ship SS *HOPE* which emerged from this endeavor was probably the most widely known and respected effort supported by section 214. Its value as a project demonstrating U.S. medical practices abroad is legend. In 1974 the SS *HOPE* was turned over to the Navy.

The People-to-People Health Foundation is continuing American health demonstration projects in countries of the developing world and receives section 214 support for its activities in the Western Hemisphere. The principal objective of Project HOPE is to teach U.S. techniques of medical science to medical, dental, and allied health personnel.

UNIVERSITY OF THE AMERICAS, MEXICO

As the only American-type liberal arts institution in Latin America, the university serves as an educational bridge between all the countries of the Hemisphere. Although located and designed specifically to help meet the needs of Mexico and Latin America, the university is nevertheless international in its outreach. Administrative and academic practices at the University of the Americans follow traditional American patterns and curricular offerings are planned along the lines followed by institutions in the U.S. offering programs in liberal arts, sciences, and technology. Instruction is in both English and Spanish. The University is accredited by the (U.S.) Southern Association of Colleges and Schools as well as the Mexican Government.

EQUIPMENT SUPPLY SOURCE

Mr. SHRIVER. Is all of the equipment furnished under this program of U.S. origin?

Mr. COSTANTINO. Most of it is, Mr. Shriver.

Mr. SHRIVER. For instance, you mentioned construction in Mexico City. How much of that really ends up in U.S. contracts?

Mr. COSTANTINO. Well, we have not insisted on imports of construction materiel from the United States because clearly this would be a prohibitive expenditure. For example, sending cement to Mexico or sending other material of this nature just wouldn't make too much sense. But there are materials which are not available in that country, which are imported from here, and each grantee is expected to purchase in the United States as a matter of preference. But we do make exceptions when the circumstances warrant.

MAKING PAYMENTS

Mr. SHRIVER. How do you arrange for construction? You said a cut might curtail some construction, including that in Mexico. Just how do you go about making payment for it? Do you turn it all over to the institution?

Mr. COSTANTINO. No, sir; we do not transfer funds to any institution. We pay vouchers which the institutions submit either on an accrual basis, anticipating expenses, on a monthly or a quarterly basis or we reimburse institutions when they submit vouchers for costs which they have met from their own resources.

Now, you take the case of Mexico, the architects working on that project are American architects with headquarters in Boston. They work with a Mexican contractor. We do not participate in the construction contract which is between the university and the construction firm. However, we review bid packages and must approve them. Regular bidding procedures, which we supervise are followed but the contracts are let by grant recipients, not by us.

All we do is screen both the architectual engineering plans and the construction contracts to be sure there is nothing that would give us concern. Payments are made only after the expenses have actually been incurred.

AMERICAN UNIVERSITY OF BEIRUT

Mr. SHRIVER. Has the American University of Beirut been physically damaged in the conflict there?

Mr. COSTANTINO. So far only two window panes have been broken.

Mr. SHRIVER. That is all?

Mr. COSTANTINO. That is all. That is as of a week ago.

Mr. SHRIVER. How far away is it from the scene of all of this turmoil?

Mr. COSTANTINO. About 1 mile.

U.S. PARTICIPATION IN AUB

Mr. SHRIVER. What do you foresee there relative to our participation in the university.

Mr. COSTANTINO. Mr. Congressman, I think the university has been a beacon of American education in the Middle East for a long time. I would hate to see the university close. I think it is inevitable that the university's activities may be somewhat curtailed in the future as a consequence of financial pressures and inevitable dislocation in Lebanon.

Nevertheless, I think AUB will survive. AUB is now becoming a leaner, more self-reliant institution as a result of the problems with which it is grappling, but the future does hold uncertainties.

Mr. SHRIVER. Is there any indication from all factions in that conflict that they would like to see this institution continue to operate?

Mr. COSTANTINO. I think the fact that only two window panes have been broken and that the university campus was recently protected by, I believe, the Palestinian security organization, speaks very well for AUB. No faction, as I understand it, in Lebanon would welcome the closing of AUB or gain by it.

Mr. SHRIVER. Has the hospital there been used more than usual?

Mr. COSTANTINO. Indeed, it has, sir, regrettably.

REQUEST FOR EGYPTIAN POUNDS

Mr. SHRIVER. You are requesting Egyptian pounds for the American University in Cairo.

Mr. COSTANTINO. That is correct.

Mr. SHRIVER. How much does the United States now hold in excess Egyptian pounds?

Mr. COSTANTINO. The equivalent of $284,424,000.

Mr. SHRIVER. What other requests are there for these pounds?

Mr. COSTANTINO. No other, to my office, at any rate, sir.

Mr. SHRIVER. Are there any from other departments or agencies of the Federal Government?

Mr. COSTANTINO. I assume that plans are being made to use some of these Egyptian pounds by the Near East Bureau and the State Department's offices that are concerned with Egyptian affairs, but I am not familiar with those programs.

Mr. SHRIVER. How about HEW or any other big users?

Mr. COSTANTINO. I believe other agencies have an interest in some of these funds, and I believe there are procedures by which they can obtain some.

Mr. SHRIVER. Are these pounds in greater demand now due to our better economic and diplomatic relations with Egypt?

Mr. COSTANTINO. I believe this is the case, but I cannot answer your question since I am not involved in these matters. There has never been a shortage of demand for these pounds from the American University in Cairo, Mr. Shriver. The university has consistently wanted to replenish its endowment fund. I think that is a worthwhile objective because the university would become less dependent on us year after year. We have supported the university's request to return the endowment fund to the 25 million-pound level approved by the Congress several years ago. Our annual requests are incremental requests to return to that 25 million-pound level.

APPLICATIONS FOR FUNDING

Mr. SHRIVER. As I recall, you have requests this fiscal year for more than $60 million out of this account.

Mr. COSTANTINO. That is correct.

Mr. SHRIVER. Which institutions that have received aid from this account in the past cannot be funded with this request for 1977?

Mr. COSTANTINO. Mr. Shriver, if we were to receive the sum of $7.5 million in fiscal 1977, I would think that only a handful of the applications could be honored. We would try, however, inadequately, to fund the minimal requirements of some of the best schools which we have assisted in the past.

This obviously will not satisfy those who think we should now divert funds to new institutions or spread the program to other parts of the world.

LIMITING PROJECT HOPE OPERATIONS

Mr. SHRIVER. Concerning the aid to Project HOPE, why would it be limited to helping their operations in the Caribbean, Brazil, and Colombia, and not other areas?

Mr. COSTANTINO. Because the full amount which we have in the past given them, a million and a half, is fully utilized for that purpose alone. We were trying, in the presentation, to indicate that this is where public money would go. We have no other American school or hospital projects in these areas, and we think that Project HOPE is doing a good job there. Project HOPE also has operations in Arizona, which we clearly cannot fund, and I believe they also participate in projects in a few other countries. We don't need to get involved in all of HOPE's activities. Project HOPE raises most of its funds privately and carries out much of its work without our involvement.

NEED FOR PROGRAM FLEXIBILITY

Mr. SHRIVER. That concludes any questions that I have, but I want to re-emphasize what the chairman said a little while ago. It is my own belief that you should have wide flexibility in the administration of this program and continue the program largely as it is now. I commend you and your staff.

Mr. COSTANTINO. Thank you very much, sir. Thank you, Mr. Chairman.

Mr. PASSMAN. Could you please tell the committee how much you have thus far obligated in fiscal year 1976?

Mr. COSTANTINO. We have obligated $4,565,000. For the American University of Beirut $4,500,000 and $65,000 for Sogang University in Korea.

Mr. PASSMAN. You have requested $7,500,000 for fiscal year 1977 for this account. Could you please tell the committee how much of this will be required to finance institutions that need this assistance to survive or would have to curtail activities drastically or need help to complete ongoing construction programs that you list on page 223?

Mr. COSTANTINO. The full amount is required for the survival of the American University of Beirut, to prevent drastic curtailment of activities by other institutions such as the University of the Americas, Project Hope, the Feinberg Graduate School of the Weizmann Institute, the Bologna Center of Johns Hopkins University, and Sogang University.

Mr. PASSMAN. Could you please tell the committee how much you originally requested from OMB for this program for fiscal year 1977?

Mr. COSTANTINO. The original request to OMB for American schools and hospitals abroad was $21 million and $7 million equivalent in surplus Egyptian pounds.

Mr. PASSMAN. Which institutions do you consider require U.S. assistance to survive?

Mr. COSTANTINO. The American University of Beirut.

FISCAL YEAR 1976 APPLICATIONS AND GRANTS

Mr. PASSMAN. Would you please place in the record a table showing all the institutions that you received requests from in fiscal year 1976, the fiscal year 1976 actual allocations by the American schools and hospitals abroad program, and the fiscal year 1977 requests that you have received thus far?

Mr. COSTANTINO. The only allocations made to date this fiscal year are the two previously noted to the American University in Beirut and Sogang University in Korea. The attached table lists requests from institutions for grants in fiscal years 1976 and 1977.

OFFICE OF AMERICAN SCHOOLS AND HOSPITALS ABROAD

GRANT REQUESTS FROM INSTITUTIONS
(in thousands of dollars)

(Note: Amounts in parenthesis are local currencies expressed in dollar equivalents)

INSTITUTION	FY 1975 Requests	FY 1976 Requests	FY 1977 Requests (As of 3/10/76)
CHINA, REPUBLIC OF			
Cheng Hsin Rehabilitation Center	3,500	380	380
Wah Shing Secondary School	300	-	-
Sub-Total China:	3,800	380	380
ECUADOR			
Working Boys' Center, Quito	336	336	301
EGYPT			
American University in Cairo	1,653	450	-
	(4,425)	(7,000)	(7,000)
Schutz American School	-	-	(112)
Sub-Total Egypt:	1,653	450	-
	(4,425)	(7,000)	(7,112)
EL SALVADOR			
Escuela Americana, San Salvador	379	-	-
FRANCE			
American Hospital of Paris	2,500	2,000	1,586
American Library in Paris	275	275	25
Sub-Total France:	2,775	2,275	1,611
GREECE			
American Farm School, Thessaloniki	399	450	310
Anatolia College, Thessaloniki	100	-	182
Athens College	400	150	150
Deree-Pierce College, Athens	400	4,320	3,600
Sub-Total Greece:	1,299	4,920	4,242
GUATEMALA			
Hospital de la Familia, Guatemala	-	-	189
HONDURAS			
Escuela Agrícola Panamericana, Tegucigalpa	200	200	175
HONG KONG			
Ling Nan College	-	-	1,200

INSTITUTION	FY 1975 Requests	FY 1976 Requests	FY 1977 Requests (As of 3/10/76)
INDONESIA			
Children's Rehabilitation Center	250	-	-
IRAN			
Damavand College, Tehran	200	200	200
ISRAEL			
Amana Ulpanat Kfar Saba-Zefira	-	1,000	-
Beth Bluma	-	1,500	-
Bethlehem University	-	3,000	-
Beth Oloth Vocational High School	-	1,000	-
Beth Rivka Comprehensive School	-	-	750
Beth Yaacov Avat	-	100	-
Ch'san Sofer Chasan Yecheskal Institute	300	-	-
College of Hebraic and Semitic Studies	-	-	1,500
David Raziel Youth Town	-	3,000	-
Educational Center of Galilee	300	-	-
Feinberg Graduate School of Weizmann Institute	4,525	5,204	5,800
Gan Yavne Youth Village	-	-	1,180
Hadassah Medical Center	3,500	11,288	2,000
Hadera Institute	300	250	-
Haifa Institute of Education	-	1,000	-
Israel Medical Center for the Aged	750	-	-
Jerusalem Mental Health Center	-	-	250
Jerusalem Experimental High School	-	242	-
Kfar Eliyahu, Youth Village	-	1,000	-
Sciences and Arts Camps	-	3,313	-
Shaare Zedek Hospital	-	-	3,600
Spafford Children's Center	-	304	-
Tel Aviv Vocational School Or Moshe	-	2,000	-
Yohanna Jabotinsky Youth Town	-	500	-
Sub-Total Israel:	9,675	34,701	15,080
ITALY			
American Hospital in Rome	1,800	1,750	1,750
Bologna Center	300	325	350
Sub-Total Italy:	2,100	2,075	2,100

INSTITUTION	FY 1975 Requests	FY 1976 Requests	FY 1977 Requests (As of 3/10/76)
KOREA			
American Community Hospital, Seoul	250	-	-
Induk Vocational High School	750	400	575
Kwangju Christian Hospital	250	500	-
Presbyterian Medical Center	202	227	300
Seoul Adventist Hospital	--	-	800
Sogang University	500	770	220
Sub-Total Korea:	1,952	1,897	1,895
LEBANON			
American University of Beirut	8,800	6,200	6,000
Beirut University College	435	-	508
International College of Beirut	-	5,095	-
Sub-Total Lebanon:	9,235	11,295	6,508
LIBERIA			
Cuttington College	131	-	-
MACAU			
Escola Industria Hotel Del Macau	-	-	150
MEXICO			
University of the Americas	1,500	1,465	1,840
NIGERIA			
Cheake Mercy Hospitals	315	300	250
POLAND			
American Children's Hospital, Krakow	2,600	-	350
	(1,875)	-	-
Pulaski Memorial Library	50	50	-
	(200)	(200)	-
Sub-Total Poland:	2,650	50	350
	(2,075)	(200)	-
PARAGUAY			
Collegio International, Asuncion	100	-	-

INSTITUTION	FY 1975 Requests	FY 1976 Requests	FY 1977 Requests (As of 3/10/76)
PHILIPPINES			
International Institute of Rural Reconstruction	200	-	-
Silliman University	1,755	1,840	1,140
Sub-Total Philippines:	1,955	1,840	1,140
SPAIN			
American Hospital in Estepona	-	95	438
TURKEY			
American Hospital in Istanbul	310	310	375
Robert College	500	500	350
Sub-Total Turkey:	810	810	725
UNITED KINGDOM			
New England College in Arundel	-	-	250
WORLD-WIDE			
Project HOPE	2,000	2,500	2,000
ZAIRE			
Good Shepherd Hospital	-	160	160
GRANT TOTAL:	43,315	65,949	41,184
	(6,500)	(7,200)	(7,112)

GRANTS TO AMERICAN SCHOOLS AND HOSPITALS ABROAD SINCE 1959

Mr. PASSMAN. Would you also place in the record a table showing all the institutions that have received funds under this item since its inception, and what amounts they have received?

Mr. COSTANTINO. A table listing all grants made pursuant to section 214 of the Foreign Assistance Act—American schools and hospitals abroad program—since the inception of the program in 1959 through fiscal year 1975 follows. Fiscal year 1976 allocations have not yet been made except, as indicated previously, to the American University of Beirut and to Sogang University in Korea. No loans of any kind have been extended to any institution through the American Schools and Hospitals Abroad program.

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OFFICE OF AMERICAN SCHOOLS AND HOSPITALS ABROAD

SUMMARY OF AID TO RECIPIENT INSTITUTIONS, FY 1959-FY 1975
(in thousands of dollars)

INSTITUTION	FYs 1959 - 1972		FY 1973		FY 1974		FY 1975		Total	
	U.S. Dollars	L/C $ Equiv.	U.S. Dollars	L/C $ Equiv.	U.S. Dollars	L/C $ Equiv.	U.S. Dollars	L/C $ Equiv.	U.S. Dollars	L/C $ Equiv.
Admiral Bristol Hospital, Turkey	765	-	605	-	200	-	200	-	1,670	-
Ahava Alparat, Kfar Saba & Zafira, Israel	600	-	-	-	-	-	-	-	[illegible]	-
American Children's Hospital, Poland	2,375	10,300	50	-	350	535	750	4,453	3,[illegible]	15,288
American Farm School, Greece	1,739	-	820	-	300	-	600	-	3,[illegible]	-
American Hospital of Paris, France	200	-	575	-	3,175	-	1,525	-	5,[illegible]	-
American Hospital in Rome, Italy	1,000	-	3,385	-	250	-	250	-	4,[illegible]	-
American International College, Israel	100	-	-	-	-	-	-	-	[illegible]	-
American Library in Paris, France	-	-	-	-	-	-	275	-	[illegible]	-
American University of Beirut, Lebanon	79,082	-	7,417	-	5,000	-	6,000	-	97,[illegible]	-
American University in Cairo, Egypt	8,295	46,000	900	-	500	750	350	5,000 *	10,[illegible]	51,750
Anatolia College, Greece	1,368	-	80	-	50	-	-	-	1,[illegible]	-
Athens College, Greece	967	-	300	-	-	-	150	-	1,[illegible]	-
Bayit Lepletot Voc. Train. School, Israel	-	1,000	-	-	-	-	-	-	[illegible]	1,000
Beit Rivka Comprehensive School, Israel	100	-	400	-	-	-	-	-	[illegible]	-
Beth Yaakov Avot Sch., Ashdod & Ramat Gan, Israel	1,950	-	-	-	300	-	-	-	2,[illegible]	-
Bezalel Tikvah Lubavichchaim Umezgirut Rechov	800	-	-	-	-	-	-	-	[illegible]	-
Bologna Center of Johns Hopkins University, Italy	-	-	225	-	300	-	550	-	1,[illegible]	-
Cairo American College, Egypt	-	-	-	-	100	1,250	-	-	[illegible]	1,250
Charles Mercy Hospitals, Nigeria	500	-	50	-	23	-	150	-	[illegible]	-
Chang Hsin Rehabilitation Center, Taiwan	1,025	-	425	-	75	-	160	-	1,[illegible]	-
Kaplan Sofer Cresson Yechezkel Institute, Israel	300	1,000	-	-	-	-	75	-	[illegible]	1,000
Clifford M. Strauss School, France	-	-	250	-	-	-	-	-	[illegible]	-
Damavand College, Iran	-	-	300	-	150	-	200	-	[illegible]	-
Del Valle University, Guatemala	-	-	100	-	-	-	-	-	[illegible]	-
Educational Center of Galilee, Israel	1,200	-	-	-	-	-	550	-	1,[illegible]	-
Escuela Agricola Panamericana, Honduras	2,609	-	240	-	50	-	128	-	3,[illegible]	-
Feinberg Graduate School of Weizmann Inst., Israel	4,500	-	1,500	-	1,500	-	1,800	-	9,[illegible]	-
Gorgas Memorial Institute, Panama	20	-	-	-	-	-	-	-	[illegible]	-
Hadassah Medical Center, Israel	4,950	1,000	150	-	250	-	-	-	5,[illegible]	1,000

INSTITUTION	FYs 1959 - 1972 U.S. Dollars	FYs 1959 - 1972 L/C $ Equiv.	FY 1973 U.S. Dollars	FY 1973 L/C $ Equiv.	FY 1974 U.S. Dollars	FY 1974 L/C $ Equiv.	FY 1975 U.S. Dollars	FY 1975 L/C $ Equiv.	U.S. Dollars	L/C $ Equiv.
Hadera Institute, Israel	-	-	300	-	250	-	350	-	[illegible]	-
Haifa Institute of Education, Israel	550	-	-	-	-	-	-	-	[illegible]	-
Igud Leiluf Hanoar, Israel	750	-	-	-	-	-	-	-	[illegible]	-
Ironk Vocational School & Inst. of Design, Korea	-	-	300	-	-	-	250	-	[illegible]	-
International College of Beirut, Lebanon	2,664	-	-	-	-	-	-	-	2,[illegible]	-
International Eye Foundation	400	-	-	-	-	-	-	-	[illegible]	-
Jerusalem College for Women, Israel	750	1,000	-	-	-	-	-	-	[illegible]	-
Jerusalem School of Applied Sciences, Israel	-	1,986	-	-	-	-	-	-	[illegible]	-
Kfar Eliyahu, Beer Yaacov	650	-	500	-	495	-	-	-	1,[illegible]	-
Kfar Eliyahu, Youth Village	700	-	250	-	-	-	-	-	[illegible]	-
Kyriat Chinuch Mevesseret Zion, Israel	-	-	-	-	480	-	-	-	[illegible]	-
Lantado Hospital, Israel	500	-	-	-	-	-	-	-	[illegible]	-
Musa Alami Foundation, Jericho	-	-	120	-	-	-	-	-	[illegible]	-
Or Hachaim Girls College, Israel	500	1,000	500	-	-	-	-	-	1,[illegible]	-
Pediatric Hospital, Seoul, Korea	-	-	-	-	50	-	-	-	[illegible]	-
People-to-People Health Foundation	12,100	-	2,000	-	1,000	-	1,700	-	16,[illegible]	-
Presbyterian Medical Center, Korea	-	-	100	-	75	-	100	-	275	-
Pierce College, Greece	2,662	-	700	-	200	-	-	-	3,[illegible]	-
Ramat Hovvaath Hospital & Home for the Aged, Israel	1,150	-	-	-	-	-	-	-	1,[illegible]	-
Robert College, Turkey	21,120	-	500	-	300	-	150	-	22,[illegible]	-
Sde Chemed Vocational School, Israel	250	-	-	-	-	-	-	-	[illegible]	-
Sephardic Vocational School in Israel	250	-	-	-	-	-	-	-	[illegible]	-
Shaare Zedek Hospital, Israel	50	-	325	-	-	-	-	-	375	-
Spafford House, Israel	20	-	-	-	-	-	-	-	[illegible]	-
Sogang University, Korea	-	-	400	-	100	-	425	-	[illegible]	-
Tel Vocational High School, Israel	-	-	500	-	-	-	-	-	[illegible]	-
University of the Americas, Mexico	3,500	-	1,520	-	3,000	-	650	-	8,670	-
University of North Africa, Morocco	-	100	-	-	-	-	-	-	-	[illegible]
Working Boys' Center, Ecuador	-	-	-	-	250	-	250	-	500	-
Program Support	303	-	241	-	229	-	215	-	987	-
TOTALS:	163,314	63,386	25,928	-	19,001	2,535	17,500	9,453	225,793	75,374

GEOGRAPHIC DISTRIBUTION OF AMERICAN SCHOOLS AND HOSPITALS ABROAD

Mr. PASSMAN. Could you please tell the committee if you are trying to more geographically distribute your funds at the present time?

Mr. COSTANTINO. If the appropriations for fiscal year 1976 are at the $20 million level approved by the House or close to that level, we will carefully consider new starts in Africa and the Far East.

AMERICAN SCHOOLS AND HOSPITALS ABROAD—NEW STARTS

Mr. PASSMAN. I gather from your statement that if you receive the $7,500,000 that you would only be able to fund ongoing programs and would not be able to provide any new starts; is that correct?

Mr. COSTANTINO. That is correct.

AMERICAN SCHOOLS AND HOSPITALS ABROAD—ALLOCATION OF FUNDS

Mr. PASSMAN. Do you try to restrict your contribution to capital improvement where possible?

Mr. COSTANTINO. Yes, sir, we do pursuant to the guidance we have received from this committee over the years.

AMERICAN UNIVERSITY OF BEIRUT

Mr. PASSMAN. Would you briefly tell the committee what the present situation is regarding the American University in Beirut?

Have they sustained any physical damage to the campus?

Mr. COSTANTINO. Minor physical damage has been inflicted on the campus.

Mr. PASSMAN. Are they presently in session and holding regular classes?

Mr. COSTANTINO. The university is closed.

Mr. PASSMAN. Is their student body still the same number as it was before the disturbances, or has this substantially dropped off?

Mr. COSTANTINO. Between the termination of the "first round" of civil disturbances and the outbreak of hostilities a few days ago, the university was open. Registration was approximately 18 percent below previous levels. There is no way to predict what will happen in the future.

Mr. PASSMAN. Could you please tell the committee what type of assistance the Government of Lebanon is providing to the university?

Mr. COSTANTINO. Prior to the resumption of hostilities in Beirut, the Government of Lebanon agreed to lend the university 19 million Lebanese pounds to be repaid over 10 years with a 4-year grace period at 3 percent.

Mr. PASSMAN. Mr. Long?

HADASSAH MEDICAL CENTER

Mr. LONG. Mr. Costantino, last year in these hearings, you stated that the Hadassah Medical Center in Israel would be a priority institution under your program if you received substantially more funds than the $10 million originally requested by the administration—subse-

quently raised by a budget amendment to a $20 million administration request. If you receive $20 million in appropriations, will Hadassah receive substantial funds?

Mr. COSTANTINO. At a level of $20 million appropriated for section 214 activities, there would be sufficient flexibility to make a substantial grant to Hadassah. But I doubt that we can ever fully satisfy any applicant's request. Whatever its merits, Hadassah is one of many institutions competing for the limited funds available. Further, Hadassah has greater fund raising capability through its vast organization than many other equally worthy but poorer applicants.

Mr. LONG. I have a recent letter from the national president of Hadassah which makes clear that the fiscal year 1976 request by Hadassah for funds from your program was $1.8 million, not $11 million. Are you clear that Hadassah is requesting $1.8 million for fiscal year 1976, not $11 million?

Mr. COSTANTINO. Quite clear, Dr. Long. The original request for fiscal year 1976 by Hadassah was $11,288,000. After the "Grant Requests from Institutions" tabulation was prepared and submitted to the committee, Hadassah revised its application reducing the amount sought to $1,800,000.

Mr. LONG. Are you clear now that the $400,000 that you said last year was available to Hadassah in unexpended funds was unexpended only because of delays in deliveries of a particular item and that these funds are now almost totally expended?

Mr. COSTANTINO. Yes, sir. At the time I made the statement, Hadassah's report to us reflecting unexpended balances reflected the amount reported by me. As of now, all the $5,350,000 provided by us to Hadassah has been spent.

Mr. LONG. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Long. Mr. Bevill?

BOLOGNA CENTER, ITALY, AND PROJECT HOPE

Mr. BEVILL. Into which of the three "needy" categories does the Bologna Center fall? What is its specific problem?

Mr. COSTANTINO. The Bologna Center would surely have to curtail its program severely if it did not receive budget support. Because we believe that such support should be given only to enable an institution to survive or during a period during which it seeks adequate private income, we have informed the Bologna Center that our support will be scaled down in the future. We have been told many times that had we not provided assistance to the center during the past 3 years, it would, in all likelihood, have had to close its doors. The center is a high cost operation providing a high quality, expensive education to a very limited number of graduate students.

Mr. BEVILL. What are the specific problems of the People-to-People Health Foundation?

Mr. COSTANTINO. The demand for Project HOPE's services outstrip its ability to raise funds privtaely. Project HOPE is singularly successful in its fund-raising and spends a small share of its income on overhead, but without section 214 assistance, it would have to abandon or drastically curtail health activities in which it is engaged in the Caribbean and Latin America.

UNIVERSITY OF THE AMERICAS

Mr. BEVILL. What success has the University of the Americas had in its effort to make itself a financially viable academic success?

Mr. COSTANTINO. Our assistance to this institution has been given for construction and modernization of facilities only. As a consequence of this construction program, the university should be able to attract more students from Latin America and the United States. The university receives substantial financial support for its operations from the Mexican Jenkins Foundation.

APPLICATIONS FROM SMALL INSTITUTIONS

Mr. BEVILL. Supply for me the names of smaller schools and hospitals which are requesting money but which will probably not receive any?

Mr. COSTANTINO. Most of the institutions listed in the "Grant requests from institutions" table submitted to the committee, would either receive nothing or very little. We have not, at this time, established priorities for fiscal year 1977 although it is most likely that the needs of the American University of Beirut and two or three other larger institutions will receive first consideration.

Mr. BEVILL. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Bevill. Mr. Conte?

AMERICAN UNIVERSITY OF BEIRUT

Mr. CONTE. What has happened to the American University of Beirut? Has it been closed and/or damaged?

Mr. COSTANTINO. The university was unable to open last fall because of the civil disturbances in Lebanon. However, the university was not damaged and reopened in January. When serious fighting broke out again 2 weeks ago, 3,791 students were enrolled at AUB. The renewed fighting forced the university to close on March 12. The university hospital is functioning. We understand it is overflowing with casualties. As of today, no damage reports have reached us.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Mr. CONTE. Which institutions receive priority in order to survive? Which would have to curtail drastically without U.S. support?

Mr. COSTANTINO. Continued assistance is necessary for the American University of Beirut to survive. Most of the institutions which have received assistance through section 214 over the years would be adversely affected if grant aid were to stop; some more seriously than others. The fiscal year 1977 request level would eliminate from consideration virtually every school or hospital applying for help.

HADASSAH MEDICAL CENTER

Mr. CONTE. How much do you propose for Hadassah Medical Center? This seems to be a very worthwhile institution as it is both educational and medical.

Mr. COSTANTINO. The Hadassah Medical Center is a fine institution trying to implement its extensive long-term development program. However, I cannot say now how much, if anything, we may provide Hadassah in fiscal year 1977. The decision will depend on the merits of competing demands for other worthy projects and the level of fiscal year 1977 appropriations.

GEOGRAPHIC DISTRIBUTION

Mr. CONTE. In the last bill we took a lot of flack about geographic distribution of American schools and hospitals. Are you doing anything to achieve a more balanced approach?

Mr. COSTANTINO. Yes, we are. In fiscal year 1971, projects in the Near East accounted for 85 percent of the program. In fiscal year 1975, the amount going to institutions in the Near East was down to 52.4 percent. We have informed various institutions in the Near East that have long been recipients of assistance, that section 214 grants cannot continue indefinitely at prior levels and surely cannot increase. In fact, grants to these institutions are incompatible with broader geographic distribution unless the ASHA budget is increased. We cannot extend activities to other parts of the world while continuing to provide such a large share of our declining budget to the American University of Beirut, the Weizmann Institute, Hadassah, the American University in Cairo, and many smaller institutions located in Israel. We have already informed Robert College, Turkey, that we do not intend to provide further help to that institution unless it runs into unexpected, serious problems.

PROJECT HOPE

Mr. CONTE. Project HOPE withdrew from taking over the hospital in Asmara because it was too dangerous during the revolution. Has any effort been made to go back in there by Project HOPE or anyone else?

Mr. COSTANTINO. No, Project HOPE has not made any effort to go back there, nor, to my knowledge, has anyone else.

DISTRIBUTION OF AMERICAN SCHOOLS AND HOSPITALS ABROAD BUDGET

Mr. CONTE. How many smaller institutions will not receive funds?

Mr. COSTANTINO. We won't know until we examine all the fiscal year 1977 applications in terms of their relative merits. However, most applicants fit the description of "smaller." A budget of $7.3 million in fiscal year 1977 simply cannot accommodate all applicants and it is clear that AUB would absorb a lion's share of available funds. AUB is, without question, in the most critical need and is the premier American educational institution abroad.

FEINBERG GRADUATE SCHOOL AND HADASSAH MEDICAL CENTER

Mr. CONTE. How much of the equipment being purchased by the Feinberg Institution and Hadassah will be purchased in the United States?

Mr. COSTANTINO. To date, all the equipment financed with section 214 funds has been purchased in the United States. Grants to both institutions have required full expenditure of the funds in the United States. That we have assisted these institutions in the past should not, however, be construed as a commitment for the future. There can be no such commitments, nor, in my view, should there be, given the very limited ASHA budget request for fiscal year 1977.

AMERICAN SCHOOLS AND HOSPITALS ABROAD FISCAL YEAR 1977 BUDGET

Mr. CONTE. If this request is raised, for example to $10 million, what additional institutions could be assisted?

Mr. COSTANTINO. Very few, if any at all. Most or all of the additional $2.5 million would be used more adequately to fund those institutions that would receive the $7.5 million we are requesting. If the budget were increased to the authorization level of $25 million, we would be able seriously to examine the needs of most of the applicants, keeping in mind the expressed desire of Congress that there be greater geographic distribution of the program.

WORKING BOY'S CENTER IN ECUADOR

Mr. CONTE. The Working Boys' Center in Quito, Ecuador, seemed like an excellent program. We funded it for a couple of years, but now it does not appear in your justification. Do you plan to drop that item this year? How will the Quito school be affected?

Mr. COSTANTINO. We think the center does have an excellent program. However, the funds we are requesting for fiscal year 1977 will not permit us to assist the Working Boys' Center. The center will continue to function, but without additional vocational training equipment it would like to have to improve its program. If the level approved by the House in fiscal year 1976 is approved by the Congress, we may provide some assistance to the center in fiscal year 1976.

ROBERT COLLEGE

Mr. CONTE. Will Robert College receive any U.S. support?

Mr. COSTANTINO. No. We have discussed the matter with members of the Robert board of trustees and told them that, in our opinion, their financial position is so strong that no financial assistance is required at this time. If Robert College runs into serious financial problems in the future with which its board cannot cope, the door to the Office of American Schools and Hospitals will be open to them and we will consider their needs with sympathy.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Conte. Mr. Chappell?

AMERICAN SCHOOLS AND HOSPITALS ABROAD BUDGET

Mr. CHAPPELL. Mr. Costantino, I have read your statement with interest and great concern. I am concerned, obviously, because the budget request you make of this committee today calls for a reduction of

nearly $3 million in the American schools and hospitals abroad program when we have consistently approved more money than you have requested in the past. Obviously, this committee is sold on your program, we feel your dollars are well spent, and I cannot understand why you keep coming back requesting budget reductions.

First, is the budget request you make today the same amount you recommended to your superiors in AID?

Mr. COSTANTINO. No, sir. It is not.

Mr. CHAPPELL. What amount did you originally request?

Mr. COSTANTINO. My budget request which became the Agency's request was for $21 million plus $7 million in local currencies.

Mr. CHAPPELL. What was the rationale for the reduction—and please be specific?

Mr. COSTANTINO. The reduction to $7,500,000 was made by the Office of Management and Budget. I am not privy to the information or rationale leading to the reduction made by the OMB.

GEOGRAPHIC DISTRIBUTION OF THE PROGRAM

Mr. CHAPPELL. Another point which concerns me—both the authorizing and appropriations committees of the Congress have expressed concern that these funds are being concentrated in the Middle East and that they ought to be spread out to other areas of the world.

What does it take to get our message across?

Mr. COSTANTINO. The "message" I get, Mr. Chappell, is that the House International Relations Committee and the Senate Foreign Relations Committee have not agreed to limit projects in any one country. Your committee, Mr. Chappell, has consistently urged full funding for AUB, the Weizmann Institute, and last year's hearings devoted much attention to the merits of the Hadassah Medical Center in Israel.

Mr. CHAPPELL. Would it be helpful to you to have some language inserted in our bill—something like this:

> That none of the funds appropriated or made available pursuant to this section shall be used to fund any new project in countries where four or more programs in health or education now exist. Further provided, the purpose of this provision is to help insure wider geographic distribution of the limited funds available to provide support to a selected number of institutions, sponsored by American citizens, which serve as demonstration centers for American ideas and practices in the fields of health and education.

Would some language like this help to get our message across?

Mr. COSTANTINO. Yes, sir. I agree with the intent, but not the language proposed. The restrictive language contained in the House authorization bill for fiscal year 1976–77 is, in my view, more effective. "New starts" aren't the main problem. With a limited budget, there is no way to support "new" projects in other parts of the world, unless the demands of both "new" and "old" projects in the Near East are left unsatisfied.

ESCUELA AGRICOLA PANAMERICANA

Mr. CHAPPELL. I want to mention one program in which I am vitally interested. It is the Escuela Agricola Panamericana in the Republic of Honduras. This school has operated since 1941 and currently has an enrollment of 250 students who learn by doing in the gardens, fields,

and orchards. They obtain firsthand experience in the use of modern agricultural equipment and machinery, work with all kinds of livestock and receive classroom instruction and laboratory experience in the basic agricultural sciences. There are now more than 1,500 alumni of this institution in Spanish-speaking nations from Bolivia to Mexico. Ninety-seven percent of these graduates are engaged in agriculture and many have responsible government positions. Twenty percent have gone on to earn advanced degrees. This kind of learn-by-doing program has been a resounding success. This school received $100,000 from AID in 1974. They asked for $200,000 in 1975. I am not sure what the program received. I just want to say that the track record of this institution demonstrates how the United States can truly help other nations develop the skills to become economically independent.

Now, I certainly hope this budget request is not indicative of a move on the part of AID to eliminate assistance to these kinds of institutions and successful programs. Would you please comment on this?

Mr. COSTANTINO. I regret it is, Mr. Chappell. The budget request clearly leads to termination of assistance to institutions such as the Escuela Agricola Panamericana and many others of equal merit.

OPERATING SUPPORT

Mr. CHAPPELL. One final question, Mr. Costantino. It is my understanding that you restrict the use of your funds for capital improvements only and not for any operating expenses. Can you give me the rationale for this policy, especially as it pertains to the smaller projects?

Mr. COSTANTINO. Pursuant to instructions received over the years from this committee, Mr. Chappell, we have provided budget support only on an exceptional basis. The committee has consistently made the point that priority should be given to the use of section 214 funds for capital improvements or equipment purchases which enable recipients to increase revenues and/or decrease expenditures.

The institutions applying for section 214 grants are private, not public, institutions. They are guided by priavte boards and run by educators or administrators whose ambitions to improve or expand their programs are limited only by their abiilty to obtain financial support. All of the institutions which apply for help are persuaded that their institutions are truly desirable and surely worthy of financial support from the American people. But there are critics also who justifiably suggest that these schools and hospitals are not public institutions, that no public body determines their policies, and that they should find their own way to finance their activities.

Section 214 recognizes the middle ground between these opposing points of view by providing a mechanism for financial help to American institutions abroad which advance American interests in the countries where they are located through the excellence of their academic or medical programs. But chronically financially weak educational or medical institutions abroad are hardly able to enhance U.S. prestige. Nor can such weakness be compensated by reliance on section 214 funds for there cannot be assurances of long-term subsidies. The

section 214 program itself has not been funded adequately to permit support of operations, and its budget has varied considerably from year to year.

It would appear also that some financially healthy institutions with a desire to expand or improve operations believe it is easier or quicker to seek section 214 support than to raise such funds privately through greater donations from their own board and other supporters. Some, we have found, plan to increase their endowments for a rainy day while seeking current operating budget support through section 214. I don't believe that such patterns of behavior are appropriate or should be rewarded with public largesse.

In the course of managing this program, we have found that once budget support is extended for whatever good reason, it is virtually impossible to withdraw. Budget support is addictive. Institutions that have gotten used to its taste cannot cope if it is withdrawn. This applies to large, medium, and small institutions without distinction. Surely it would not be in the interest of either the U.S. Government or of the private institutions seeking operating support if they were to be encouraged to grow beyond their abilities to sustain themselves without public funds.

As director of the program, it is my view that budget support should be granted only in exceptional cases where clearly needed to help resolve temporary problems. I believe that the conservative policy toward operation support heretofore recommended by the committee, and, I might add, by the Senate Appropriations Subcommittee on Foreign Operations, is correct and best serves the public interest.

Mr. CHAPPELL. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Chappell. This will conclude our hearings of the fiscal year 1977 budget request for the American schools and hospitals abroad program. Thank you, Mr. Costantino. The committee is adjourned.

THURSDAY, MARCH 25, 1976.

SECURITY SUPPORTING ASSISTANCE AND THE MIDDLE EAST SPECIAL REQUIREMENTS FUND

WITNESSES

HON. ROBERT H. NOOTER, ASSISTANT ADMINISTRATOR, BUREAU FOR NEAR EAST, AGENCY FOR INTERNATIONAL DEVELOPMENT

BRADSHAW LANGMAID, DIRECTOR, OFFICE OF DEVELOPMENT PLANNING, BUREAU FOR NEAR EAST, AGENCY FOR INTERNATIONAL DEVELOPMENT

JAMES CHEEK, DEPUTY DIRECTOR, OFFICE OF REGIONAL AFFAIRS, BUREAU OF NEAR EASTERN AND SOUTH ASIAN AFFAIRS, DEPARTMENT OF STATE

BRUCE LAINGEN, DEPUTY ASSISTANT SECRETARY, EUROPEAN AFFAIRS, DEPARTMENT OF STATE

PROGRAM AND FINANCING

[In thousands of dollars]

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Program by activities:				
Country and regional programs	668,064	1,872,932	25,400	1,797,000
UN Forces in Cyprus	9,600	9,600	4,800	9,600
Total obligations	677,664	1,882,532	30,200	1,806,600
Financing:				
Receipts and reimbursements from: Federal funds	498			
Recovery of prior period obligations	−21,552	−5,100		−5,100
Unobligated balance available, start of period	−743	−4,132		
Unobligated balance available, end of period	4,132			
Budget authority:				
Appropriation	660,000			1,801,500
Appropriation request pending		1,858,300	30,200	
Amendment transmitted herein		15,000		
Relation of obligations to outlays:				
Obligations incurred, net	656,610	1,877,432	30,200	1,801,500
Obligated balance, start of period	197,490	458,332	1,282,975	1,182,623
Obligated balance, end of period	−459,332	−1,282,975	−1,182,623	−1,595,602
Outlays	395,769	1,052,789	130,552	1,388,521

OBJECT CLASSIFICATION

AGENCY FOR INTERNATIONAL DEVELOPMENT

Personnel compensation:				
Permanent positions	1,193	11,310	2,759	10,621
Positions other than permanent	57	641	155	542
Other personnel compensation	78	362	85	635
Special personal services payments	10	70	15	81
Total personnel compensation	1,338	12,383	3,014	11,878
Personnel benefits: Civilian	147	1,444	351	1,498
Benefits for former personnel	13	134	33	100
Travel and transportation of persons	193	1,506	347	1,288
Transportation of things	95	721	175	535
Rent, communications, and utilities	157	1,709	412	1,729
Printing and reproduction	9	100	24	94
Other services	1,258	5,524	921	3,619
Supplies and materials	401,540	791,560	9,011	532,372
Equipment	42,120	83,390	1,048	62,162
Lands and structures	2	21	5	
Investments and loans	202,925	970,000	10,100	1,181,000
Grants, subsidies, and contributions	529	940	59	675
Insurance claims and indemnities	51			
Total obligations, Agency for International Development	650,377	1,869,432	25,400	1,797,000

ALLOCATION ACCOUNTS

Travel and transportation of persons	322	80		
Transportation of things	58	16		
Rent, communications, and utilities	163	40		
Other services	11,552	3,016		
Supplies and materials	871	218		
Equipment	521	130		
Grants, subsidies, and contributions	13,800	9,600	4,800	9,600
Total obligations, allocation accounts	27,287	13,100	4,800	9,600
Total obligations	677,664	1,882,532	30,200	1,806,600
Obligations are distributed as follows:				
Agency for International Development	650,377	1,869,432	25,400	1,797,000
Department of Defense	13,487			
Department of State	12,600	9,600	4,800	9,600
Department of the Navy	1,200	3,500		

PERSONNEL SUMMARY

AGENCY FOR INTERNATIONAL DEVELOPMENT

	1975 actual	1976 estimate	TQ estimate	1977 estimate
Total permanent positions	62	587	.....	520
Full-time equivalent of other positions	3	51	.....	47
Average paid employment	63	600	.....	533
Average GS grade	9.36	9.34	.....	9.20
Average GS salary	$18,122	$18,976	.....	$18,699
Average grade, grades established by the Foreign Service Act of 1946, as amended (22 U.S.C. 801–1158):				
Foreign Service reserve officers	3.44	3.50	.....	3.53
Foreign Service staff	5.99	6.20	.....	6.20
Average salary, grades established by the Foreign Service Act of 1946, as amended (22 U.S.C. 801–1158):				
Foreign Service reserve officers	$28,268	$29,663	.....	$29,545
Foreign Service staff	$14,342	$14,667	.....	$14,667
Average grade, grades established by the Administrator, Agency for International Development (22 U.S.C. 2385)	14.67	14.45	.....	14.45
Average salary, grades established by the Administrator, Agency for International Development (22 U.S.C. 2385)	$31,177	$31,966	.....	$31,966
Average salary of ungraded positions	$11,727	$12,609	.....	$12,609

Mr. PASSMAN. The committee will come to order. We shall continue our examination of the foreign aid and assistance program. The items will be security supporting assistance and Middle East special requirements fund. We have as witnesses Hon. Robert H. Nooter, Assistant Administrator, Bureau for Near East, Agency for International Development; Mr. Bradshaw Langmaid, Director, Office of Development Planning, Bureau for Near East, Agency for International Development; Mr. James Cheek, Deputy Director, Office of Regional Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State; and Mr. Bruce Laingen, Deputy Assistant Secretary, European Affairs, Department of State.

GENERAL STATEMENT

Mr. Nooter, we will place your statement in the record at this point.
[Mr. Nooter's statement follows:]

STATEMENT OF
ROBERT H. NOOTER
ASSISTANT ADMINISTRATOR
BUREAU FOR NEAR EAST
AGENCY FOR INTERNATIONAL DEVELOPMENT
BEFORE THE
SUB-COMMITTEE ON FOREIGN OPERATIONS
OF THE
HOUSE APPROPRIATION COMMITTEE

March 25, 1976

PROPOSALS FOR SECURITY SUPPORTING ASSISTANCE AND MIDDLE EAST SPECIAL REQUIREMENTS FUND.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to testify on the Administration's proposed FY 1977 Security Supporting Assistance programs. These programs are proposed to be conducted in countries whose economic prospects affect U.S. interests and the achievement of U.S. foreign policy objectives.

We are requesting authorizations totalling $1,801.5 million, which, together with recoveries from prior years estimated at $5.1 million, would finance an FY 1977 Security Supporting Assistance program of $1,806.6 million. The request for the Middle East Special Requirements Fund is for $35 million.

The Security Supporting Assistance program has three main elements.

The Middle East portion of the program encompasses economic programs for Israel, Egypt, Jordan and Syria totalling $1,702.5 million. The Middle East Special Requirements Fund finances the U.S. surveillance stations in the Sinai and private voluntary organizations in the West Bank and Gaza.

The proposed programs for the Middle East are being continued at a high level, but they are consistent with the magnitude of the national interests they are designed to further and protect. These Middle East economic aid programs account for approximately 95% of our request and are central to the continuing effort to sustain progress toward peace in the area.

The second element is programs for Portugal and Cyprus. Portugal is undergoing severe economic strains due to special circumstances largely beyond its control. We are requesting $55 million for support of its economy. For Cyprus, which has a special refugee problem, we are requesting $10 million.

Third, we are requesting the authorization of $19.5 million for continuing base payments through NATO to Malta, to the UN for the peacekeeping forces in Cyprus, and a small program of technical assistance for Bahrain.

In addition to Security Supporting Assistance, PL 480 Title I programs of approximately $200 million are tentatively planned for Egypt, Israel, Jordan, Portugal and Syria. Title II programs of $12.2 million administered by voluntary agencies are also planned.

COUNTRY PROGRAMS

Israel

The Sinai II agreement between Israel and Egypt has not lessened the economic burdens of Israel. For Israel to continue the negotiating process, it must be confident of its national security. Financial as well as military assistance is needed to maintain this security.

The economic problems of Israel are acute. Although Israel is a developed economy by most standards, it is critically extended. Its foreign debt is estimated to be more than $7.8 billion, or about $2,300 per capita, one of the highest in the world. Foreign exchange reserves are now about $1.2 billion, equal to only about two months' imports. The trade deficit for 1975 is estimated to be $3.7 billion. The inflation rate was 24% in 1975 and, despite the Government's recent austerity measures, inflation is expected to continue at this magnitude in 1976. Defense spending, despite a slight proportional decrease, is still an estimated 40% of the total budget and about 30% of the total Gross National Product.

Israel has taken strong measures to mitigate the situation. In order to maintain its competitive position in world trade, Israel has instituted successive devaluations totalling 72% during the last 15 months. Domestic taxes have been increased substantially, Government subsidies reduced, and the controls on nonessential imports tightened. But the magnitude of its economic problems is simply too great for Israel to cope with effectively without substantial outside help.

We are proposing a program of Security Supporting Assistance for Israel of $785 million in FY 1977. The main element in the program is $635 million in commodity import financing to help close the balance-of-payments gap by financing essential imports. $375 million of this amount will be provided as a grant and $260 million as loans. The remaining $150 million is to be provided as a cash grant in consideration of the continuing readjustment costs resulting from the Sinai withdrawal.

In addition, a PL 480 Title I program of $9 million is programmed, and $25 million is planned under the Housing Investment Guarantee program.

Egypt

The negotiated disengagement of forces between Egypt and Israel in early 1974 and the far-reaching agreement in September 1975 made a significant contribution toward peace in the Middle East. The role of Egypt was of course crucial. Its leaders have taken both a courageous step and a calculated risk in their pursuit of a negotiated peace while at the same time confronting massive economic problems.

Egypt with its dense population on the limited useable land of the Nile Valley and Delta, its low per capita income, its shortages of food and of foreign exchange, and its need to complete rehabilitation of the Suez Canal area, has major needs it cannot meet from its own resources. The growth of the economy has barely kept pace with population growth during the past decade. Its balance-of-payments situation is particularly acute. The economic drain arising from expenditures for defense and the loss of resources resulting from the closing of the Suez Canal only compounded an already difficult situation.

The Egyptian Government is pursuing a strategy designed to deal with its economic difficulties. This includes restoring economic activity in the Suez Canal area, increasing production of under-utilized industrial plant by increasing the flow of imported materials and spare parts, and improving the productivity of the agricultural sector through expanded irrigation, improved techniques, land reclamation, and continued research.

The recent agreement with Israel will help by assuring continued use of the Suez Canal and by the return of the Abu Rudeis oil fields. Substantial Arab economic assistance has been provided or promised. But the requirements go beyond what any single donor can provide. United States assistance is essential to this multi-donor effort if Egypt is to bring economic progress to its people and succeed in its efforts to achieve economic recovery.

To aid this effort, we are requesting $750 million in Security Supporting Assistance funds for Egypt in FY 1977. We also plan to provide one million tons of wheat and 3,600 tons of tobacco with a total value of about $150 million under the PL 480 Title I sales program.

The Supporting Assistance program has four major elements:

-- $180 million in project assistance is proposed to continue reconstruction and development in the Suez Area; this includes $80 million in reconstruction grants for port equipment and water and sewage systems and a loan for a major steam power plant.

-- $311 million for development project loans, including $95 million for food storage and distribution facilities, $80 million for electric power distribution, $40 million for a plant for the production of synthetic materials, and $40 million for the Bank of Alexandria to support private and public enterprise capital investments.

-- A $250 million loan for the importation of key commodities to increase the production of domestic industry and agriculture.

-- $9 million in grants for technical activities in health, agriculture, and family planning.

Of the proposed $750 million, $89 million will be provided as a grant and $661 million as loans.

Jordan

Jordan is a force for moderation in the Middle East and a strong friend of the United States. However, the maintenance and development of the Jordanian economy is dependent on external assistance. An extended period of external support and development will be needed before Jordan's narrow economic base will be able to meet the foreign exchange and budgetary needs of the country as well as provide for new economic development projects designed to raise the standard of living of her people. Jordan receives help from her Arab neighbors, but support from the U.S. is also needed.

The proposed economic assistance program for FY 1977 is $77.5 million. Of this, $50 million will be a cash grant for budget support; this is a reduction of $7 million from the proposed FY 1976 level. $24.5 million will be used for development projects on a loan basis. The program also includes $3.0 million for grant technical assistance and planned PL 480 sales of $6 million.

Syria

In Syria our economic aid is part of an effort to strengthen our political relationship. Syria is a key country in the efforts looking

toward a negotiated Middle East peace settlement. It is vitally important to these efforts that the Arab states remain persuaded that the United States is concerned for their interests as well as those of Israel. Economic aid is one means by which we can help do this.

Syria's development plans are directed primarily at increasing agricultural production through expanded irrigation and land reclamation, and diversifying the economy into agro-industries and small-scale manufacturing.

For FY 1977, we are requesting $90 million in Security Supporting Assistance for development projects which support these Syrian priorities. This includes a $27 million loan for agricultural machinery and production inputs and a $60 million loan for rural electrification. In addition there are grant projects of $3.0 million for feasibility studies, general participant training, English language training, and the development of integrated health/family planning/nutrition services. A PL 480 program of $10 million of rice and vegetable oil is also planned.

Portugal

Portugal has gone through a traumatic period of political upheaval but now appears to be settling down to a more stable situation where the division of political power will be decided through democratic processes. It must now deal successfully with the massive economic problems left in the wake of last year's political turmoil if the emerging democratic process is to survive.

The rapid and far-reaching political changes, the reduction in export markets stemming from the recession in Europe, and the program of decolonization have caused severe economic strains. Unemployment has risen to an estimated 13%, inflation is nearly 20% per year and rising, worker's remittances from abroad and tourist earnings declined sharply, and foreign exchange reserves have fallen substantially. In addition, there is a continuing need to resettle and absorb into the economy some 350,000 - 400,000 Portuguese citizens who have returned from Angola and the other former territories in Africa. Aid from the U.S., as well as from Western European countries, is urgently needed in support of Portuguese efforts to deal with these problems.

Portugal's total balance-of-payments deficit in 1976 could reach $1.2-1.8 billion. Against this Portugal has more than $1 billion in aid and emergency financial relief in sight from multi-lateral agencies and other donor countries.

The FY 1977 Supporting Assistance request for Portugal is $55 million. The largest element is $32 million in capital project loans in low-income housing and health and sanitation facilities. A $20 million commodity import loan is planned as the other main element. In addition, $1 million is planned for project feasibility studies and $2 million for technical assistance. A Housing Investment Guarantee of $10 million and PL 480 credit sales of $30 million are also planned.

Bahrain

Bahrain has provided port facilities for U.S. naval vessels in the Persian gulf in recent years. The Government has expressed an interest

in U.S. assistance in improving administration, management practices, and techniques. For FY 1976 we requested $600,000 to be used to provide up to 10 technical advisers in these fields. The FY 1977 request is for $400,000 to continue the program. Bahrain will pay $12,000 per year toward the cost of each adviser, and will also provide housing and transportation.

Malta

Malta's position in the Mediterranean is of considerable importance to the defense of NATO. Military forces of the United Kingdom have been stationed there under a 1972 agreement, supported by NATO. The agreement provides for a payment of about $37 million a year for seven years. The U.S. share of this payment is $9.5 million per year.

Cyprus

The 1974 coup d'etat and subsequent Turkish military intervention left more than 200,000 needy and displaced persons, predominantly Greek Cypriots. According to recent estimates, a total of 164,000 still needed food rations and allowances, although by now the refugees still living in tents has been reduced to an estimated 17,800.

Most of the relief assistance to Cyprus has been provided through the UN High Commission for Refugees and the International Committee of the Red Cross. In FY 1975 the U.S. contributed $25 million through these agencies, and we requested the same amount for FY 1976. Much of this amount will be used to improve shelter for the refugees. During 1976 the economy of the south should improve so that many of the refugees will become self-supporting. But we expect that some further

relief assistance will be required. We therefore plan to provide a final $10 million of Security Supporting Assistance funds in FY 1977. This amount should assure that housing is available to all of those still in tents, and will provide additional support for job-creating activities such as reforestation. After FY 1977, the economy of Cyprus should have returned sufficiently to normal so that further U.S. assistance will not be required.

UNFICYP

In 1974 the United Nations Security Council created the United Nations Force in Cyprus (UNFICYP) as a peace-keeping force. Annual estimated costs at present troop strength are about $27 million. The total U.S. contribution in FY 1975 was $9.6 million, with a similar amount proposed for FY 1976. We are requesting the same amount for FY 1977. The remainder of the $27 million requirement is expected to be made available by contributions from a number of West European countries.

Middle East Special Requirements Fund (MESRF)

The request for the Special Requirements Fund for FY 1977 is $35 million. An estimated $15 million will be needed to pay for the continuing operation of the United States Sinai Support Mission. $3 million is for support of U.S. private voluntary agency activities in the West Bank area and Gaza. The remaining $17 million is a reserve to meet special requirements which cannot be foreseen at the present time, but which are likely to arise in this still highly volatile area.

With this in the way of summary introduction, I would be glad to answer any question.

Mr. NOOTER. In addition to the programs described in my statement Mr. Chairman, as soon as the Congress ratifies the proposed Spanish Base Treaty, a budget amendment will be presented to provide for economic assistance to Spain.

Mr. PASSMAN. We will insert certain justification materials at this point.

[The justification materials follow:]

SECURITY SUPPORTING ASSISTANCE

The economic prospects of the countries for which Security Supporting Assistance is proposed affect U.S. security interests and the achievement of United States foreign policy objectives. The Security Assistance programs outlined herein are designed to help these countries deal with their economic problems and thereby further U.S. efforts to secure stability and peace.

-- Major programs are proposed for Israel, Egypt, Jordan, and Syria, along with continuation of the Middle East Special Requirements Fund, in support of our continuing efforts to achieve a just and durable peace in the Middle East.

-- Continued assistance to the government of Portugal is proposed to help in meeting its current serious economic problems.

-- Smaller programs are proposed for Cyprus, the UNFICYP, Bahrain, and Malta.

Middle East

The prospects for a permanent peace in the Middle East, although far from certain, remain promising. The realization of that promise will depend in part on strengthening the economies of the region and improving the prospects offered to the people of the region for sustained economic and social development.

The overall purposes of Security Supporting Assistance in the Middle East cited by the President in his message to the Congress of October 1975 continue to be valid. These are:

-- First, to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Supporting Assistance	677.3	1,857.6	25.2	1,806.6
Israel	324.5	755.0	-	785.0
Egypt	251.0	750.0	-	750.0
Jordan	77.5	77.5	-	77.5
Syria	- a/	90.0	-	90.0
Portugal	- b/	55.0	10.0	55.0
Cyprus	- c/	- e/	- e/	10.0
UNFICYP	9.6	9.6	4.8	9.6
Bahrain	-	.6	.1	.4
Malta	9.5	9.5	4.8	9.5
Zaire	- d/	22.8	- d/	- d/
Spain	3.0	- f/	- f/	- f/
Greece	-	65.0	-	-
Operating Expenses	2.2	22.6	5.5	19.6
Middle East Special Requirements Fund	100.0	50.0	10.0	35.0

a/ $83 million financed from Middle East Special Requirements Fund.
b/ Portugal portion of availabilities under Section 496 of the Foreign Assistance Act of 1961 as amended.
c/ $25 million financed from Famine and Disaster Relief Funds.
d/ $1.6 million in FY 1975 financed from Development Assistance; $8.8 million in TQ and $4 million in FY 1977 to be funded from Development Assistance.
e/ $25 million in FY 1976 and $5 million in TQ requested under Security Supporting Assistance; subsequently authorized under Section 495 of the Foreign Assistance Act of 1961 as amended.
f/ Requirements will be submitted at a later date.

-- Second, to give tangible expression to our new and fruitful relations with the Arab nations most directly involved and to encourage those which are seriously prepared to work for peace.

-- Third, to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The countries of the region - Israel, Egypt, Jordan, and Syria - continue to face serious economic difficulties for which they seek our help. It continues to be in the U.S. national interest to be responsive to their needs.

Israel

The interim peace agreement of September 1975 between Israel and Egypt has not reduced Israel's economic problems.

Although Israel is, by most standards, a developed economy, the burden imposed by its extraordinary defense costs and the related foreign debt are more than the economy can bear without very substantial outside support.

-- Defense expenditures are of the order of one-third of GNP.

-- Israel's foreign debt, relative to the size of its economy, is perhaps the highest in the world; this debt was estimated at the end of 1975 to be nearly $8 billion, or some $2,300 per capita.

-- Despite severe measures of economic austerity carried out by the government, Israel's balance-of-trade deficit for 1975 is estimated to be $4.7 billion.

It is evident that, until security conditions in the region improve, Israel's economy will need large-scale help from outside.

-- For this help, Israel depends largely on the United States.

-- The only other donors providing substantial economic assistance to Israel are Germany and the international organizations, and their help is on a much smaller scale.

-- A Supporting Assistance program of $785 million is proposed - $260 million in loans and $525 million in grants.

Egypt

The leaders of Egypt have shown great courage in their pursuit of peace while at the same time confronting massive economic problems. A reasonable measure of success in dealing with these problems is essential if this two-pronged strategy of peace and development is to succeed.

The Egyptian economy, despite many elements of sophistication, is clearly a less developed one.

-- Per capita GNP is less than $300.

-- Literacy is only 40 percent.

-- The small amount of arable land provides little scope in agriculture for dealing with population pressures.

Such basic problems are compounded by the effects of a very heavy defense burden and the results of war.

-- The Suez Canal area reconstruction must be completed.

-- Egypt's industrial plant has deteriorated due to the emphasis on military expenditures in past years.

-- The level of external debt is so great that it has become extremely difficult for the Egyptians to find lenders willing to negotiate new medium-term loans on conventional terms.

-- The balance-of-payments, which is chronically in deficit, constitutes a particularly acute situation; the trade deficit for 1975 is estimated to be around $3.2 billion.

The proposed Supporting Assistance program is $750 million. These funds will finance assistance for essential imports, and important capital development projects. Large-scale aid from Egypt's oil-producing Arab neighbors is helping Egypt with its economic problems. But United States assistance is essential if Egypt is to meet its immediate needs and bring economic progress to its people.

Jordan

Jordan continues to be a force for moderation in the Middle East and is a strong friend of the United States in the area.

-- Jordan's economy has a limited resource base. It continues to be dependent on outside help. For example, despite substantial recent increases in exports, the 1975 balance of trade deficit is estimated to be $451 million.

Jordan seeks to take advantage of improving security in the Middle East to devote increased attention to its development needs.

-- The relatively modest three year plan (1973-75) has substantially achieved its goals. For example, investment reached 96 percent of the target.

-- A more ambitious Five Year Plan (1976-80) has recently been drawn up and will be initiated this year.

The proposed Supporting Assistance Program for FY 1977 of $77.5 million is for budget support and development projects, including technical assistance. Assistance from its oil-producing neighbors is enabling Jordan to meet its high defense costs and is helping in development. But aid from the United States is needed to assist in filling the resource gap and to support Jordan's increasing emphasis on development.

Syria

In Syria, U.S. economic aid is part of our efforts to strengthen the new U.S.-Syria relationship through which the goal of a peaceful solution to the Middle East problem is being sought.

Syria is a less developed country with a need to sustain its recent economic progress.

-- Per capita income is about $500.

-- Literacy is only 40 percent.

-- More than half of the labor force is in agriculture.

First priority in Syria's development plans is given to increasing agricultural production through expanded irrigation and land reclamation and small-scale industry.

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-- Syria has conducted a relatively successful development program, and good use has been made of external assistance.

The proposed Supporting Assistance program is for $90.0 million, primarily for projects in agriculture and rural development. The other Arab countries and international organizations are contributing to the Syrian development effort. Our overall relationships with Syria are strengthened by participating in this multidonor effort and helping Syria meet some of its pressing development needs.

Portugal

The efforts of the current government of Portugal to strengthen democracy in that country merit strong United States support. The Government of Portugal must be able to meet forcefully the country's serious economic problems if it is to be successful in this effort.

The economic problems stem from a number of causes:

-- Disruptions in the economy were an inevitable result of the major change in government of April 1974.

-- The recession in Western Europe, Portugal's principal customer for exports and the tourist trade, has seriously cut into foreign exchange earnings.

-- Rising prices for petroleum and food imports have greatly increased import costs.

-- The influx of some 350,000 refugees from Portugal's former African colonies has added to unemployment, which is estimated to be around 13 percent, and has required major budgetary outlays.

External assistance is essential both to meet these immediate needs and to help in the longer-term restructuring of the Portuguese economy. Portugal's European neighbors are taking the lead in helping Portugal but United States aid is also sought and needed.

The proposed Supporting Assistance program is for $55 million for the financing of essential imports and capital projects and a small amount of technical assistance.

Cyprus, UNFICYP, Bahrain, and Malta

Cyprus continues to have a serious refugee problem as a result of the coup d'etat and subsequent Turkish military intervention in 1974. The need for help for the refugees is diminishing as our past assistance efforts take effect. We expect a smaller number of refugees will be found with unsatisfactory living conditions by 1977. As in the past, it is expected that most of the relief assistance will be provided through the UN High Commission for Refugees.

UNFICYP (The United Nations Force in Cyprus) was created as a peacekeeping force in 1974. Annual costs at present troop strength are estimated at about $27 million of which the U.S. contributed $9.6 million. We propose to continue this contribution. The remainder is expected to be made available by a number of West European countries.

Bahrain has been cooperative in providing port facilities for U.S. naval vessels in the Persian gulf for more than 25 years. In response to a request by the Bahrain government, we are providing advisors to the Government of Bahrain in technical and administrative fields. $400,000 is requested in FY 1977 to continue this program.

Malta occupies a position in the Mediterranean of considerable importance to the defense of NATO. Military forces of the United Kingdom have been stationed there under a 1972 agreement supported by NATO. The

agreement provides for a payment of about $47 million a year for seven years. The U.S. share of this payment is $9.5 million per year.

Middle East Special Requirements Fund (MESRF)

Continuing uncertainties in the Middle East make it essential that the United States be able to respond quickly to special needs arising in this area. Needs that are now foreseeable are financial help for the U.S. private voluntary organizations working with refugees on the West Bank of the Jordan and the Gaza strip and continued support for the U.S.-manned surveillance station in the Sinai. The proposed level for the MESRF is $35.0 million.

FY 1977 Program Composition

Middle East

Egypt

For Egypt we are requesting $750 million in Security Supporting Assistance funds for FY 1977 of which $661 million will be loans and $89 million grants. A.I.D. also plans, as availabilities permit, to provide approximately 1 million tons of wheat and 3,600 tons of tobacco, valued at about $150 million at present prices, under a PL 480 Title I loan. The Security Supporting Assistance funds are to be used for:

-- Financing essential imports primarily from the United States ($250 million loan);

-- Reconstruction and development of the Suez Area ($100 million in loans and $80 million in grants). This will include a loan for a major power plant, and reconstruction grants for port equipment and water and sewage systems;

-- National Development Program ($311 million in loans). Major proposed projects are in food storage and distribution, power generation and distribution, irrigation canal maintenance equipment, industrial credit, and production of a synthetic fibers and materials plant for Egyptian textile industries;

-- Technical Assistance Grants ($9 million). Main activities include technology transfer, feasibility studies, rural health delivery systems, and family planning.

Israel

The FY 1977 Security Supporting Assistance requested for Israel is $785 million. In addition, 70,000 tons of wheat with an estimated value of $9 million is planned under PL 480 Title I and $25 million is planned under the Housing Guaranty Program.

The major portion of the planned aid to Israel is to pay for essential imports to help meet the very serious imbalance in foreign trade. As noted above, the trade deficit for 1975 is estimated at $4.7 billion and the forces causing it will continue to have an adverse effect in the year ahead. A total of $635 million is programmed for commodity imports, of which $375 million will be a grant and $260 million will be a loan on regular A.I.D. concessional terms. As a cash grant, $150 million is to be provided in consideration of the continuing readjustment costs resulting from the Sinai agreements.

Jordan

We are requesting $77.5 million of Security Supporting Assistance for Jordan for FY 1977. A PL 480 program of $6 million for 47,000 tons of wheat also is planned.

The major portion of the Security Supporting Assistance Program, $50 million, is for budgetary support.

A total of $24.5 million is programmed for capital developments projects. The amount requested for loans is up from the $18 million programmed for FY 1976, and reflects increasing emphasis in U.S. assistance to development. Loan projects proposed for financing include design work for the Maquarin dam, rural water supply, agricultural and rural development in the Jordan River valley, road construction, and rural electrification.

The technical assistance program for which $3 million is requested is concentrated in three areas:

-- Food production and nutrition.

-- Education and human resource development.

-- Feasibility studies in the most promising investment sectors.

Syria

The requested Security Supporting Assistance program for Syria is $90 million. A program of approximately $10 million under PL 480 for rice and vegetable oil is also planned.

The loan program for capital development projects is for $87 million.

-- $60 million for rural electricification, benefitting nearly 15 percent of the population, is the major project.

-- Agricultural machinery and equipment are programmed for $27 million.

The technical assistance program is planned for $3 million. The major areas of activity will be:

-- Agricultural research;

-- Feasibility studies;

-- Technical training for professional personnel in the United States;

-- English language training;

-- A health services and family planning delivery program.

Portugal

The Security Supporting Assistance program requested for FY 1977 is for $55 million. In addition, a PL 480 program of about $30 million for wheat and rice is planned and an additional $10 million is planned under the Housing Investment Guaranty program.

The major portion of the Security Supporting Assistance program - $33 million - is planned for project loans.

-- These loans will be in priority areas agreed with the government of Portugal such as low-income housing, health and sanitation facilities, and feasibility studies in priority areas.

Another $20 million is programmed for commodity imports as part of a broader multidonor stabilization program.

The technical assistance program is planned at $2 million for activities related to capital projects.

Cyprus, UNFICYP, Bahrain and Malta

The proposed program for Cyprus is for $10 million. This program is to help deal with the continuing, albeit diminishing, needs of the refugees. A part of the

funds will deal with immediate problems such as refugee feeding and a part with employment creating and development-oriented activities such as housing and reforestation.

The UNFICYP (United Nations Forces in Cyprus) proposed program is for $9.6 million. The force level as of December 1975 was 3,069 and the annual total cost at this level will be $27 million. The cost beyond the U.S. contribution is to be covered by West European donors.

The proposed program for Bahrain is for $400,000 to continue a technical assistance program for improving government skills in public and budgetary administration.

The proposed program for Malta is for $9.5 million to cover the U.S. share of a NATO commitment.

Middle East Special Requirements Fund

The request is for $35 million for FY 1977. Financial assistance of $3 million is planned for U.S. private voluntary organizations working in the West Bank of the Jordan and the Gaza areas and an additional $15 million is programmed for continued operation of the U.S.-manned surveillance station in the Sinai. The remainder is to enable the U.S. to respond quickly to special needs arising in this area.

SUMMARY OF A.I.D. PERSONNEL BY COUNTRY
(U.S. Nationals on Duty at End of Fiscal Year)

REGION:

TABLE II

A.I.D. Organization/Country	A.I.D. DIRECT HIRE (Full-time Employees in Permanent Positions)			PARTICIPATING AGENCY TECHNICIANS			CONTRACTOR TECHNICIANS			TOTAL		
	FY 1975 Actual	FY 1976 Estimated *	FY 1977 Proposed*	FY 1975 Actual	FY 1976 Estimated	FY 1977 Proposed	FY 1975 Actual	FY 1976 Estimated	FY 1977 Proposed	FY 1975 Actual	FY 1976 Estimated	FY 1977 Proposed
Cyprus	-	1	1	-	-	-	-	-	-	-	1	1
Egypt	9	22	50	-	1	4	-	1	-	9	22	21
Israel	-	-	-	-	2	2	-	-	-	-	2	2
Jordan	4	8	9	-	2	2	1	-	-	5	7	8
Portugal	1	3	3	-	-	-	-	-	-	1	3	3
Syria	4	11	11	-	3	3	-	12	25	4	25	39
TOTAL	18	45	74	-	8	11	1	13	25	19	60	74

*Authorized as of December 31, 1975.

SECURITY SUPPORTING ASSISTANCE

SUMMARY OF PARTICIPANTS BY COUNTRY

(Programmed During Fiscal Year)

TABLE III

COUNTRY	NONCONTRACT			CONTRACT			TOTAL		
	FY 1975 ACTUAL	FY 1976 ESTIMATED	FY 1977 PROPOSED	FY 1975 ACTUAL	FY 1976 ESTIMATED	FY 1977 PROPOSED	FY 1975 ACTUAL	FY 1976 ESTIMATED	FY 1977 PROPOSED
Egypt	70	110	150	-	40	45	70	150	195
Israel	-	-	-	-	-	-	-	-	-
Jordan	52	45	30	12	8	19	64	53	49
Portugal	3	50	100	-	-	-	3	50	100
Syria	-	43	132	-	6	10	-	49	142
TOTAL	125	248	412	12	54	74	137	302	486

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ECONOMIC AND SOCIAL DATA

REGION: SECURITY SUPPORTING ASSISTANCE

TABLE IV

COUNTRY	POPULATION					HEALTH			EDUCATION				
	TOTAL (Mid-1975)	ANNUAL GROWTH RATE	PERCENT IN URBAN AREAS		PERCENT OF LABOR FORCE IN AGRICULTURE	NUMBER OF PEOPLE PER DOCTOR	LIFE EXPECTANCY	INFANT DEATHS PER 1,000 LIVE BIRTHS	PRIMARY AND SECONDARY STUDENTS				LITERACY RATE
									1960	1971	1960	1971	
	MILLIONS	PERCENT	1960	1975			YEARS		THOUSANDS		AS PERCENT 5-19 AGE GROUP		PERCENT
Egypt	37.7	2.3	38	48	46	1,510	52	100	3,210	5,430	35	46	40
Israel	3.4	1.7	78	84	7	380	72	22	470	642	71	66	88
Jordan	2.7	3.6	43	56	35	2,290	55	23	270	400	43	62	32
Portugal	8.5	-0.4	23	29	29	960	68	45	1,116	1,476	45	61	65
Syria	7.3	3.1	37	46	54	3,500	54	22	580	1,380	36	57	40

NOTE: Data for developing countries often represent approximate orders of magnitude rather than precise measurements, and may not be fully comparable between countries. Where year is not stated, data are the most recent information available.

ECONOMIC AND SOCIAL DATA

REGION: SECURITY SUPPORTING ASSISTANCE

TABLE IV b

COUNTRY	PER CAPITA GROSS NATIONAL PRODUCT		AGRICULTURAL PRODUCTION		INTERNATIONAL COMMODITY TRADE				
			AVERAGE ANNUAL GROWTH RATE 1970-75		EXPORTS (F.O.B.)		MAIN EXPORTS	IMPORTS (C.I.F.)	
	1973[a]	AVERAGE ANNUAL GROWTH RATE 1965-1973[b]	TOTAL	PER CAPITA	1970	1975 Est.		1970	1975 Est.
	DOLLARS	PERCENT	PERCENT		$ MILLIONS		ITEM	$ MILLIONS	
Egypt	250	0.8	1.5	-0.6	762	1,540	Cotton	787	4,740
Israel	2,790	6.7	5.9	2.7	779	1,870	Diamonds, citrus fruits	2,079	6,620
Jordan	290	-2.6	5.5	2.1	34	160	Phosphate	184	610
Portugal	1,130	8.0	-0.2	0.4	950	1,760	Wine, cork	1,590	4,150
Syria	370	3.6	4.9	1.6	203	784[c]	Cotton	360	1,230[c]

a - Estimates in the IBRD 1975 Annual Report. Briefly described, the 1973 GNP data in national currencies, expressed in average 1965-71 domestic prices, were converted to U.S. dollar equivalents at an average 1965-71 exchange rate, and then adjusted for inflation of the U.S. dollar from the 1965-71 base period to 1973. b - Estimates in the IBRD 1975 World Atlas. c - 1974.

ECONOMIC AND SOCIAL DATA

REGION: SECURITY SUPPORTING ASSISTANCE

TABLE IV [c]

COUNTRY	GOLD & FOREIGN EXCHANGE[a]			CENTRAL GOVERNMENT FINANCES[b]							
				EXPENDITURES						DOMESTIC REVENUES	
				TOTAL		DEFENSE EXPENDITURES					
				AMOUNT		AS % OF TOTAL EXPENDITURES		AS % OF GNP [c]			
	1973	1974	1975	1973	1974 E	1973	1974 E	1973	1974 E	1973	1974 E
	$ MILLIONS			$ MILLIONS		PERCENT		PERCENT		$ MILLIONS	
Egypt	363	356	362(Sep)	4,483	5,789	38.9	35.4	18.8	18.9	2,127	2,568
Israel[d]	1,815	1,201	1,271(Oct)	6,302	8,222	54.1	48.9	40.8	34.4	3,800	6,201
Jordan	312	350	466(Nov)	358	473	35.2	29.4	n.a.	n.a.	144	197
Portugal	2,839	2,354	1,633(Oct)	1,927	2,361	34.2	34.9	6.1	6.0	1,706	1,968
Syria	481	835	1,148(May)	897	1,503	44.5	36.1	15.6	13.8	719	1,153

E - Estimate. n.a. - Not available.
a - Official reserves, gross basis, end of period.
b - Converted to U.S. dollar equivalents at 1974 exchange rates.
c - Derived from current price data in national currencies.
Data are in current prices that reflect the impact of inflation.
d - Israel fiscal year begins April 1.

Objectives of U.S. Assistance

Peace in the Middle East is a major U.S. foreign policy goal.

Egypt has demonstrated its desire and willingness to work toward a negotiated peace by playing a key role in the two interim settlements already concluded:

-- a negotiated disengagement of forces between Egypt and Israel and between Israel and Syria which was reached early in 1974;

-- a second-step agreement between Egypt and Israel in September 1975, which:

** sets forth a general policy framework for the achievement of a just and lasting peace;

** establishes rules for the deployment of respective military forces;

** provides the means to ensure compliance with this deployment.

The successful implementation of these agreements, as well as further progress toward permanent peace, will depend in large part on Egypt, and specifically on:

-- willingness of the Egyptian people to support further measures leading to a permanent settlement;

-- an economic and social atmosphere within Egypt conducive to growth, development, and peace.

The objective of U.S. assistance is to foster economic and social development within Egypt and thereby to create the preconditions to a continued and a more permanent peace.

Political and Economic Setting

In its external relationships and particularly in its leadership role in the Arab world, the Government of Egypt has taken both a courageous step and a calculated risk by proceeding with its recent second-step agreement with Israel.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Suez Area Reconstruction and Development	53.5	223.5		180.0
National Development Program	47.5	276.5		320.0
Commodity Import Program	150.0	250.0		250.0
Total	251.0	750.0		750.0

-- It is of paramount importance to the achievement of lasting peace in the area that implementation of this agreement succeed and that it lead to more comprehensive understandings and agreements in the future.

-- The ability and willingness of Egyptian society to proceed with further steps toward peace will depend in large measure on the success achieved by the Government in its efforts to direct the

nation's energies toward economic development rather than confrontation as a way of achieving national goals.

Egypt today is also a force for moderation in the councils of the world community. Its decision to concentrate on developing its own country sets a positive example for future events in the Middle East.

Egypt suffers from a serious shortage of foreign exchange with which to sustain its economic recovery and undertake a development program. This affects every aspect of the economy and has created:

-- shortages of raw materials and spare parts for domestic industry, resulting in a scarcity of basic consumer items;

-- low levels of domestic investment in new industry, infrastructure, and in the agricultural sector, which has slowed Egypt's per capita GDP growth to under one percent annually over the past 10 years.

The new agreement between Egypt and Israel will, in itself, improve Egypt's economic situation through:

-- restoration of oil from the Abu Rudeis oil fields:

** Approximately $300 million worth of oil is expected to be produced from these fields annually for the next several years.

-- stimulating further use of the Canal:

** The Government of Egypt expects Suez Canal revenues to rise to more than $500 million in 1976.

-- encouraging the tourism industry and private foreign investments:

** Tourism will amount to an expected $450 million in 1976 and considerably higher by 1978 when new hotel facilities are completed.

As significant as these gains are, they will cover only part of the total requirement. Egypt will continue to require substantial assistance to achieve its development objectives and at the same time provide for improving the current standard of living of its people. Egyptian development programs must contend with:

-- a continuing balance of trade deficit:

** The foreign trade deficit in 1975 is estimated at more than $3 billion.

-- standards of living which have not improved significantly over the past 10 years:

** Per capita income has remained about constant since 1965.

-- an overly high rate of population growth:

** Population is growing at a rate of 2.3% per year; at this rate, population will grow from its current level of 37 million to 48 million by 1985. Meanwhile, population growth in urban areas is 5%. Increased population means a higher demand for foodstuffs.

-- a scarcity of arable land:

** Egypt has approximately 6 million acres of good arable land located in the Nile Valley and Delta; cultivation in surrounding desert areas can be accomplished only at very high costs.

-- insufficient domestic production of food grains:

** In 1976, Egypt will import more than 3 million tons of wheat; with projected rates of population growth, this will rise to more than 5 million tons by 1985.

-- vast needs for capital goods, infrastructure, and technical assistance to better develop its industrial sector:

** The Government of Egypt plans to import approximately $4 billion in capital and intermediate goods during 1976.

Egypt's economic recovery requires resources far beyond its own or any single donor's ability to provide.

Substantial Arab economic assistance and economic assistance from other donors has been provided in the past and is expected to continue in the future to assist Egypt in overcoming its current balance of payments problems.

-- Arab economic assistance in 1975 amounted to $2 billion.

-- Other donors, including the international organizations, provided nearly $1 billion in 1975.

United States economic assistance also is needed urgently to bring Egypt through this crucial period of its post-war recovery and development.

Terms for U.S. assistance will be:

-- grants for technical assistance and also for the capital projects related to Suez area reconstruction;

-- loans at 2% for a 10 year grace period and 3% for a 30 year repayment period for development projects and general commodity imports:

-- commodity procurement principally from U.S. sources.

FY 1977 Program

The sum of $750 million is requested for the proposed economic assistance program during FY 1977 to:

-- continue our support of the Suez Area Reconstruction and Development program;

-- initiate selected projects in the Egyptian national economic development program;

-- support technical assistance projects focused on improving agricultural productivity and the living conditions of the poor;

-- continue broad support to productive sectors of the economy through continuation of the Commodity Import Program.

Reconstruction and Development of the Suez Area

Since the October 1973 war, the Government of Egypt has

been investing a major portion of its civilian budget in the reconstruction and economic development of the Suez Canal Area. Significant progress has been made in physical construction of housing and overall planning. Master plans for Suez City, Ismailia, and Port Said will be completed in April 1976.

The United States will continue to participate in development of the area during FY 1977. We propose financial assistance of $80 million in grants and $100 million in loans for this purpose, to include the following projects:

-- Suez Electric Power Plant rated at 300 MW to be built at Suez City to provide power for the heavily damaged southern third of the Canal area which includes a sizable industrial zone and Port Tewfiq ($100 million loan).

-- Port Operating and Maintenance Equipment for the three Suez ports needed to bring these ports into full operation and thereby relieve congestion at the port of Alexandria ($20 million grant).

-- Water and Sewage Systems urgently needed for the urban areas ($60 million grant).

National Development Program

Considerable effort by the Government of Egypt has been directed toward the formulation of an integrated national economic development plan aimed at improving the standard of living for the population and establishing the physical infrastructure necessary for improved economic growth. This plan involves large investments in infrastructure, agriculture and new industrial starts over the next five year period. A.I.D. proposes $320 million to support this plan during FY 1977 through the following capital project loans and technical assistance grants.

Capital Projects ($311 million)

-- Foodgrain and Vegetable Oil Storage and Distribution Facilities to reduce the losses of stocks due to weather, pests and inefficiencies in handling ($95 million);

-- Electric Power Distribution to upgrade the outmoded power distribution system now in existence; this is particularly critical in larger urban areas such as Cairo and Alexandria ($80 million);

-- Small Scale Agricultural Equipment required to improve productivity in the agricultural sector ($15 million);

-- Irrigation Canal Maintenance Equipment to improve the capability of existing public sector companies to maintain and improve Egypt's system of irrigation canals ($26 million);

-- Industrial Credit (Bank of Alexandria) to make available foreign exchange financing needed by private as well as public industries to implement investment plans ($40 million);

-- Synthetic Fiber Production to increase capacity to produce the essential inputs to Egypt's textile industries which are

in process of increasing their output of synthetic fabrics ($15 million);

-- Synthetic Material Production (DMT) to establish a plant for the manufacture of dimethylterephthalate needed as raw materials for new polyester production facilities in Egypt ($40 million).

Technical Assistance Grants ($9 million)

-- Technology Transfer and Manpower Development as a vehicle for fostering the exchange of knowledge through training and short-term consultancies ($1 million);

-- Technical and Feasibility Studies to enable the Government of Egypt to avail itself of U.S. private as well as public sector expertise in the development and study of investment programs and projects ($2 million);

-- Rural Health Delivery System to improve the organization and management of rural health services and enhance the ability of the existing system to deliver preventive services ($2.1 million);

-- Integrated Social Work Training Centers to broaden and upgrade the skills of social workers operating in rural areas ($1 million);

-- Development of Rural Villages to improve the ability of the Ministry of Local Government to plan and evaluate village development programs ($500,000);

-- Small-Scale Mechanization of Agriculture to increase the efficiency of agricultural production in pilot areas through the mechanization of tillage, harvesting and water pumping operations ($600,000);

-- Water Use and Management to improve the efficiency of water use through better application techniques ($800,000);

-- Family Planning to improve the ability and effectiveness of the Government in providing family planning services and contraceptive supplies to fertile members of its population ($1 million).

Commodity Import Program Loan ($250 million)

This program is needed in order to provide equipment, parts, and material required for effective utilization of domestic industry and for increasing the productivity of the agricultural sector. Increases in domestic production will enable the general population to purchase more of the essential goods required for everyday life, thus improving their level of living.

PL 480

As availabilities permit, we intend to provide approximately 1,000,000 metric tons of wheat and 3,600 metric tons of tobacco under PL 480 Title I for FY 1977, valued at $150 million at present prices.

TABLE V

COUNTRY: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975 Obligations	Through FY 1975 Expenditures	Through FY 1975 Unliquidated Obligations 6/30/75	Estimated FY 1976 Obligations	Estimated FY 1976 Expenditures	Estimated FY 1976 Unliquidated Obligations 6/30/76	Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
A. Suez Reconstruction Area					40.0			223.5				80.0		
Construction Equipment		263-12-310-004	1975	1975	10.0	-	10.0	-	10.0	-	-	-	-	10.0
Electrical Distribution Equipment		263-12-220-001	1975	1975	30.0	-	30.0	-	30.0	-	-	-	-	30.0
Port Said Minefield Sweep		263-11-390-005	1976	1976	-	-	-	3.5	3.5	-	-	-	-	3.5
Water and Sewage Systems I		263-12-520	1976	1976	-	-	-	10.0	-	10.0	-	-	-	10.0
Water and Sewage Systems II	*	263-12-520	1977	1977	-	-	-	-	-	-	-	60.0	-	60.0
Cement Plant		263-12-230	1976	1976	-	-	-	100.0	-	100.0	-	-	-	100.0
Ismailia Power Plant		263-12-220	1976	1976	-	-	-	100.0	-	100.0	-	-	-	100.0
Cargo Handling and Port Maintenance Equipment I		263-12-340	1976	1976	-	-	-	10.0	-	10.0	-	-	-	10.0
Cargo Handling and Port Maintenance Equipment II	*	263-12-340	1977	1977	-	-	-	-	-	-	-	20.0	-	20.0
B. National Development Program					2.0			6.5				9.0		
Technology Transfer and Manpower Development I		263-11-995-002	1975	1975	1.0	0.1	0.9	-	0.9	-	-	-	-	1.0
Technology Transfer and Manpower Development II		263-11-995	1976	1976	-	-	-	2.0	-	2.0	-	-	-	2.0
Technology Transfer and Manpower Development III	*	263-11-995	1977	1977	-	-	-		-			1.0	-	1.0
Feasibilities Studies		263-11-995-003	1975	1975	1.0	-	1.0	-	1.0	-	-	-	-	1.0
Technical and Feasibility Studies I		263-11-995	1976	1976	-	-	-	3.0	-	3.0	-	-	-	3.0
Technical and Feasibility Studies II	*	263-11-995	1977	1977	-	-	-	-	-	-	-	2.0	-	2.0
Water Use and Management	*	263-11-120	1976	1980	-	-	-	0.5	0.1	0.4	-	0.8	3.7	5.0
Improvement of Rural Health Services	*	263-11-590	1976	1979	-	-	-	0.5	0.1	0.4	-	2.1	2.4	5.0
Development of Rural Villages	*	263-11-740	1977	1980	-	-	-	-	-	-	-	0.5	1.3	1.8
Integrated Social Work Training Centers	*	263-11-810	1977	1978	-	-	-	-	-	-	-	1.0	0.3	1.3
Small Scale Mechanization of Agri.	*	263-11-190	1977	1980	-	-	-	-	-	-	-	0.6	1.4	2.0
Family Planning	*	263-11-580	1976	1980	-	-	-	0.5	-	0.5	-	1.0	4.5	6.0
				Total				230.0	45.6	226.3	-	89.0		

*Detailed project narrative--See Table VI.

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Egypt

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST 1946-1975	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975		
I. ECONOMIC ASSISTANCE - TOTAL	-	1.5	0.8	21.3	370.1	1,261.7	251.9	1,009.8
Loans	-	1.5	-	9.5	298.8	885.0	251.9	633.1
Grants	-	-	0.8	11.8	71.3	376.7	-	376.7
a. A.I.D. and Predecessor Agencies	-	1.5	-	8.5	252.8	420.5	44.5	376.0
Loans	-	1.5 a/	-	-	194.3	285.0 b/	44.5	240.5
Grants	-	-	-	8.5	58.5	135.6	-	135.6
(Security Supporting Assistance)	(-)	(-)	(-)	(8.5)	(252.8)	(290.2) b/		
b. Food for Peace (PL 480)	-	-	0.8	12.8	117.3	830.1	196.6	633.5
Title I - Total	-	-	-	9.5	104.5	625.3	196.6	428.7
Receivable in U.S. Dollars - Loans	-	-	-	9.5	104.5	130.4	6.0	124.4
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	494.9	190.6	304.3
(Loans)	(-)	(-)	(-)	(-)	(-)	(458.9)	(190.6)	(268.3)
(Grants)	(-)	(-)	(-)	(-)	(-)	(35.9)	(-)	(35.9)
Title II - Total Grants	-	-	0.8	3.3	12.8	204.8	-	204.8
Emergency Relief, Econ. Development, & World Food	-	-	-	0.3	1.6	30.9	-	30.9
Voluntary Relief Agencies	-	-	0.8	3.0	11.2	173.9	-	173.9
c. Other Economic Assistance	-	-	-	-	-	11.1	10.8	0.3
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	11.1	10.8	0.3
(Loans)	(-)	(-)	(-)	(-)	(-)	(10.7)	(10.8)	(-0.1)
(Grants)	(-)	(-)	(-)	(-)	(-)	(0.4)	(-)	(0.4)
II. MILITARY ASSISTANCE - TOTAL								
Credits or Loans								
Grants								
a. MAP Grants								
b. Credit Sales under FMS								
c. Military Assistance Service-funded (MASF) Grants								
d. Transfers from Excess Stocks								
e. Other Grants								
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE								
Loans								
Grants								
Other U.S. Government Loans and Grants	-	18.3	10.7	9.0	39.1	116.3	59.6	56.7
a. Export-Import Bank Loans	-	7.5	-	9.0	16.5	73.2	43.4	29.8
b. All Other Loans	-	10.8 c/	10.7	-	21.6	43.1	16.2	26.9

NO MILITARY ASSISTANCE

a/ Capitalized interest on prior year loans.
b/ Includes $3.9 million in capitalized interest on prior year loans, of which $3.4 million is Security Supporting Assistance.
c/ Excludes refunding of $84.8 million.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1946-75
TOTAL	51.1	244.4	519.4
IBRD - World Bank	-	162.0	218.5
Inter-Am. Dev. Bank	43.9	65.0	216.1
African Dev. Bank	-	5.0	5.0
UN Development Program	5.6	8.8	66.0
Other UN	1.6	3.6	13.8

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	181.1	143.7	791.3
Germany	139.5	112.1	363.8
Italy	31.3	11.1	314.2
France	-	4.0	52.5
U.K.	3.9	5.1	21.0
Japan	1.1	9.1	16.3
Other	5.3	2.3	23.5

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	-	25	2,230
USSR	-	-	1,300
Eastern Europe	-	25	796
China, People's Rep. of	-	-	134

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Objectives of U.S. Assistance

The United States seeks a just and durable peace in the Middle East which will enable the countries concerned to turn their energies and resources toward development instead of military goals.

The recent interim peace agreement between Israel and Egypt of September 4, 1975 was an essential step in this process.

Israel's political and economic stability is a key factor in achieving peace in the area, and in light of the heavy financial burdens besetting the Israeli economy, U.S. economic assistance is especially important.

Confidence in U.S. support for Israel's security is essential for Israel to negotiate a settlement of hostilities, and that confidence provided the basis for the recent agreements with Egypt.

Economic Setting

Israel has limited resources with which to meet its heavy defense burden and civilian requirements and must depend upon donations and loans from abroad to meet its financial requirements. The Government must resort to extensive private borrowings to meet its foreign exchange requirements.

Israel's foreign debt continues to rise rapidly. It is estimated to exceed $7.8 billion at the end of 1975, equivalent to $2,300 per capita, perhaps the highest per capita debt level of any country in the world.

The Israel Government has initiated a variety of self-help measures to maintain economic stability in the face of Israel's exceptionally high defense requirements and pressures resulting from this and worldwide economic problems. Over the past year the following economic austerity measures have been undertaken by the Israeli Government:

-- a 72% devaluation of the Israeli pound;

-- price and tax increases on imported goods;

-- tax incentives and other measures to stimulate growth of the export sector;

-- reduced government subsidies on food items;

-- a restrictive monetary and credit policy to dampen liquidity and demand pressures.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Commodity Import Program	324.5	605	-	635
Program Grant	-	150	-	150
Total	324.5	755	-	785

However, until a permanent peace is achieved Israel's defense expenditures will remain large. For 1975, Israel's defense expenditures are estimated at some $5.2 billion or 46% of total government expenditures.

Israel's foreign exchange requirements to meet civilian needs, though held to a minimum by fiscal and monetary efforts of the Israel Government, continue to grow

with worldwide inflation due to Israel's dependence on imports of vital commodities.

Security Supporting Assistance provides needed foreign exchange to Israel to enable the Government to purchase imported goods from the United States. The commodities imported include a wide variety of industrial and consumer goods, e.g., agricultural products and equipment, pharmaceuticals and chemicals, manufacturing machinery and equipment, paper products.

These imported U.S. goods are sold in Israel and the proceeds in Israeli pounds are applied to general support of Israel's national budget. Taking into account Israel's deteriorating economic situation, a total of $605 million was requested in FY 1976 to finance an expanded commodity import program and to assist Israel to meet its extraordinary import and budget requirements.

In FY 1976 Security Supporting Assistance funds also were used to provide $150 million as a cash grant to help Israel offset the indirect foreign exchange demand resulting from the costs associated with the September 1975 disengagement agreement with Egypt.

In addition to Supporting Assistance, PL 480 Title I food was provided to Israel to help the country meet its food import requirements. Housing Guaranties were provided to assist Israel in its shelter program. Assistance was provided under other legislation to help Israel to settle new immigrants from the Soviet Union and other countries.

FY 1977 Program

In FY 1977, A.I.D. requests $785 in Security Supporting Assistance funds as our contribution to help meet Israel's continuing heavy financial burdens. Of this amount, $635 million will be used to finance commodity imports, of which $375 million will be provided on a grant basis and $260 million will be provided as a loan on concessionary terms.

The remaining $150 million will be provided as a cash grant in consideration of the continuing readjustment costs resulting from the Sinai withdrawal.

In addition, 70,000 metric tons of wheat, estimated at $9 million, is programmed for Israel in FY 1977 under the PL 480 Title I program and $25 million is planned under the Housing Guaranty Program.

TABLE V

COUNTRY: ISRAEL

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Commodity Import Program		NA	1972	Cont.	474.5	474.5	-	360	360	-	-	375	Continuing	
Program Grant		NA	1976	Undet.	-	-	-	150	150	-	-	150	Continuing	
				Total				510	510	-	-	525		

*Detailed project narrative--See Table VI.

Country: ISRAEL

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION ($000)
Commodity Import Program	Security Supporting Assistance	375,000
	BRIEF REFERENCE: FY 1976 Middle East Peace & Security Supporting Assistance Programs, p. 37	INITIAL OBLIGATION: FY: 1972

Project Target and Course of Action: The purpose of this project is to provide foreign exchange to Israel to enable the Government to purchase essential commodity imports and thereby assist in the stabilization of the Israeli economy.

Progress to Date: Security supporting assistance has been instrumental in enabling the Israeli Government to maintain economic stability. We believe this program will continue to be an essential and useful stabilization tool for some time to come.

To maintain economic stability and growth Israel must import about twice as much as it exports. Over the last three years, Israel's annual trade gap has risen from $2.8 billion in 1973 to nearly $4.8 billion in 1975. Assistance for commodity imports is therefore very important in helping Israel to meet its overall resource requirements.

Prior to FY 1976, all commodity import assistance was provided on a grant basis. However, last year part of the program was financed on a loan basis, in recognition of the improved longer-term economic prospects expected to result from Israel's efforts to expand its exports and restrain imports. Furthermore, our use of an expanded commodity eligibility list for the commodity import program enables Israel to forego the opening of new supplier credits at commercial terms.

The categories of commodities authorized for financing last year included chemical products, agricultural equipment and products, pharmaceuticals, textiles, structural steel and metal goods, electrical equipment, paper products, soybeans and other goods. In FY 1977 this list will be expanded to include wheat, corn, sorghum and other grains.

FY 1977 Program: $375 million in Security Supporting Assistance is requested to continue the grant commodity import program for an additional 12 months.

Country: ISRAEL

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION ($000)
Program Grant	Security Supporting Assistance	150,000
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance Programs, p. 38	INITIAL OBLIGATION FY: 1976

Project Target and Course of Action: The purpose of this project is to assist the Government of Israel to meet the continuing readjustment costs resulting from the implementation of the Egypt-Israel interim disengagement agreement of September 4, 1975.

Background: In FY 1976 $150 million was programmed to provide Israel with rapidly available foreign exchange needed to offset demand resulting from expenditures associated with the Sinai withdrawal. In recognition of the special nature of this requirement, these funds were provided as a financial grant.

FY 1977 Program: $150 million is requested in FY 1977 Supporting Assistance funding to continue this special program.

Israel

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST 1946-1975	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975		
I. ECONOMIC ASSISTANCE - TOTAL	55.8	104.2	109.8	51.5	353.1	1,632.6	429.3	1,203.3
Loans	55.5	53.8	59.4	-	8.6	766.1	429.3	336.8
Grants	0.3	50.4	50.4	51.5	344.5	866.4	-	866.4
a. A.I.D. and Predecessor Agencies	-	50.0	50.0	50.0	344.5	1,006.8	177.2	829.6
Loans	-	-	-	-	-	234.3	177.2	57.1
Grants	-	50.0	50.0	50.0	344.5	772.5	-	772.5
(Security Supporting Assistance)	(-)	(50.0)	(50.0)	(50.0)	(324.5)	(474.5)		
b. Food for Peace (PL 480)	55.8	54.2	59.8	1.5	8.6	625.7	252.1	373.6
Title I - Total	55.5	53.8	59.4	-	8.6	563.3	252.1	311.2
Repayable in U.S. Dollars - Loans	55.5	53.8	59.4	-	8.6	284.6	59.7	224.9
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	278.7	192.4	86.3
(Loans)	(-)	(-)	(-)	(-)	(-)	(247.2)	(192.4)	(54.8)
(Grants)	(-)	(-)	(-)	(-)	(-)	(31.4)	(-)	(31.4)
Title II - Total Grants	0.3	0.4	0.4	1.5	-	62.4	-	62.4
Emergency Relief, Econ. Development, & World Food	-	-	-	1.4	-	2.2	-	2.2
Voluntary Relief Agencies	0.3	0.4	0.4	0.1	-	60.2	-	60.2
c. Other Economic Assistance	-	-	-	-	-	0.1	-	0.1
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	0.1	-	0.1
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(0.1)	(-)	(0.1)
II. MILITARY ASSISTANCE - TOTAL	345.0	300.0	307.5	2,482.7	300.0	4,211.7	406.2	3,805.5
Credits or Loans	345.0	300.0	307.5	982.7	200.0	2,611.7	406.2	2,205.5
Grants	-	-	-	1,500.0	100.0	1,600.0	-	1,600.0
a. MAP Grants	-	-	-	-	-	-	-	-
b. Credit Sales under FMS	345.0	300.0	307.5	982.7	200.0	2,611.7	406.2	2,205.5
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-
e. Other Grants	-	-	-	1,500.0a/	100.0b/	1,600.0	-	1,600.0
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	600.8	404.2	417.8	2,534.2	653.1	5,844.3	835.5	5,008.8
Loans	600.5	353.8	366.9	982.7	208.6	3,377.8	835.5	2,542.3
Grants	0.3	50.4	50.9	1,551.5	444.5	2,466.4	-	2,466.4
Other U.S. Government Loans and Grants	31.0	21.1	21.1	47.3	62.4	451.7	397.1	54.6
a. Export-Import Bank Loans	31.0	21.1	21.1	47.3	62.4	451.7	397.1	54.6
b. All Other Loans	-	-	-	-	-	-	-	-

* Less than $50,000.

a/ Represents non-reimbursable financing pursuant to the Emergency Security Assistance Act of 1973 (PL 93-199).

b/ Represents non-reimbursable financing pursuant to Section 31(b) of the Foreign Military Sales Act, as amended by the Foreign Assistance Act of 1974 (PL 93-559).

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1948-75
TOTAL	39.6	35.1	304.1
IBRD - World Bank	35.0	35.0	284.4
Int'l. Finance Corp.	3.5	-	3.5
UN Development Program	1.1	0.1	15.0
Other UN	-	-	1.2

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	78.8	72.5	873.8
Germany	58.2	61.1	811.3
Canada	2.5	7.5	25.3
Italy	17.2	*	23.7
Other	0.9	3.9	13.5

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL			

NO PROGRAMS

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Objectives of U.S. Assistance

The objective of U.S. assistance is to ensure a Government of Jordan capable of continuing its role as a moderating political force in the Middle East.

U.S. assistance supports Jordan's efforts to develop its economy and sustain its internal stability, without which Jordan's policies would be critically vulnerable to extremist pressures.

Political and Economic Setting

The U.S. and Jordan enjoy very close political ties and mutually desire to bring a lasting peace to the Middle East. Jordan's strategic location is of crucial importance for current and future peace efforts. However, a limited resources base has circumscribed Jordan's development. Because of its economic vulnerability and heavy dependence on foreign assistance, Jordan is unusually susceptible to destabilizing external influences.

Jordan's vulnerability is illustrated by the termination of financial assistance in 1970 by Libya and Kuwait. Previously these countries had provided two-thirds of Jordan's external budget support requirements, but when they disagreed with King Hussein's suppression of the fedayeen aid was terminated. The Kuwaiti subsidy was restored some three years later; Libya's has not yet been restored.

U.S. assistance is necessary to diversify Jordan's sources of external support, thus helping Jordan to maintain a certain measure of economic independence and thus a moderate political posture.

Jordan is organizing for a major economic development thrust. The Jordanians have long recognized that their future interests will be served best by reducing their dependence on foreign financial assistance. Their recently concluded Three Year Plan plus the anticipated Five Year Plan reflect their intentions to achieve this goal.

A main result of the Three Year Plan (1973-1975) was the resumption of development momentum, which had been lost after the 1967 War. Development successes of this Plan include:

-- a 6% increase in national income per year;

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Budgetary Support	67.5	57.0	-	50.0
Loans for Development	8.7	18.0	-	24.5
Technical Assistance	1.3	2.5	-	3.0
Total	77.5	77.5	-	77.5
Middle East Special Requirements Fund	10.0	-	-	-

-- an increase in investment to 31% of the national income;

-- an increase in exports from 6% to 16% of national income;

-- a 7% decrease in the contribution of foreign revenues to total revenues, from 57% prior to the Plan to 50% at the end of the Plan period.

The new Five Year Plan (1976-1980) is designed to:

-- secure a national income growth rate of 12% per

annum;

-- increase from 50% to 70% that portion of the annual budget which is covered by domestic revenues by 1980;

-- reduce the trade deficit from 48% to 24% of national income by 1980.

Considerable external assistance is needed to sustain essential budget outlays and help finance Jordan's Five Year Plan. Investments for the Plan period are estimated to be $2.3 billion.

Other donors will play an important role. Pledges of economic assistance from other Arab countries totalled $126.8 million in 1975, and in addition Kuwait recently indicated its willingness to make up to $100 million available for housing investment purposes. In 1975, Jordan established additional incentives to encourage foreign investment and began to develop cooperative industrial ties with its Arab neighbors, especially Syria.

These developments have enabled the U.S. to begin shifting the emphasis of our Jordan economic assistance program from budget support to development activities.

FY 1977 Program

In FY 1977, a total of $77.5 million in Supporting Assistance funding is requested for the following activities:

-- Budget Support - $50 million to supplement Jordanian resources for essential civilian outlays;

-- Capital Loans - $24.5 million for new development activities. The focus will be on agriculture and rural development, including:

** $4 million for Maqsrin dam design;

** $3 million for rural water supply;

** $3 million for rural development in the Jordan Valley;

** $5 million for road construction;

** $4 million for Karak rural electrification;

** $5.5 million to complete existing construction and engineering projects.

Loans are repayable in U.S. dollars over 40 years, including a grace period of 10 years, at an annual rate of 2% during the grace period and 3% for the remainder. Source of procurement will be primarily in the United States.

Grant Project Assistance - $3 million is requested to finance technical assistance programs in three priority development areas:

** Food Production and Nutrition - $850,000 for five projects which are to assist Jordan in increasing its agricultural production, especially with respect to cereals. The projects will be concentrated in the Jordan Valley, the most productive agricultural area of the country.

** Education and Human Resource Development - $300,000 to provide training to Jordanian government officials in project design and implementation procedures. This will increase the efficiency and effectiveness of project implementation while at the same time enhancing the Government of Jordan's ability to prepare project proposals attractive to other potential donors.

** Selected Development Programs - $1.85 million to enable the Jordanians to augment their indigenous expertise by contracting for external assistance in project planning and development. Feasibility studies and technical advisors financed in this category will be concentrated in key areas that potentially should yield quick investment returns such as tourism, mineral resources and telecommunications.

PL 480

The United States presently plans to provide Jordan 47,000 metric tons of wheat, valued at approximately $6.0 million, under the FY 1977 PL 480, Title I program.

COUNTRY: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY

(In Thousands of Dollars)

TABLE V

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Wheat Research and Production		278-11-130-139	1968	1975	625	525	100	-	100	-	-	-	-	625
Agricultural Economics and Planning		278-11-140-134	1970	1975	178	154	24	-	24	-	-	-	-	178
Development Administration Training	*	278-11-790-146	1970	1979	1,889	1,559	330	450	445	335	-	300	581	3,220
Faculty of Agriculture Research and Development	*	278-11-110-178	1975	1978	550	10	540	600	800	340	-	450	260	1,860
Village Development Advisory Services		278-15-599-180	1975	1975	335	-	335	-	210	125	-	-	-	335
Telecommunications Management	*	278-11-225-182	1976	1977	-	-	-	300	75	225	-	200	-	500
Dryland Cereal Production	*	278-11-110-184	1976	1979	-	-	-	150	50	100	-	200	200	550
Technical Services and Feasibility Studies	*	278-15-995-181	1976	1980	-	-	-	1,000	200	800	-	1,500	2,000	4,500
Farm Cooperatives Development	*	278-15-150-186	1977	1980	-	-	-	-	-	-	-	200	1,300	1,500
Jordan Valley Agricultural Development	*	278-15-140-187	1977	1979	-	-	-	-	-	-	-	150	850	1,000
Budgetary Support	*		1971	Cont.	67,500 1/	67,500	-	57,000	57,000	-	-	50,000	Cont.	Cont.
							Total	59,500	58,904	-	-	53,000		

*Detailed project narrative--See Table VI. 1/ -FY 1975 obligations only.

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Jordan

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975	1946-1975	
I. ECONOMIC ASSISTANCE – TOTAL	16.8	39.4	71.1	64.5	99.3	899.5	8.4	891.1
Loans	1.2	1.7	15.9	15.6	25.0	78.6	8.4	70.2
Grants	15.6	37.7	55.2	48.9	74.3	820.8	-	820.8
a. A.I.D. and Predecessor Agencies	8.0	55.6	61.0	53.2	87.5	748.1	3.4	744.7
Loans	-	-	10.0	7.4	18.6	48.2	3.4	44.8
Grants	6.0	55.6	51.0	45.8	68.9	699.8	-	699.8
(Security Supporting Assistance)	(5.0)	(55.0)	(50.0)	(45.0)	(87.5)	(452.1)		
b. Food for Peace (PL 480)	10.8	3.8	10.1	11.3	11.6	149.9	5.0	144.9
Title I - Total	1.2	1.7	5.9	8.3	6.4	30.4	5.0	25.4
Repayable in U.S. Dollars - Loans	1.2	1.7	5.9	8.2	6.4	26.7	3.8	22.9
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	3.7	1.2	2.5
(Loans)	(-)	(-)	(-)	(-)	(-)	(3.7)	(1.2)	(2.5)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	9.6	2.1	4.2	3.1	5.2	119.5	-	119.5
Emergency Relief, Econ. Development, & World Food	6.7	0.4	3.2	2.0	3.4	84.7	-	84.7
Voluntary Relief Agencies	2.9	1.7	1.0	1.1	1.8	34.8	-	34.8
c. Other Economic Assistance	-	-	-	-	0.2	1.5	-	1.5
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	0.2	1.5	-	1.5
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(0.2)	(1.5)	(-)	(1.5)
II. MILITARY ASSISTANCE – TOTAL	59.2	52.2	39.5	42.2	104.6	386.9	36.2	350.7
Credits or Loans	30.0	10.0	-	-	30.0	99.0	36.2	62.8
Grants	29.2	42.2	39.5	42.2	74.6	287.9	-	287.9
a. MAP Grants	28.8	40.3	32.8	40.5	69.9	268.3	-	268.3
b. Credit Sales under FMS	30.0	10.0	-	-	30.0	99.0	36.2	62.8
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	0.4	1.9	6.7	1.7	4.7	19.6	-	19.6
e. Other Grants	-	-	-	-	-	-	-	-
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	76.0	111.6	110.1	106.7	203.9	1,286.4	44.6	1,241.8
Loans	31.2	11.7	15.9	15.6	55.0	177.6	44.6	133.0
Grants	44.8	99.9	94.2	91.1	148.9	1,108.7	-	1,108.7
Other U.S. Government Loans and Grants	-	-	6.6	7.9	-	24.2	7.8	16.4
a. Export-Import Bank Loans	-	-	5.9	3.9	-	19.5	5.4	14.1
b. All Other Loans	-	-	0.7	4.0	-	4.7	2.4	2.3

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1968-75
TOTAL	5.0	18.5	92.9
Int'l. Dev. Association	-	13.5	53.8
Int'l. Finance Corp.	1.8	3.2	5.0
UN Development Program	3.2	1.8	29.8
Other UN	-	-	4.3

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1969-74
TOTAL	18.1	24.1	176.9
U.K.	6.0	2.5	93.3
Germany	11.0	19.5	74.1
Japan	-	0.1	2.0
Other	1.1	2.0	7.5

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL			

NO PROGRAMS

SYRIA

Objectives of U.S. Assistance

Syria plays a vital role in the search for a lasting peace in the Middle East, and U.S.-Syrian cooperation and mutual trust are essential for the success of our efforts in the area.

U.S. economic assistance to Syria:

-- provides evidence of our understanding of Syria's economic and social problems;

-- demonstrates our desire to be responsive to Syria's urgent developmental needs;

-- serves to relax tensions by directing mutual contacts and efforts to peaceful purposes.

Political Setting

The United States and Syria re-established diplomatic relations in 1974. U.S. Foreign Assistance to Syria resumed in FY 1975 with a $83 million program funded from the Middle East Special Requirements Fund.

Present Syrian diplomacy includes a persistent search for diversification in foreign economic relations.

The Economic Setting

The Syrian economy has generally recovered from the effects of the 1973 October War, but there has been no significant growth in agriculture and food production levels over the period 1964-1974.

Government development programs reflect a concerted search for a better defined role for the private sector in a centrally regulated economy.

The nature of Syria's economy is illustrated by the following factors:

-- Per capita GNP in 1973 is estimated to be $370.

-- Fifty-four percent of the labor force is engaged in agriculture.

-- Agriculture accounts for 22% of national income, industry and mining for about 22%, government and other services about 56%.

-- About 60% of the population is illiterate, and only about 50% of the children are enrolled in school.

-- There is only one doctor for every 3,490 persons.

-- Infant mortality rates are estimated at about 110 per thousand.

-- Only 3% of Syria's villages have been electrified.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Loans	78*	$86	-	87
Technical Assistance	5*	4	-	3
Total	83	$90		90

*Funded under the Middle East Special Requirements Fund.

SYRIA

Syria's National Economic Development Plans place primary stress on:

-- increased agricultural production through expanded irrigation, land development reform programs, and introduction of modern agricultural technology.

-- wider diversification of the economy by encouragement of the manufacturing sector:

** creation of agro-industrial establishments;

** expansion of mining and extractive activities;

** strengthening of the services sector (water, power, transportation and communications).

Syria's economic trade policies are being reshaped to create a more open mixed society. Controls on trade and foreign exchange have been relaxed.

Since 1972 Western countries have become Syria's principal trading partners. Imports from the United States have risen as a result of growing demand for U.S. goods, equipment, and technology.

FY 1977 Program

In 1977, $90 million in Security Supporting Assistance is requested to continue a program of economic support for Syria. This economic assistance program will include $87 million in capital project loans and $3 million in grants for technical assistance activities in priority development sectors.

Loan and grant funds will be applied to the procurement of goods and services primarily from U.S. sources. U.S. assistance will focus on:

-- Agriculture Development. Projects will include:

** Agricultural Machinery and Production Inputs. Syrian plans for development of the agricultural sector include massive requirements for agricultural machinery and equipment to continue the process of modernization of production methods and practices. A $27 million loan is requested for this purpose.

** Agriculture Research and Production. This project continues efforts begun in FY 1976 to strengthen the institutional infrastructure needed for more modern research and development at agricultural field stations. A $150,000 grant is requested for this purpose.

-- Rural Development (Rural Electrification)

This $60 million project will support a long-range rural electrification program under which Syria hopes to bring electricity to 800 additional villages with a total population of 900,000-1,000,000 people during the period 1976-1980. Originally this loan project was planned for initial funding of $20 million in FY 1976, but delays in the preparation of a World Bank-financed feasibility study forced postponement to FY 1977. On the basis of preliminary discussions, it now appears that the Syrian Government plans to request A.I.D. participation in a major segment of Syria's rural electrification program. A $60 million loan is requested to

permit utilization of U.S. rural electrification experience and procurement of equipment for the installation of power distribution lines, and other needed accessories.

-- Technical Services and Feasibility Studies

This activity will continue to provide the foreign exchange funding for U.S. experts and consultants for project development work, and to provide technical assistance training and advisory services in agricultural production, irrigation and water management, minerals development, and other development activities. A grant of $1.25 million is required for this activity.

-- General Participant Training

The Syrian Government requires further assistance in carrying out its policy of giving its professional and technical specialists greater access to U.S. technology and skills training. For FY 1977, a grant of $1.25 million is requested to involve 100-200 additional Syrian participants in training and refresher activities in the United States.

-- English Language Training

A grant of $175,000 is needed to give continued support to a U.S.-financed English Language training facility in Damascus offering intensive language preparation for prospective participants, and providing an opportunity for limited numbers of government officials to acquire or improve their proficiency in English.

-- Development of Integrated Health/Family Planning/ Nutrition Services

In response to a Syrian request, the United States plans to increase technical assistance in developing an integrated health services and delivery program. This program combines separate projects for Development of Health Services and Family Planning which were identified in the FY 1976 program. The objective is to bring basic aspects of health, nutrition, and family planning services, health education and counseling to rural areas and villages, utilizing to a maximum extent rural public health personnel and paramedical workers. Grant funding of $175,000 is requested for this effort.

PL 480

In addition to Security Supporting Assistance, PL 480 Title I food aid is required to meet continuing gaps in production of essential food commodities. In FY 1977, 20,000 MT of rice and 8,500 MT of vegetable oil valued at approximately $10 million are planned for Syria.

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SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY

(In thousands of dollars)

TABLE V

COUNTRY: SYRIA

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Agriculture Development (Research & Production)	*	276-11-110-003	1976	1978	-	-	-	200	12	188	-	150	400	750
Feasibility Studies & Project Development I [1/]		276-11-995-001	1975	1975	4,000	2	3,998	-	176	3,822	-	-	-	4,000
Feasibility Studies & Project Development II		276-11-995-005	1976	1976	-	-	-	1,850	-	1,850	-	-	-	1,850
General Participant Training [1/]	*	276-11-690-004	1975	Cont.	1,000	6	994	1,250	226	2,018	-	1,250	Continuing	
English Language Training	*	276-11-690-002	1976	1979	-	-	-	275	11	264	-	175	550	1,000
Development of Health/Family Planning/ Nutrition Services	*	276-11-570-006	1976	1979	-	-	-	425	24	401	-	175	960	1,560
Feasibility Studies & Project Development III	*	276-11-995-009	1977	1977	-	-	-	-	-	-	-	1,250	-	1,250
Total								4,000	449	8,543	-	3,000		

1/ FY 1975 activities funded under the Middle East Special Requirements Fund.

*Detailed project narrative—See Table VI.

Syria

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975	1946-1975	
I. ECONOMIC ASSISTANCE – TOTAL	0.2	0.3	0.2	-	104.6	165.7	5.1	160.6
Loans	-	-	-	-	99.4	123.4	5.1	118.3
Grants	0.2	0.3	0.2	-	5.2	42.2	-	42.2
a. A.I.D. and Predecessor Agencies	-	-	-	-	83.0	87.8	3.5	84.3
Loans	-	-	-	-	78.0	81.2	3.5	77.7
Grants	-	-	-	-	5.0	6.5	-	6.5
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(83.0)	(83.0)		
b. Food for Peace (PL 480)	0.2	0.3	0.2	-	21.6	77.9	1.6	76.3
Title I - Total	-	-	-	-	21.4	42.2	1.6	40.6
Repayable in U.S. Dollars - Loans	-	-	-	-	21.4	21.8	0.4	21.4
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	20.4	1.2	19.2
(Loans)	(-)	(-)	(-)	(-)	(-)	(20.4)	(1.2)	(19.2)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	0.2	0.3	0.2	-	0.2	35.7	-	35.7
Emergency Relief, Econ. Development, & World Food	-	-	-	-	0.2	31.8	-	31.8
Voluntary Relief Agencies	0.2	0.3	0.2	-	-	3.9	-	3.9
c. Other Economic Assistance	-	-	-	-	-	-	-	-
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE – TOTAL	-	-	-	-	-	0.1	-	0.1
Credits or Loans	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	0.1	-	0.1
a. MAP Grants	-	-	-	-	-	0.1	-	0.1
b. Credit Sales under FMS	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-
e. Other Grants	-	-	-	-	-	-	-	-
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	0.2	0.3	0.2	-	104.6	165.8	5.1	160.7
Loans	-	-	-	-	99.4	123.4	5.1	118.3
Grants	0.2	0.3	0.2	-	5.2	42.3	-	42.3
Other U.S. Government Loans and Grants				- NO PROGRAMS -				
a. Export-Import Bank Loans								
b. All Other Loans								

* Less than $50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1946-75
TOTAL	99.8	9.3	178.3
IBRD - World Bank	88.0	8.6	96.6
Int'l. Dev. Association	10.0	-	47.3
UN Development Program	1.8	0.7	30.6
Other UN	-	-	3.8

B. O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1946-74
TOTAL	1.8	5.6	54.6
Italy	0.1	*	19.5
Germany	0.8	2.5	18.1
Japan	0.3	0.6	9.9
Netherlands	0.1	1.7	1.9
Belgium	0.5	0.5	1.1
Other	*	0.3	4.1

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	453	-	1,256
Eastern Europe	353	-	778
USSR	100	-	417
China, People's Rep. of	-	-	61

Middle East Special Requirements Fund

The United States plays a central role in Middle East peace efforts by nurturing and supporting efforts that give promise of leading to further progress toward a peaceful and durable settlement of the conflict in the area.

The Middle East Special Requirements Fund facilitates U.S. peace efforts by permitting prompt U.S. response to special needs arising from the Middle East peace efforts being undertaken by the United States.

The framework for peace in the Middle East is still quite fragile and a great deal of work remains to be done. It will be essential for the U.S. to have the capability to move rapidly to support activities which could further peace efforts in the area. The Special Requirements Fund has been extremely useful in this regard, because it is a flexible tool which enables the United States to respond promptly and effectively to special needs arising in the area.

In FY 1975, the Fund was used to:

-- initiate the new Syrian bilateral aid program;

-- assist UNRWA to settle its large operating deficit;

-- finance an important national road project in Jordan;

-- undertake a number of development projects on the West Bank and Gaza.

In FY 1976, the Fund will be used to:

-- establish the American civilian early warning system in the Sinai;

-- assist the Egyptian Government to establish its own warning system;

-- continue support to West Bank and Gaza development activities;

-- make a special U.S. contribution to meet the expanded requirements for the United Nations Emergency Force (UNEF) in the Sinai.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Special Requirements Fund	100	50	10	35

FY 1977 Program

A total of $35 million is requested in FY 1977 for the Special Requirements Fund. Two ongoing programs to be supported in FY 1977 by the Fund are:

-- American Sinai Support Mission. One of the key provisions of the September 1975 disengagement agreement between Israel and Egypt was the establishment of a U.S. civilian early warning system in the Sinai to monitor and report truce violations. This American Sinai Support Mission, approved by the Congress, became operational in February 1976, with financing from the Special Requirements Fund. The operation of the American Mission in FY 1977 will require an estimated $15 million.

-- Development Activities on the West Bank and Gaza. When the Special Requirements Fund was established in FY 1975 the Congress (in House Report No. 93-1471) expressed its desire that "some of the funds

-- authorized...should be made available to support projects and expand institutions in the occupied territories of the West Bank and Gaza...to help build the socio-economic underpinnings necessary to preserve peace both for the immediate and long-term futures."

** In response to this sentiment $1 million of the FY 1975 Special Requirements Fund was devoted to small-scale development projects on the West Bank and Gaza to benefit the people living there. These projects were implemented through the U.S. private voluntary organizations already operating in the area. In FY 1976, $2 million is planned for this program. In FY 1977 $3 million is requested to further expand this continuing special program.

By the very nature of the situation in the area, it is not possible at this time to specify precisely how the remaining $17 million will be used. Congress will be provided a complete and timely explanation of proposed uses of these funds before obligations are incurred.

TABLE V

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

COUNTRY: MIDDLE EAST REGIONAL

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Special Requirements Fund:														
Syria:														
Feasibility Studies and Project Development		276-11-995-001	1975	1975	4	.002	3.998	--	.044	3.954	--	--	--	4.000
Participant Training		276-11-690-004	1975	1975	1	.006	.994	--	.226	.768	--	--	--	1.000
UNRWA														
Special Contribution		N/A	1975	1975	6	6	--	--	--	--	--	--	--	6.000
West Bank and Gaza														
Private Voluntary Agency Development Projects	*	N/A	1975	Cont.	1	.05	.95	2	.500	2.450	--	3.000	Continuing	
American Sinai Support Mission	*	N/A	1976	Cont.	--	--	--	25	18.000	7.000	5.000	15.000	Continuing	
Egyptian Surveillance Station		N/A	1976	1976	--	--	--	13	13.000	--	--	--	--	13.000
United Nations Emergency Force														
Special Contribution		N/A	1976	1976	--	--	--	10	10.000	--	--	--	--	10.000
Unallocated		N/A			--	--	--	--	--	--	5.000	17.000	--	--
				Total				50	41.770	14.172	10.000	35.000		

*Detailed project narrative—See Table VI.

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CYPRUS

The July 1974 coup d'etat and subsequent Turkish military intervention in Cyprus left over 200,000 needy and displaced persons (about 182,000 Greek Cypriots and 30,000 Turkish Cypriots), and 40% of the island controlled by Turkish authorities.

According to Government of Cyprus estimates of late October 1975, about 183,000 people are considered displaced and another 24,000 either in enclaves or needy but not displaced. About 164,000 are considered to need food rations and allowances. Most of the displaced persons are living with friends and relatives rather than in tents. The number of people in tents in October 1975 was about 17,900.

The Government of Cyprus is undertaking housing projects to give better shelter to some of the refugees. A well-managed relief program is being carried out by the Government of Cyprus Office of Special Service for the Care and Rehabilitation of Displaced Persons with resources provided mainly by foreign donors.

Most foreign assistance to displaced persons has been provided through the UN High Commission for Refugees and the International Committee of the Red Cross.

-- The UN High Commission for Refugees (UNHCR) coordinates all UN and some bilateral relief to Cyprus and has played a key role in channelling international contributions, estimating relief needs, arranging for purchase and shipment of food and relief items. It has distributed in both northern and southern parts of the island camp beds, blankets, food and medical supplies in cooperation with the local authorities, the International Committee of the Red Cross (ICRC) and the UN Force in Cyprus (UNFICYP)

-- The UNHCR mandate in Cyprus has been expanded to include activities to provide employment and rehabilitation for refugees, but its presence is likely to be of limited duration.

-- The International Committee of the Red Cross (ICRC) is concerned with treatment of detainees, protection of civilians, tracing missing persons and humanitarian matters such as providing food, shelter, and medical assistance.

In FY 1975 the U.S. contributed $25 million of Famine and Disaster Relief funds ($20.8 million to UNHCR and $4.2 million to the ICRC) in response to appeals to the international community for funds to cover Cypriot relief needs. These funds together with about $25 million contributed by other donors (46 governments and private sources in more than 20 countries), financed relief activities through early 1976.

In addition to the emergency relief mentioned above, the U.S. contribution to UNHCR helped finance a continuing refugee feeding program, low-cost housing for refugees, reforestation and a number of small refugee welfare projects.

In FY 1976 the U.S. expects to provide an additional $25 million of assistance funds for aid to refugees in both the north and south. Most of this amount will be provided to the UNHCR to continue support for refugee feeding activities, refugee housing, reforestation, and small refugee assistance projects. Assistance may also

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Total	25 a/	25 b/	5b/	10

a/ Famine and Disaster Relief funds

b/ Requested under Security Supporting Assistance; subsequently authorized under Section 495 of the Foreign Assistance Act of 1961 as amended.

be provided to humanitarian support activities of the UN Force in Cyprus and to the Intergovernmental Committee for European Migration (ICEM) to support a refugee emigration program. An additional $5 million in the Transitional Quarter is planned to support these programs.

FY 1977 Program

During 1975 Cypriot efforts got underway to reactivate the economic life of both portions of the island. During 1976 it is probable that the economy of the south will have improved sufficiently so that most of the refugees will become self-supporting. We nevertheless expect that relief assistance will still be required in FY 1977, although at a reduced level. We, therefore, plan to provide a final $10 million of Security Supporting Assistance funds in FY 1977 for:

-- refugee feeding programs where they are still necessary;

-- further UNHCR support for Government of Cyprus refugee housing, and other employment creating projects such as reforestation;

-- other refugee welfare activities directly benefitting displaced and war-affected persons.

COUNTRY: CYPRUS

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

TABLE V

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Relief and Rehabilitation Activities	*	n.a.	1975	1977	25 1/	10	15	25 2/	25	15	5 2/	10	-	65
Total								25	25	15	5	10		

1/Famine and Disaster Relief funds

2/Requested under Security Supporting Assistance; subsequently authorized under Section 495 of the Foreign Assistance Act of 1961 as amended.

*Detailed project narratives--See Table VI.

Cyprus

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST 1946-1975	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975		
I. ECONOMIC ASSISTANCE - TOTAL	1.2	4.3	2.1	1.1	25.9	55.4	0.3	55.1
Loans	-	-	-	-	-	1.2	0.3	0.9
Grants	1.2	4.3	2.1	1.1	25.9	54.2	-	54.2
a. A.I.D. and Predecessor Agencies	-	-	-	-	25.0	26.6	-	26.6
Loans	-	-	-	-	-	-	-	-
Grants	-	-	-	-	25.0	26.6	-	26.6
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(-)	(-)		
b. Food for Peace (PL 480)	1.2	4.3	2.1	1.1	0.9	28.5	0.3	28.2
Title I - Total	-	-	-	-	-	1.2	0.3	0.9
Repayable in U.S. Dollars - Loans	-	-	-	-	-	-	-	-
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	1.2	0.3	0.9
(Loans)	(-)	(-)	(-)	(-)	(-)	(1.2)	(0.3)	(0.9)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	1.2	4.3	2.1	1.1	0.9	27.3	-	27.3
Emergency Relief, Econ. Development, & World Food	1.2	4.3	2.1	1.1	0.9	26.6	-	26.6
Voluntary Relief Agencies	-	-	-	-	-	0.7	-	0.7
c. Other Economic Assistance	-	-	-	-	-	0.3	-	0.3
Peace Corps	-	-	-	-	-	0.3	-	0.3
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL								
Credits or Loans								
Grants								
a. MAP Grants								
b. Credit Sales under FMS								
c. Military Assistance Service-funded (MASF) Grants								
d. Transfers from Excess Stocks								
e. Other Grants								
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE								
Loans								
Grants								
Other U.S. Government Loans and Grants	3.2	0.9	-	-	-	4.0	4.5	-0.5
a. Export-Import Bank Loans	-	-	-	-	-	-	-	-
b. All Other Loans	3.2	0.9	-	-	-	4.0	4.5	-0.5

NO MILITARY ASSISTANCE

* Less than $50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1946-75
TOTAL	14.2	0.3	86.4
IBRD - World Bank	14.0	-	70.1
Int'l. Finance Corp.	-	-	2.9
UN Development Program	0.2	0.3	12.6
Other UN	-	-	0.8

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	3.3	6.5	83.3
U.K.	0.8	0.8	65.8
Germany	2.2	3.4	13.7
Switzerland	-	0.9	0.9
Japan	-	*	0.8
Netherlands	0.1	0.5	0.6
Italy	0.2	*	0.6
Other	-	0.9	0.9

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL			

NO PROGRAMS

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PORTUGAL

The U.S. Government began an assistance program to Portugal in FY 1975 in order to provide tangible U.S. support for efforts of the new Portuguese Government to return to democracy.

Rapid political change and decolonization has produced serious economic problems which the Government of Portugal must be able to meet forcefully if it is to succeed in this effort.

Key economic problems in Portugal now include:

-- loss of growth, as GNP declined by more than 10% in 1975;

-- unemployment of at least 13% concentrated most heavily in urban and industrial areas around Lisbon and Oporto;

-- underemployment of about an equal number of persons (over 300,000) which affects rural as well as urban zones;

-- inflation, which has been running at a rate of about 20 percent per year and could climb higher this year;

-- shortages of housing, health and educational facilities to care for a five percent increase in population (about 430,000) caused by the return of refugees from the former colonies and the decline in jobs for Portuguese workers elsewhere in Europe.

Political instability prevented the Portuguese Government from giving serious attention to its growing economic difficulties during most of 1975. By the end of that year Portugal's foreign exchange reserves were nearly exhausted, and the country was faced with urgent balance of payments and liquidity problems. The Portuguese Government is now beginning to make progress in overcoming these difficulties.

The Portuguese Government is undertaking an economic reconstruction program, essential if economic revival is to be achieved. Major capital investments are planned in the public sector, which now has a major interest in 60-70% of Portuguese industry, and heavy promotion of the tourist sector (which earned 16% of Portugal's foreign exchange in 1973) is underway.

External assistance is essential to meet immediate needs and to help in the longer-term restructuring of the Portuguese economy. Portugal's European neighbors are taking the lead in helping Portugal, but United States aid is also sought and needed. Short-term rapidly disbursing assistance of substantial magnitude will help assure the success of Portuguese economic stabilization and development efforts.

U.S. assistance to Portugal is temporary in nature. Its purpose is to support a sound Portuguese program of economic stabilization and growth as part of a broader Western response at a most critical time.

To demonstrate U.S. support to Portugal during this difficult period, Congress appropriated $25 million in FY 1975 for Portugal and its overseas territories; $10 million was reserved for the Cape Verde Islands and the other territories and the balance of $15 million was allocated to

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Total	15 a/	55	10	55

a/ Portugal portion of Section 496 availabilities.

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Portugal in the form of loans for low-cost housing and feasibility studies, and grants for technical consultants and training in housing, public management and health planning.

In FY 1976 the United States is expanding its aid to help Portugal deal with its continuing urgent economic problems.

In September and October 1975 the United States also assisted the Portuguese Government in its airlift of refugees from Angola before that colony became independent November 11. The U.S. provided $7.4 million from the Famine and Disaster Relief account for this purpose.

U.S. aid for FY 1976 is planned also to include:

-- a $35 million grant for programs of relief, resettlement and employment for returnees from Angola. An agreement for the first $15 million was signed in February 1976 to reimburse the Portuguese Government for emergency relief costs including blankets, clothing, relief allowances and medical and social services for refugees. A second grant will finance further refugee related activities, including programs to generate employment opportunities.

-- a $1 million grant for technical consultants and training in priority development areas such as low-income housing, agriculture, rural development, sanitation and health education, international marketing and public management.

-- $19 million in loans to finance commodities and projects in priority development areas such as housing and urban development, transportation modernization, health and sanitation, and other initiatives in agricultural and industrial modernization.

A PL 480 Title I credit sales agreement for 100,000 MT of rice is planned at a cost of $15 million.

A $10 million commodity import loan is being considered for the Transition Quarter to finance essential imports of machinery, spare parts, equipment, essential materials and agricultural products.

Western European governments are also providing assistance and have so far pledged over $300 million through the European Economic Community as well as bilaterally in the form of both project assistance and emergency balance of payments relief.

FY 1977 Program

In FY 1977, Supporting Assistance to Portugal is requested for:

-- $32 million in capital project loans in low-income housing, health and sanitation;

-- A $20 million commodity import loan to provide balance of payments support as part of the broader Western European and multilateral stabilization program;

-- A $1 million loan for feasibility studies and related consulting services;

-- A $2 million grant for technical consultants and training in the same areas as project lending.

A $30 million PL 480 Title I credit sales program of wheat and rice is planned.

A $10 million Housing Investment Guaranty is also planned to support the Portuguese national housing program.

TABLE V

COUNTRY: Portugal

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1976			Estimated FY 1978			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Technical Consultants and Training	*	150-15-995-001	1975	1978	.750	-	-	1	1	.750	-	2	1	4.750
Returnee Assistance		150-K-601	1976	1976	-	-	-	35	20	15	-	-	-	35
							Total	36	21	15.75	-	2		

*Detailed project narrative--See Table VI.

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Portugal

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST 1946-1975	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975		
I. ECONOMIC ASSISTANCE - TOTAL	-	28.5	-	-	15.0	174.9	72.1	102.8
Loans	-	28.5	-	-	14.3	104.8	72.1	32.7
Grants	-	-	-	-	0.7	70.1	-	70.1
a. A.I.D. and Predecessor Agencies	-	-	-	-	15.0	66.1	38.0	28.1
Loans	-	-	-	-	14.3	50.3	38.0	12.3
Grants	-	-	-	-	0.7	15.8	-	15.8
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(15.0)	(15.0)		
b. Food for Peace (P.L. 480)	-	28.5	-	-	-	108.8	34.1	74.7
Title I - Total	-	28.5	-	-	-	54.5	34.1	20.4
Repayable in U.S. Dollars - Loans	-	28.5	-	-	-	51.1	31.6	19.5
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	3.4	2.5	0.9
(Loans)	(-)	(-)	(-)	(-)	(-)	(3.4)	(2.5)	(0.9)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	-	-	-	-	-	54.3	-	54.3
Emergency Relief, Econ. Development, & World Food	-	-	-	-	-	-	-	-
Voluntary Relief Agencies	-	-	-	-	-	54.3	-	54.3
c. Other Economic Assistance	-	-	-	-	-	-	-	-
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL	1.0	7.5	1.1	0.9	0.4	345.9	-	345.9
Credits or Loans	-	-	-	-	-	-	-	-
Grants	1.0	7.5	1.1	0.9	0.4	345.9	-	345.9
a. MAP Grants	1.0	1.0	1.1	0.9	0.4	323.6	-	323.6
b. Credit Sales under FMS	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	*	*	-	-	-	8.0	-	8.0
e. Other Grants	-	6.5	-	-	-	14.3	-	14.3
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	1.0	36.0	1.1	0.9	15.4	520.8	72.1	448.7
Loans	-	28.5	-	-	14.3	104.8	72.1	32.7
Grants	1.0	7.5	1.1	0.9	1.1	416.0	-	416.0
Other U.S. Government Loans and Grants	17.1	1.9	12.9	33.1	5.0	111.4	63.7	47.7
a. Export-Import Bank Loans	17.1	1.9	12.9	33.1	5.0	111.4	63.7	47.7
b. All Other Loans	-	-	-	-	-	-	-	-

* Less than $50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1946-75
TOTAL	-	-	57.9
IBRD - World Bank	-	-	57.5
UN Development Program	-	-	0.2
Other UN	-	-	0.2

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL			

NOT APPLICABLE

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL			

NO PROGRAMS

BAHRAIN

Bahrain became independent only in 1971 and is seeking to develop its economy to meet the requirements of a new nation in this modern age.

Since 1949 the U.S. Navy has had port facilities in Bahrain. One of our principal interests in Bahrain is the continued availability of these port facilities for U.S. naval vessels in the Persian Gulf.

In our discussions with the Government of Bahrain it has expressed interest in improving government administration, management practices and techniques. Manpower development has a high priority with the Bahraini Government and they are interested in receiving U.S. consultants.

In this context A.I.D. is proposing the provision of U.S. advisors and technical experts to assist the Government of Bahrain to meet its development objectives.

U.S. technical assistance will be provided on a cost-sharing basis. The Bahrain Government has agreed to share the cost of salaries for these personnel and pay local support costs of the program such as office space, housing, transportation, etc. Bahrain's contributions are estimated at 20% of total project costs.

In FY 1976, $600,000 of Security Supporting Assistance funds was requested to finance approximately 144 man-months of U.S. technical services which will assist the development of more effective government management systems and procedures in selected ministries and departments of the Government of Bahrain in such fields as urban planning, public administration, housing, and medical administration. Arrangements for these advisors are now being developed.

A total of $100,000 was requested in the transition period to continue these technical advisory services.

FY 1977 Program

A total of $400,000 is proposed to continue the program described above.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Development Administration	-	0.6	0.1	0.4

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Bahrain

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST 1946-1975	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975		
I. ECONOMIC ASSISTANCE - TOTAL					0.1	0.1	-	0.1
Loans					-	-	-	-
Grants					0.1	0.1	-	0.1
a. A.I.D. and Predecessor Agencies	NO ECONOMIC ASSISTANCE PRIOR TO FY 1975				-	-	-	-
Loans					-	-	-	-
Grants					-	-	-	-
(Security Supporting Assistance)					(-)	(-)		
b. Food for Peace (PL 480)					-	-	-	-
Title I - Total					-	-	-	-
Repayable in U.S. Dollars - Loans					-	-	-	-
Payable in Foreign Currency - Planned for Country Use					-	-	-	-
(Loans)					(-)	(-)	(-)	(-)
(Grants)					(-)	(-)	(-)	(-)
Title II - Total Grants					-	-	-	-
Emergency Relief, Econ. Development, & World Food					-	-	-	-
Voluntary Relief Agencies					-	-	-	-
c. Other Economic Assistance					0.1	0.1	-	0.1
Peace Corps					0.1	0.1	-	0.1
Other					-	-	-	-
(Loans)					(-)	(-)	(-)	(-)
(Grants)					(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL								
Credits or Loans								
Grants								
a. MAP Grants	NO MILITARY ASSISTANCE							
b. Credit Sales under FMS								
c. Military Assistance Service-funded (MASF) Grants								
d. Transfers from Excess Stocks								
e. Other Grants								
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE								
Loans								
Grants								
Other U.S. Government Loans and Grants	NO PROGRAMS							
a. Export-Import Bank Loans								
b. All Other Loans								

* Less than $50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1946-75
TOTAL	0.2	0.7	3.0
UN Development Program	0.2	0.6	2.8
Other UN	-	0.1	0.2

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	0.5	0.8	11.1
U.K.	0.5	0.6	10.9
Other	*	0.2	0.2

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL			

NO PROGRAMS

MALTA

Malta's position in the Mediterranean is important to the defense of Europe and especially to the security of the Mediterranean. Military forces of the United Kingdom have been stationed there under agreements with the Government of Malta.

In June 1971 the Government of Malta began renegotiation of the financial and military arrangements with the United Kingdom to continue a military presence on Malta. The North Atlantic Treaty Organization (NATO) supported negotiations. NATO members have agreed that a continued U.K. military presence on Malta warrants a substantial financial outlay by members of the Alliance.

Under the Defense Agreement signed March 1972 between the United Kingdom and Malta, NATO members provide the Government of Malta an annual payment for base rental of about $37 million in pounds sterling for a 7 year period until March 1979. The United States share is about 26%, $9.5 million. The United Kingdom provides 38%, Germany and Italy 17% each, and Belgium and the Netherlands about 1% each.

In addition to the annual payments, the United States extended a $5 million loan from Security Supporting Assistance funds to the Government of Malta in FY 1973 to purchase U.S. equipment and services to support Maltese development programs aimed at achieving economic self-sufficiency for the island by 1979.

Under a grant agreement which expired in April 1975, the United States has also provided excess property to the Maltese Government to support development activities. During FY 1973-75 the Government of Malta selected U.S. excess property items located in Europe worth $3.6 million in original acquisition value. PL 480 Title II foodstuffs worth approximately $250,000 were allocated to Catholic Relief Services in 1974 for distribution in Malta, but no contribution has been made since.

FY 1977 Program

In FY 1977, $9.5 million of Security Supporting Assistance funds are requested for the U.S. share of payments to Malta under the NATO Agreement, which are made in two installments, usually in August and March.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Total	9.5	9.5	4.8	9.5

Malta

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946-1975	1946-1975	
I. ECONOMIC ASSISTANCE - TOTAL	0.2	9.7	14.7	9.9	9.5	52.2	-	52.2
Loans	-	-	5.0	-	-	5.0	-	5.0
Grants	0.2	9.7	9.7	9.9	9.5	47.2	-	47.2
a. A.I.D. and Predecessor Agencies	-	9.5	14.4	9.5	9.5	42.9	-	42.9
Loans	-	-	5.0	-	-	5.0	-	5.0
Grants	-	9.5	9.4	9.5	9.5	37.9	-	37.9
(Security Supporting Assistance)	(-)	(9.5)	(14.4)	(9.5)	(9.5)	(42.9)		
b. Food for Peace (PL 480)	0.2	0.2	0.3	0.4	-	9.3	-	9.3
Title I - Total	-	-	-	-	-	-	-	-
Repayable in U.S. Dollars - Loans	-	-	-	-	-	-	-	-
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	0.2	0.2	0.3	0.4	-	9.3	-	9.3
Emergency Relief, Econ. Development, & World Food	-	-	-	-	-	2.4	-	2.4
Voluntary Relief Agencies	0.2	0.2	0.3	0.4	-	6.9	-	6.9
c. Other Economic Assistance	*	*	*	*	*	*	-	*
Peace Corps	*	*	*	*	*	*	-	*
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL	0.5	-	-	-	-	0.5	-	0.5
Credits or Loans	-	-	-	-	-	-	-	-
Grants	0.5	-	-	-	-	0.5	-	0.5
a. MAP Grants	-	-	-	-	-	-	-	-
b. Credit Sales under FMS	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-
e. Other Grants	0.5	-	-	-	-	0.5	-	0.5
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	0.7	9.7	14.7	9.9	9.5	52.7	-	52.7
Loans	-	-	5.0	-	-	5.0	-	5.0
Grants	0.7	9.7	9.7	9.9	9.5	47.7	-	47.7
Other U.S. Government Loans and Grants	-	0.8	0.2	0.2	-	1.2	1.2	-
a. Export-Import Bank Loans	-	-	-	-	-	-	-	-
b. All Other Loans	-	0.8	0.2	0.2	-	1.2	1.2	-

* Less than $50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1974	FY 1975	FY 1946-75
TOTAL	0.5	1.3	11.9
IBRD - World Bank	-	-	6.0
UN Development Program	0.5	1.3	5.8
Other UN	-	-	0.1

B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	14.9	11.2	223.0
U.K.	10.9	8.3	208.4
Italy	3.7	0.9	10.9
Germany	0.2	0.4	1.4
Other	0.1	1.6	2.3

C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

	CY 1974	CY 1975	CY 1954-75
TOTAL	-	-	45
China, People's Rep. of	-	-	45

Mr. PASSMAN. I might state for the benefit of the witnesses that we have rules adopted by the Congress, providing that each member of the subcommittee, may consume 5 minutes questioning witnesses until each member of the subcommittee has had an opportunity to ask his questions. Then it comes back to me, where I can consume as much time as I need, and then I will yield to other members, and they can spend as much time as they want to. There is no limit on the amount of time that a member may consume after we have gone around the table, and I want to, at this time, delay asking my questions until the members of this committee have had an opportunity to ask theirs. I will yield to Mr. Shriver.

AID TO SYRIA

Mr. SHRIVER. Mr. Nooter, this is a large request, although somewhat lower than the current fiscal year. One question which was raised during consideration of the 1976 bill was what do we get in return for the supporting assistance for Syria? That is a good question, and I think there is a good answer, but would you address yourself to that?

Mr. NOOTER. Yes, Mr. Shriver. As we explained last year, we consider the economic assistance program a part of an increasing range of relationships which we have with Syria since we reopened diplomatic relations there about a year and a half ago.

The Syrians had been cut off to a large extent from the United States, from Western technology. They had been isolated from this part of the world. The economic aid program opens up a number of avenues where we and they can establish relationships which they are finding useful, and I think which we will find useful as a demonstration of our desire to deal with that country in an equitable way.

It would be a mistake to say that the AID program is going to buy something in Syria. I think that it would be naive to expect that. Rather, I think it will be a matter of strengthening relationships and putting us in a position to discuss with them a wide range of topics. The AID program helps strengthen those relationships, they have been improving; we have improved our ability to carry on business with Syria over the last year and a half.

OTHER DONOR ASSISTANCE TO THE MIDDLE EAST

Mr. SHRIVER. Ninety-five percent of this request is for the Middle East package. Is that about right?

Mr. NOOTER. That is correct.

Mr. SHRIVER. The United States is, I think, about the only country contributing anything to this peace effort, except for the Arab States. Have any of these countries asked for support from any of our European allies?

Mr. NOOTER. Yes; a number of them receive aid from the European countries as well as from the IMF and the World Bank and other international institutions.

Mr. SHRIVER. We are a large contributor to those multilateral institutions.

Mr. NOOTER. Yes, but we only represent a portion of those funds.

Mr. SHRIVER. Our contribution to IDA loans represents a large portion of the total contributions.

Mr. NOOTER. Yes, it is a large portion in terms of any other single contributor.

AID TO EGYPT

In Egypt, for example, the DAC member countries, which include the Europeans and the Japanese, committed some $312 million in assistance to Egypt in calendar year 1975. We expect that assistance to continue in the coming year. They also have programs in Jordan and Syria, smaller than ours but nevertheless significant.

Mr. SHRIVER. Anything else?

AID TO ISRAEL

Mr. NOOTER. Israel receives almost all of its outside assistance from us. It receives some assistance from Germany, and small amounts from a few others, but, it is mostly dependent on U.S. assistance.

Mr. SHRIVER. We are not the only ones who supported the original creation of the State of Israel. We are not as dependent upon Arab oil as Europe. I don't understand why they don't help finance this peace effort to a greater extent.

Mr. NOOTER. That is a very good question. My figures here show that DAC aid to Israel last year was about $55 million almost all of which is from Germany. We certainly would agree with your viewpoint that European assistance to Israel in larger amounts is desirable.

Mr. SHRIVER. Do they seek it?

Mr. NOOTER. To the best of my knowledge they do.

TRANSITION QUARTER AND FISCAL YEAR 1977 FUNDING

Mr. SHRIVER. The administration did not request transition quarter money for the Middle East. The Senate has included those funds in their bill, and we are about to go to conference on that bill. If the conferees leave those funds in the bill, or a portion of them, would you recommend reducing these 1977 requests accordingly?

Mr. NOOTER. First, Mr. Shriver, we don't think those interim quarter funds are necessary. We think the amounts that are in the administration's fiscal year 1976 and fiscal year 1977 budgets are adequate to meet essential needs and are in line with the kind of rigorous budgeting that is being applied to our domestic programs. The interim quarter funding is not necessary in either Israel or the Arab countries.

Mr. SHRIVER. Then would you care to answer my question?

Mr. NOOTER. Yes, sir. If money were provided in the interim quarter, particularly if that were known sufficiently ahead of time, I presume it would be possible to make downward adjustments in the 1977 program. However, there would be some difficulties in terms of the development of capital projects in some of these countries.

It would be extremely difficult to accelerate project planning and complete that work in time to use interim quarter funds. Funds in 1977 are more useful to us than funds in the interim quarter because we would have more time to prepare the projects. In that sense they may not be entirely interchangeable.

Mr. SHRIVER. I think you have answered the question.

Mr. NOOTER. Yes; I think so.

ISRAEL'S BUDGET DEFICIT

Mr. SHRIVER. The book points out Israel's large balance-of-trade deficit of about $4.7 billion. How about their budget deficit? We have a large one ourselves—much too large, in my opinion. What is theirs?

Mr. NOOTER. For the Israeli fiscal year 1976—April 1976 through March 1977—the Israeli Cabinet has approved a budget ceiling of approximately $11 billion with a maximum deficit of some $360 million.

ISRAEL—DEFENSE SPENDING

Mr. SHRIVER. Would you relate Israel's defense spending to our own in terms of the percentage of their Government's budget expenditures? In other words, how much would we be spending approximately if we devoted as large a perecntage of our budget for defense?

Mr. NOOTER. In the recently published Israeli budget for 1976–77, national defense expenditures account for 39 percent of the total national budget of $11.33 billion. The comparable figure for U.S. defense expenditures is approximately 27 percent for fiscal year 1977. If the United States expended at a rate similar to Israel we would be spending $169 billion on defense.

COMPARISON OF DEBT

Mr. SHRIVER. Israel's foreign debt is nearly $8 billion, or $2,300 per capita. What are the comparable figures for Egypt, Syria, and Jordan?

Mr. NOOTER. Egypt's estimated total debt is $9 billion, which breaks down to about $260 per capita; Syria's foreign debt is estimated at $2.2 billion, or around $300 per capita; and Jordan's debt is estimated at $350 million, or about $195 per capita.

COMPARSION OF DEFENSE BUDGETS—MAJOR MIDDLE EAST COUNTRIES

Mr. SHRIVER. Would you compare for the record the defense budgets for Israel, Egypt, Syria, and Jordan? That is just what they are spending themselves.

Mr. NOOTER. Yes, I will be happy to provide this information for the record. Defense expenditures over the last 3 years are compared in the following table:

	Egypt	Israel	Jordan	Syria
1973:				
Defense expenditures (millions)	$1,743	$3,409	$126	$399
As percent of total expenditures	39	54	35	45
1974:				
Defense expenditures (millions)	$2,048	$4,018	$139	$543
As percent of total expenditures	35	49	29	36
1975:				
Defense expenditures (millions)	$2,775	$5,168	$150	$702
As percent of total expenditures	34	45	22	25

ISRAEL—AID FROM INTERNATIONAL ORGANIZATIONS

Mr. SHRIVER. What international organizations are aiding Israel? Give us the dollar levels of that aid, and tell us how much if any, of that comes from the United States.

Mr. NOOTER. Aid from international organizations has diminished steadily in recent years. In 1976 only a small residual amount from a $5 million UNDP project initiated in 1972 will flow into Israel. In 1975 the IBRD extended $35 million for new loans but at present is not contemplating a program for 1976. Although not in the same category as these other programs, IMF drawdowns are anticipated again in 1976.

Concerning your other point, it is difficult to distinguish U.S. dollar contributions since the funds are channeled through the budgets of the respective international organizations and thus lose their identity.

U.S. ASSISTANCE TO MIDDLE EAST COUNTRIES

Mr. SHRIVER. Provide a table for the record showing all U.S. aid in any form to the four major countries in the Middle East request. Provide that for fiscal years 1975, 1976, and 1977.

Mr. NOOTER. Yes, sir.

[The information follows:]

U.S. AID TO THE MAJOR MIDDLE EAST COUNTRIES

[In millions of U.S. dollars]

Fiscal year and category of assistance	Egypt	Israel	Jordan	Syria
1975 ACTUAL				
Economic assistance	340.2	353.2	96.4	90.1
Supporting assistance	251.0	[1] 344.5	77.5	
Special requirements fund			10.0	83.0
Public Law 480:				6.9
Title I	76.7	8.7	6.5	.2
Title II	12.6		2.4	
Housing investment guaranty				
Military assistance		(300.0)	(104.6)	
1976 REQUESTED				
Economic assistance	938.9	794.7	88.8	109.6
Supporting assistance	750.0	755.0	77.5	90.0
Special requirements fund	13.0			
Public Law 480:				
Title I	170.2	14.7	8.8	19.2
Title II	5.7		2.5	.4
Housing investment guaranty		25.0		
Military assistance		(1,500.0)	(175.8)	
1977 PROPOSED				
Economic assistance	910.1	819.0	85.5	100.1
Supporting assistance	750.0	785.0	77.5	90.0
Special requirements fund				
Public Law 480:				
Title I	150.0	9.0	6.0	10.0
Title II	10.1		2.0	.1
Housing investment guaranty		25.0		
Military assistance		(1,000.0)	(145.8)	

[1] Includes $20,000 000 grant for prototype desalting plant under section 219, FAA.

ISRAEL—PRIVATE ASSISTANCE FLOWS TO ISRAEL

Mr. SHRIVER. Approximately how much assistance goes to Israel or institutions in that country from U.S. private sources? You might provide that for several years, also.

Mr. NOOTER. I cannot answer your question exactly with regard to the U.S. origin portion but the total amount of such transfers is substantial. On the worldwide basis, unrequited transfers to Israel from individuals tend to run around $300 million per year—excluding another $300 million in German personal restitutions—and institutional transfers are on the order of $350 to $450 million per year. In addition, Israeli bond borrowing in the United States is concessional in nature and might be construed as being within the meaning of your question. This latter category tends to be in the $300–$350 million range.

ISRAEL—EFFECT OF DEVALUATION ON U.S. LOANS

Mr. SHRIVER. You say that Israel has devalued its currency 75 percent over the past 15 months. What effect has that had on U.S. loans to that country?

Mr. NOOTER. The vast majority of USG loans to Israel are either denominated in U.S. dollars or contain a maintenance of value clause. Accordingly, devaluation has no effect.

ISRAEL TAX BURDEN

Mr. SHRIVER. What kind of tax load do Israeli citizens have to bear? How would that compare with the average American taxpayer?

Mr. NOOTER. My understanding is that some 60 percent of Israeli personal income goes to taxes of various types. However, a comparison of the tax burden borne by Israeli citizens with that of the average American taxpayer is difficult and could be misleading, since the tax systems are fundamentally different, as is the average taxpayer income. It would seem that all classes of taxation, both direct and indirect, are higher and more burdensome for the Israeli taxpayer relative to his American counterpart. Perhaps the best measure of the relative burden is public sector consumption as a percent of GNP—some 45 percent for Israel as contrasted with about 22 percent for the United States.

BALANCED APPROACH IN AID LEVELS

Mr. SHRIVER. When we were considering the appropriate levels for these countries in the 1976 bill, we were told it was very important to keep everything balanced—that is, the countries should be treated equally, whatever we decided to do. We went along with that, but now you are presenting an unbalanced request for 1977. Israel is to get $785 million, while Egypt gets $750 million. Would you explain that, and why it would not upset the balance the Secretary of State has worked out over there?

Mr. NOOTER. When we talk about a balanced approach we do not mean to suggest that an identical amount of aid would be given to each country each year. Individual levels must take into account the

relative needs and development situation in each country and the amount of overall assistance they are receiving from the U.S. and from others. This is in keeping with the balanced approach Secretary Kissinger has been following in his peace efforts in the Middle East.

ISRAEL—OCCUPIED TERRITORIES

Mr. SHRIVER. Would you expand on Ambassador Scranton's statement at the U.N. in regard to the status of Israeli settlements in occupied territories? If the U.N. were to act against these settlements in any way, what would be the position of the U.S. Government?

Mr. CHEEK. Ambassador Scranton's statement was a full presentation of the longstanding U.S. position on the subject of Israeli settlements in the occupied territories. As for the U.S. position concerning moves in the United Nations on this subject, the United States voted in favor of U.N. Security Council Resolution 298 of September 25, 1971, which said, in part, that the Council:

> Deplores the failure of Israel to respect the previous resolutions adopted by the United Nations concerning measures and actions by Israel purporting to affect the status of the city of Jerusalem.
>
> Confirms in the clearest possible terms that all legislative and administrative actions taken by Israel to change the status of the city of Jerusalem, including expropriation of land and properties, transfer of populations and legislation aimed at the incorporation of the occupied section, are totally invalid and cannot change that status.
>
> Urgently calls upon Israel to rescind all previous measures and actions and to take no further steps in occupied section of Jerusalem which may purport to change the status of the city or which would prejudice the rights of the inhabitants and the interests of the international community, or a just and lasting peace.

The U.S. also voted in favor of U.N. General Assembly Resolution 3525 of December 15, 1975, which said, in part, that the Assembly:

> Reaffirms that the Geneva Convention relative to the protection of civilian persons in time of war, of August 12, 1949, is applicable to all the Arab territories occupied by Israel since 1967, including Jerusalem; deplores the failure of Israel to acknowledge the applicability of that convention to the territories it has occupied since 1967.
>
> Calls once more upon Israel to acknowledge and to comply with the provisions of that convention in all the Arab territories it has occupied since 1967, including Jerusalem.

The U.S. position regarding any future moves in the U.N. concerning the Israeli settlements in the occupied territories would be carefully determined in the light of the exact nature of such a proposal and cannot be predicted in advance.

EGYPT'S FINANCIAL CONDITION

Mr. SHRIVER. I would like to get a clearer picture of Egypt's financial condition. You say that they can expect substantial Arab economic assistance. How much is expected in 1977? In future years?

Mr. NOOTER. The Egyptians expect something on the order of $2 billion each year from the Arab countries in straight balance-of-payments support over the next 5 years. In addition to this, they expect an increased amount of Arab project financing over the next several years.

Mr. SHRIVER. Are any non-Arab countries expected to contribute to Egypt in 1977? Besides us, of course.

Mr. NOOTER. We believe that Iran and the various DAC countries—that is, Japan, France, United Kingdom, Federal Republic of Germany, and the Netherlands—will continue to provide aid to Egypt during 1977. In addition, aid likely will be forthcoming from multilateral institutions such as IBRD, UNDP, and the IMF.

Mr. SHRIVER. How much can Egypt expect in increased revenues from the Suez Canal?

Mr. NOOTER. In 1976 we believe the Suez Canal revenues will amount to about $400 million. They probably will be slightly higher than this in 1977 and may exceed $700 million by 1980.

Mr. SHRIVER. How much can they expect in foreign exchange savings because of the return of the Abu Rudeis oilfields?

Mr. NOOTER. Foreign exchange savings attributable to the return of the Abu Rudeis oilfields will amount to $200 to $300 million annually.

TOBACCO

Mr. SHRIVER. Being from Kansas, I can well understand the need for 1 million tons of wheat for Egypt, but why would we be sending them 3,600 tons of tobacco? I asked this in regard to the 1976 program but the response wasn't too convincing.

Mr. NOOTER. The wheat is, of course, far more important to the Egyptians than is the tobacco. However, Egypt does have a cigarette manufacturing industry which depends largely on imported tobacco for its survival. Financing a portion of Egypt's tobacco imports under Public Law 480 simply lessens the burden to the Egyptian Government of paying for all of their tobacco imports on straight commercial terms.

EGYPTIAN ABSORPTION CAPACITY

Mr. SHRIVER. Much of this money for Egypt is for major projects, such things as port equipment, water and sewage systems, a major steam powerplant, a synthetic materials plant, and so forth. Are you sure they can absorb such huge sums on top of similar sums to be made available soon from the 1976 bill?

Mr. NOOTER. The Egyptians have a large number of trained and skilled personnel with which to implement these projects. Moreover, in certain cases, the steam powerplant that you mentioned being one, we expect to implement these plans as "turn-key" projects—that is, design and construction will be accomplished entirely with the use of fixed responsibility U.S. contractors.

The projects that we will be financing this year and next represent only a portion of the entire construction and development program of Egypt. In short, although the Egyptians have a major implementation task ahead we see no evidence that would lead us to believe that they do not possess the capability to absorb and effectively utilize the assistance proposed.

LOAN/GRANT SPLIT FOR EGYPT AND ISRAEL PROGRAMS

Mr. SHRIVER. Going back to my question on the balance of these requested program levels, I notice that of the $785 million for Israel, all of it is in grants except $260 million for loans. In the case of Egypt, of the $750 million, only $89 million will be a grant, while $661 million will be loans. Is that balanced? Would you comment further on that?

How do the loan terms compare between these two programs?

Mr. NOOTER. The loan terms on economic assistance are the same for both the Egypt and Israel programs, that is, 40 years repayment period, with a 10-year grace period, and an annual interest rate of 2 percent during the grace period and 3 percent thereafter. However, a comparison of terms and the grant/loan split between the two countries must be seen in the context of overall U.S. assistance to each country. Israel also receives FMS credits, amounting to $1.5 billion in fiscal year 1976, half as a grant and half medium term with interest at the U.S. Treasury borrowing rate. Thus, Israel's overall terms are roughly comparable to the concessional—2 percent to 3 percent—loan terms applied to the Egypt program.

EGYPT'S REPAYMENT OF ITS OBLIGATIONS TO THE SOVIET UNION

Mr. SHRIVER. Will any of these funds be used directly or indirectly by Egypt for repayment of its obligations to the Soviet Union, or are the Arabs taking care of that?

Mr. NOOTER. Our proposed program is designed to address specific reconstruction and development needs of the Egyptian economy through financing the procurement of U.S. goods and services.

We would not agree to the use of U.S. assistance to repay any foreign government creditor.

ARAB AID TO JORDAN

Mr. SHRIVER. How much does Jordan receive from the Arab countries? You might provide that for the last 3 years.

Mr. NOOTER. Our information is that the Arab States provided Jordan with economic assistance totaling $92 million in calendar year 1973; $146 million in calendar year 1974; and $127 million in calendar year 1975.

RELATIONSHIP BETWEEN JORDAN AND SYRIA

Mr. SHRIVER. Would you explain the relationship or agreement which reportedly has been reached between Jordan and Syria regarding their actions toward Israel, with or without the coordination with Egypt?

Mr. CHEEK. A rapprochement has indeed taken place between Jordan and Syria. In August of 1975 King Hussein and President Assad formed a cabinet-level high committee to supervise and coordinate the work of a series of joint committees planning cooperation in a wide variety of fields—economic, cultural, informational, industrial and financial. For example, the two countries are considering uniting

their two airlines for international service. They are also putting into effect an arrangement whereby the Jordanian Embassy in a country where Syria is not represented will take care of Syrian consular and legal affairs, and vice versa. This arrangement will not extend to the political or diplomatic affairs, however.

Although there is increasing consultation between the two countries on military matters, the rumors that they were going to form some kinds of joint military command have not materialized, and King Hussein has denied such rumors.

The cooperative activities of the two countries have not reached the point of political union or even a loose kind of confederation, as some have alleged, although the latter step may be discussed from time to time.

The Jordanians certainly have not relinquished their freedom of action and decision in political and military matters.

COMPOSITION OF SYRIA PROGRAM

Mr. SHRIVER. Most of the Syrian request is for agriculture; is that correct? Is U.S. equipment being sent there? U.S. experts?

Mr. NOOTER. Yes, fully 96 percent of total funds requested for Syria are in support of agriculture or agriculture-related projects. Almost all of the requested loan funds—totaling $87 million—will finance U.S. equipment. Also, U.S. consultants will be provided, in conjunction with both loan and grant funding.

OTHER DONOR ASSISTANCE

Mr. SHRIVER. How much does Syria get from the Arab countries? How much from international organizations? You might list those organizations for the record—show how much they are doing and how much of that might be considered U.S. input.

Mr. NOOTER. Commitments of gross assistance to Syria from the Arab nations were estimated earlier at around $1.1 billion for 1975. A recent DAC analysis of Arab assistance to Syria indicates that net disbursements in 1975 were about $700 million.

Concerning assistance to Syria from international organizations during calendar year 1974—the most recent year for which we have final individual Agency figures—the United Nations and its specialized agencies had a total program of some $15.7 million in Syria, of which $2.6 million was under the U.N. development program; $400,000, UNICEF: $400,000, WHO: $73,000, U.N. Fund for Population Activities; $12 million, World Food Programs; and $200,000, UNESCO. The remaining $23,000 went to smaller activities by WMO, IAEA, and UNIDO. With regard to the other part of your question, the U.S. contributions to UNDP and to U.N. specialized agencies for their activities in Syria are pledged by the United States or assessed by the organization concerned on the basis of its worldwide program; therefore, we have no way of attributing accurately the exact amount of U.S. moneys going to Syrian projects.

EXPANDED ASSISTANCE TO PORTUGAL

Mr. SHRIVER. I have read reports that Portugal will be receiving help from other Socialist governments in Europe. Do you know what that will entail?

Mr. NOOTER. A number of European governments—not all of them Socialist—as well as international organizations are providing economic assistance to Portugal. The Federal Republic of Germany is providing $279 million, the European Community $187 million and the European Free Trade Association $100 million. In addition, smaller programs of technical assistance and loans are being undertaken by several Western European countries.

U.S. DIPLOMATIC RELATIONS WITH PORTUGAL

Mr. SHRIVER. Would you describe the present diplomatic relationship which exists between our country and Portugal?

Mr. LAINGEN. Relations between Portugal and the United States are cordial. We support the policy of the Portuguese Government to restore democratic government and to strengthen Portuguese ties with Western Europe. To assist the Lisbon government in its efforts to restore political and economic equilibrium we are providing a substantial level of economic assistance to supplement that being provided by the Western Europeans and multilateral institutions.

MULTILATERAL AID TO PORTUGAL

Mr. SHRIVER. Which multilateral agencies are aiding Portugal? Show for the record how much they are doing, and the U.S. percentage contribution to those agencies.

Mr. NOOTER. Several multilateral agencies are helping Portugal with its economic problems but the United States has contributed through only one—the World Bank.

The European Economic Community has committed $187 million in concessional project loans through the European Investment Bank and the European Free Trade Association is considering a $100 million industrialization loan.

The Bank for International Settlements has provided a $250 million gold-guaranteed loan on commercial terms. The United States is not a contributor to these organizations.

International Monetary Fund has borrowed funds from certain oil producing countries for the so-called 1975 oil facility from which Portugal has drawn $88 million.

The World Bank has recently approved a $30 million loan for Portugal. The United States holds about 25 percent of the World Bank's capital stock, but most bank loans are financed by borrowing on the international money market.

BAHRAIN—NAVAL BASE

Mr. SHRIVER. The request for Bahrain is basically naval base rental, is it not? The book states that we have been using their port facilities for more than 25 years.

Mr. NOOTER. Well, it is true that the whole subject of a small development aid project for Bahrain first arose in the course of discussions between the U.S. Government and the Government of Bahrain on the future of our naval facilities in Bahrain. However, the Bahrain Government made it clear that it did not desire the technical assistance program to be considered as a quid pro quo. In all candor, however, we would not have considered initiating the aid program in the absence of the U.S. naval facilities.

Mr. SHRIVER. Should we now be charged rent? What is the importance of those facilities to our national interest?

Mr. CHEEK. For more than 25 years, since the end of the Second World War, our naval facilities in Bahrain have been the only permanent military installation in this vitally important region. The naval facilities we maintain in Bahrain allow us to demonstrate our strategic interest in an area containing 60 percent of the world's proven reserves of petroleum. In the event of a crisis in the Middle East, these facilities and the U.S. Navy experts stationed at them could prove exceptionally useful in coordinating an evacuation of the growing number of Americans living and working in the Persian Gulf littoral states. Mideastfor also represents at least some permanent U.S. Naval presence to counter the Soviet naval buildup in the Indian Ocean and Arabian Sea. Finally, the naval vessels presently stationed at Bahrain provide valuable training to the navies of the smaller Persian Gulf littoral states. By responding in this modest way to the security interests of these states, we improve our relations with them. At the same time, we secure entree and contact with their military leadership who might play even more important roles in the future of these gulf states.

MALTA—BASE RENTAL AGREEMENT

Mr. SHRIVER. How many years does the present Malta base rental agreement run? Then what?

Mr. NOOTER. The United Kingdom/NATO agreement with Malta was concluded in 1972 for a 7-year period. It expires in 1979. Any future agreement necessarily depends on consultations with our NATO allies and the Government of Malta.

MALTA—DEFENSE OF NATO

Mr. SHRIVER. Would you describe the importance of Malta in regard to the defense of NATO? Be specific as you can.

Mr. LAINGEN. The Mediterranean and Middle East remain areas of tension and confrontation, and Soviet military expansion in the area is a matter of concern. Malta is strategically located, and the current Malta base agreement helps secure a base for United Kingdom/NATO purposes. It explicitly bans Warsaw Pact forces from utilizing Maltese facilities.

PURPOSE OF UNITED STATES ASSISTANCE TO CYPRUS

Mr. SHRIVER. You anticipate that this $10 million for Cyprus refugees will be the last request for that, is that right? You say that recent estimates are that 164,000 Cypriot refugees, most of Greek

descent, still need food rations and allowances. Is this need entirely due to the civil war there, or did some of these people require such assistance even before the conflict and disruption? I don't mean we should take the food from their mouths, but if this is a regular foreign aid program, it should be labeled as such and not be included under Security Supporting Assistance.

Mr. NOOTER. Food rations and allowances provided by UNHCR are being given mainly to people who have been displaced or who are needy because of the disturbances of 1974. However, local authorities in both the north and the south have included on their needy rolls some welfare cases which date from before the summer of 1974, but which the U.N. High Commission for Refugees has determined were affected by the civil strife. In fiscal year 1977 we are proposing a final conrtibution of $10 million, which will provide funds through early calendar year 1978. We expect that most of the refugee needs will be met by that time. The AID funds will be used primarily for refugee housing and feeding programs where they are still necessary. With a per capita GNP of over $1,300 per year, Cyprus should be able to meet its regular welfare program needs from its own resources.

U.S. CONTRIBUTION TO THE U.N. HIGH COMMISSION FOR REFUGEES AND THE INTERNATIONAL COMMITTEE OF THE RED CROSS

Mr. SHRIVER. Do you turn over money to the U.N. High Commission for Refugees and the Red Cross for these refugees, or how is it handled? Do you have real control over how the funds are ultimately used?

Mr. NOOTER. We have written agreements with the U.N. High Commission for Refugees and with the Red Cross covering the conditions under which the U.S. contributions are provided, and the general kinds of assistance for which the funds are to be spent.

We look to the UNHCR for an assessment of refugee needs, and our Embassy in Nicosia consults with them on activities to be supported with U.S. funds.

FUTURE CYPRUS REFUGEE RELIEF REQUIREMENTS

Mr. SHRIVER. What reasons do you have for the high expectations for the Cypriot economy, which will enable you to discontinue this program?

Mr. NOOTER. Despite the much reduced economic base and the added requirement to care for refugees and those economically displaced, economic reactivation in the south continues to be impressive:

Exports are increasing as Greek Cypriots exploit opportunities in expanding Gulf and North African markets.

More Cypriot heads of families going abroad for employment are sending home hard currency earnings.

Tourist earnings are picking up and are expected to expand further this summer.

Production in the south is coming back on stream impressively. Clothing, shoe manufacturing, cement production, truck assembly (all major export industries) are now producing at levels higher than

1974. By next year the Cyprus Government expects the plastics industry to surpass pre-coup/invasion production levels.

The number of unemployed—most of whom are refugees—is decreasing. In December 1975 it was down to 30,000, two-thirds of the level of 1 year before.

Given these favorable trends, we expect total refugee relief requirements in calendar year 1977 for food programs, housing and other relief needs to be down to about $33 million—about 40 percent of calendar year 1976 needs. We expect that these requirements will be covered by contributions from Cyprus itself, a continued high level of aid from Greece, and the United States contribution of $10 million. Further U.S. humanitarian aid will be unnecessary after fiscal year 1977.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

Mr. SHRIVER. I have no questions regarding the Middle East Special Requirements Fund, but it does seem that $17 million is a pretty large "reserve" for contingencies when the regular expenses for the continuing operation of the U.S. Sinai Support Mission is $15 million. Would you comment on that?

Mr. NOOTER. Of course we hope that we will not have to use any of these reserve funds. However, given the situation in the area, we believe it is prudent and necessary to have these funds available to meet requirements that may arise unexpectedly during the year. This is confirmed by our experience in fiscal year 1976. In this year the reserve of $15 million is already fully programed for priority needs of the UNEF and the Sinai Support Mission.

STATUS OF SPANISH TREATY

Mr. SHRIVER. You mentioned briefly Spain, that a budget amendment would be coming up if the Senate ratifies the new 5-year treaty with that nation. What is the status and outlook of that in the Senate?

I have some justification material already which shows a $10 million request for Spain for the transition quarter, in addition to $7 million for fiscal year 1977. Is that right? Compared to a $3 million fiscal year 1975 program level, Spain made a pretty good deal, did they not? You will be up here later on this, is that correct?

Mr. NOOTER. A budget amendment has already been sent to the Congress for the transition quarter and an amendment for fiscal year 1977 will be forthcoming shortly. I understand the Senate Foreign Relations Committee is considering the treaty package. The Spanish Government has requested that we provide under the treaty a $35 million program of technical, cultural, and educational exchange. The funds requested for the transition quarter include $3 million for the fifth and final tranche of the 1970 agreement and the first of five annual increments of $7 million under the new treaty. The $7 million requested in fiscal year 1977 is the second increment. We will be glad to testify on the fiscal year 1977 request when it is submitted.

Mr. PASSMAN. Thank you, Mr. Shriver.

Dr. Long?

Mr. LONG. Thank you, Mr. Chairman.

ADEQUACY OF AID TO ISRAEL

Under the administration's proposed fiscal 1977 foreign aid program, military aid to Israel would be cut by $500 million and economic aid increased by only $30 million.

Given the economic burdens, including a balance-of-trade deficit of $5 billion or more, and the austerity programs faced by Israel, is the total of $785 million in economic aid really adequate for Israel's needs, or is this just a bare minimum to ensure Israel's survival?

Are you giving them any margin at all here?

Mr. NOOTER. We think that is the proper amount, given the uncertainties of anticipating what will happen between now and then. In fact, based on the latest figures available for the civilian side of the balance of payments, the $785 million we propose will result in some surplus. I don't think this surplus is out of line because Israel's short-term foreign exchange reserve position is tight right now, but there would actually be a certain amount of surplus in the civilian sector.

AID TO SYRIA

Mr. LONG. There is no indication that Syria has taken conciliatory steps toward peace as has Egypt. Shouldn't aid to Syria be linked to specific actions toward achieving peace?

The sums of money, as I see it, that we are giving to Syria, are very large in relationship to its population, perhaps more than what we are giving to Egypt.

Mr. NOOTER. I think not, Mr. Long.

First, while the amount for Syria is not inconsequential, it is at $90 million considerably less than the $750 million we are considering for Egypt.

Mr. LONG. What is the population of Syria?

Mr. NOOTER. About 7 million, about one-fifth that of Egypt.

SYNTHETIC FIBERS PRODUCTION

Mr. LONG. Egypt's major export is cotton, yet AID proposes a total of $55 million for capital projects for production of synthetic fibers. Why is such capital-intensive, heavy industry needed? What will be the employment impact? Are skilled workers available? Wouldn't it be better to fund light capital projects instead, in the area which would utilize cotton, which is the big industry for Egypt.

Mr. NOOTER. Egypt does utilize its cotton for cloth manufacturing. However, I understand some mixture with synthetics is good practice in textile production. This production would be for their domestic use, and according to our technicians would make good sense in terms of what they need in their local industry.

Obviously before we went ahead with these projects, we would have completed very careful feasibility studies and cost benefit analyses.

Mr. LONG. It would seem to me that the smart thing to do would be to cultivate the use of the cotton.

Mr. NOOTER. Certainly they won't be neglecting the use of their cotton for their textile production, but some mixture of synthetics in with the cotton is desirable for a number of kinds of fabrics.

Mr. LONG. I am not sure I understand that rationale. Perhaps you can give more justification for that.

Mr. NOOTER. We will.

[The information follows:]

RATIONALE FOR SYNTHETIC FIBER PLANT

In Egypt today, as elsewhere in the world, there is significant domestic demand for fabrics which are cheaper and more easily cared for than are those woven wholely from natural cotton. For considerable time now, Egypt has been producing synthetics and blends to satisfy this demand and thereby reduce the importation of similar fabrics. The construction of a DMT plant will provide Egypt with the capability to produce improved synthetic varieties at lower cost to the consumer. The proposed plant is part of Egypt's program to rehabilitate its textile industry.

Since long staple cotton is one of Egypt's major foreign exchange earners, it is essential for the Egyptian economy that exports of this cotton continue. At the same time the Egyptian Government recognizes the need to modernize its textile industry in order to provide the less expensive fabrics demanded by its domestic market.

Egypt has a basic petroleum industry to supply raw materials for polyester production and consequently sees this as improving its ability to provide cheap domestic fabrics. By combining polyester with cheaper imported short staple cotton, it is able to produce inexpensive fabric for local use and at the same time preserve its own cotton for export.

While it is true that the available technology in polyester production is capital intensive, this is simply one of the characteristics of an imported technology that is difficult to alter. Egypt's established textile industries, also based on imported machinery and techniques, employ considerable numbers of people. The country, therefore, has a base of experience in these kinds of industries and a base of skilled manpower to operate plants such as the proposed DMT production facility.

PUBLIC LAW 480 FOR EGYPT

Mr. LONG. AID proposes giving Egypt 1 million metric tons of Public Law 480 wheat. With the poor U.S. crop reported this year and with sales of grain to Russia, what is the estimated impact of such a transfer on the U.S. grain market and prices?

Mr. NOOTER. The Department of Agriculture thinks that the Public Law 480 budget, which includes this wheat for Egypt, will be manageable and not have an adverse effect on domestic prices.

INCREASING FOOD PRODUCTION

Mr. LONG. Shouldn't we be trying to show the Egyptians how to raise their food? I don't know what the percentage of Egyptians in agriculture is, but anybody who goes there knows it is enormous. Yet they have to import food. Why aren't we showing them how to raise food instead of sythetic fibers and other stuff which is not to their comparative advantage?

Mr. NOOTER. We agree with that and are working with them now to develop a number of programs in the agriculture area. We will be doing more as the program increases. We have a number of projects relating to irrigation, agricultural production, and so on. We have just had a Department of Agriculture team make a very thorough study of the Egyptian agriculture sector, and this will be the basis on which we will base programs there in the coming year.

Mr. LONG. I think you people had better make changes on food aid. You are making a great mistake. Our giving food to these people is not, in my opinion, performing a service. We are putting them in a situation where someday this food is going to be withdrawn, perhaps because of a crop failure here. They are going to be desperate, and someday I think we are going to have famines that make anything that can happen now look like small potatoes. Look to the future.

ISRAEL—ADEQUACY OF U.S. AID

Mr. LONG. Under the administration's proposed fiscal year 1977 aid program, military aid to Israel will be cut by $500 million and economic aid will be increased by just $30 million. Given the economic burdens—including a balance-of-trade deficit of some $5 billion or more—and the austerity programs faced by Israel, is a total of $785 million in economic aid really adequate for Israel's needs? Or is it a bare minimum to assure Israel's survival?

Mr. NOOTER. Both the proposed fiscal year 1976 and fiscal year 1977 supporting assistance programs were designed to meet Israel's needs for economic assistance in the years calendar year 1976 and calendar year 1977 respectively. The proposed fiscal year 1977 program took account of Israel's expected balance of payments position at the end of calendar year 1976. Based on the Government of Israel's most recent estimate for calendar year 1976—January 20, 1976—there could be a civil account surplus of approximately $200 million. As for calendar year 1977, the same Israeli estimates indicate a surplus on the civil account for that year also.

Obviously, estimates can be somewhat off the mark. Moreover, the Israelis, as a matter of policy, may allow some slight increases in imports of consumer goods that would result in a decrease in the surplus. It also is possible that Israel's exports are estimated to be larger than will turn out to be the case, also tending to reduce the surplus. However, it is our belief at this time, assuming the provision of aid at the levels requested by the administration, that Israel will have a surplus in its civil account in calendar year 1976 and a larger surplus in calendar year 1977 that could be used to meet contingencies in the civil sector or urgent military requirements.

EGYPT'S RISKS IN THE SINAI II AGREEMENT

Mr. LONG. AID argues that assistance to Egypt is needed to promote Middle East peace and that Egypt ought to be helped because she is taking a "calculated risk by proceeding with its recent second-step agreement with Israel." Inasmuch as Israel relinquished considerable occupied territory and drew back forces, and inasmuch as Egypt gained control of strategic passes, oil fields, and the Suez Canal, what risk is Egypt undertaking? Is not the risk of hostilities with Israel reduced by the Sinai agreement? If there is any risk for Egypt, does it not come from the more strident Arab States which oppose Egypt's conciliatory, peaceful policies?

Mr. CHEEK. After the October war in 1973 with Israel, President Sadat embarked with us on a course to seek a negotiated peace in the

Middle East. As Secretary Kissinger said on October 7, 1975, the Sinai II agreement:

> Represents the most far-reaching, practical test of peace—political, military, and psychological—in the long and tragic history of the Arab-Israeli conflict. For the first time in more than two decades, Israel and an Arab State have agreed not just to disentangle their forces in the aftermath of war, but to commit themselves to the peaceful resolution of the differences that for so long have made mortal enemies.

Article II of that agreement notes, "the parties hereby undertake not to resort to the threat or use of force or military blockages against each other."

By giving up this option as noted in article II, President Sadat has shown enormous courage and taken a calculated risk that the path of negotiations can serve Egypt's interests in regaining its occupied territory and obtaining a peaceful settlement of the Arab-Israeli dispute.

President Sadat also took the risk that there would be internal and external opposition to his giving up the threat of force without obtaining a full and final peace settlement. The sharp criticism he has received from some Arab States shows that this was a real risk.

AID ASSISTANCE LINKED TO SPECIFIC SYRIAN ACTIONS FOR PEACE

Mr. LONG. AID's rationale for assistance to Syria does not indicate that Syria has taken particular conciliatory steps toward peace, as has Egypt. Shouldn't aid to Syria be linked to specific actions toward achieving peace?

Mr. CHEEK. We do not try to identify our bilateral aid programs with specific political actions or concessions from the recipient governments. Attempts to do so would probably be counterproductive. Instead, we conceive our aid programs within the general context of our overall relations with a given country.

In the case of Syria, the rationale for our aid program is quite simple. Syria must be an integral part of any peaceful settlement of the Arab-Israeli dispute, which is the main objective of our policy in the Middle East. There won't be a negotiated peace unless Syria is included. A close working relationship with Syria is therefore essential to the success of our peace efforts. Our security assistance program, which enables us to cooperate with Syria in the area of economic development, is an important part of such a relationship.

The Syrian attitude toward negotiations should be clearly understood. The Syrian Government has accepted the basic Security Council resolution which is the framework for negotiations and has declared that its objective is to try and reach a negotiated settlement. Syria also signed a disengagement agreement, which it has meticulously observed, and has several times concurred in renewal of the U.N. Disengagement Observer Force. Although the Syrians and Israelis do not agree on how to proceed with the negotiating process, the Syrians have not said that they are unwilling to pursue peace. What they have said is that movement toward peace must be sought in the broader context of an overall settlement and that the Palestinians must particiapte in peace negotiations. We are continuing our high-level

discussions with Syria, and the other governments involved, in an effort to resolve these differences and maintain the momentum toward peace.

SYNTHETIC FIBERS

Mr. LONG. Egypt's major export is cotton. Yet AID proposes a total of $55 million for capital projects for production of synthetic fibers. (*a*) Why is such capital-intensive, heavy industry needed? What will be the employment impacts? Are skilled employees available? (*b*) Would it not be better to fund appropriate, light-capital projects instead?

Mr. NOOTER. The Egyptians believe that they need to go into synthetic fibers in order to satisfy strong domestic demand for cheaper fabrics. The Egyptian cotton is of the long-staple variety and nets a premium price in the world market. The Egyptians do not wish to divert any more than necessary of this specialty cotton into domestic uses. Their economy depends on its being sold abroad and generating scarce foreign exchange. Hence, the need for another kind of material.

Egypt has a basic petroleum industry to supply raw materials for polyester production and consequently sees this as the solution to its need for cheap domestic fabrics. Through the use of polyester and imported short-staple cotton—cheaper than long-staple—it will be able to produce inexpensive fabric for local use and at the same time preserve its own cotton for export.

While it is true that the available technology in polyester production is capital intensive, this is simply one of the characteristics of an imported technology that is difficult to alter. Egypt's textile industries, similarly based on imported machinery and techniques, also are capital intensive. The country, therefore, has a base of experience in these kinds of industries and a base of skilled manpower to operate plants such as the proposed DMT production facility.

Mr. LONG. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Long. Mr. Conte?

SOVIET/EGYPTIAN FRIENDSHIP

Mr. CONTE. Has the recent end of the Egyptian/Soviet treaty of friendship had an adverse economic effect on Egypt?

Mr. NOOTER. The end of this treaty by the Egyptians has had no immediate adverse effect on Egypt's economy. However, we do not yet know the extent to which economic relations and trade between the two countries will be affected by this breach. Egypt in the past has depended on its trade with the U.S.S.R. and Soviet bloc nations for several important inputs to its industries, such as coking coal, scrap iron and petroleum. In exchange for these, Egypt has marketed about half of its annual cotton crop in the U.S.S.R. If these trade relationships should be broken—we do not expect that they will be—both nations would likely suffer some adverse effects.

In addition, we do not know whether the break in the friendship treaty will lead the Soviet Union to recall its technicians from Soviet aid projects such as the Nag Hamedi aluminum complex near Aswan,

the Helwan Iron and Steel Works and the high dam. If the Soviets do depart, the Egyptians will have to find replacements for at least a portion of these either from other donors or by hiring them directly.

SUEZ RECONSTRUCTION PROJECTS

Mr. CONTE. What are the major projects remaining in the Suez area reconstruction program?

Mr. NOOTER. Despite large-scale efforts and investments by the Egyptian Government over the past 2 years in such elements of infrastructure as roads and residences, a great deal of work still is ahead in replacing structures, in building and repairing road systems, in communications, in power, in water and sanitary systems and in port revitalization. In fiscal year 1975 we contributed to this effort by making funds available for the procurement of roadbuilding equipment for the Suez areas and by financing a basic electric distribution system for the three city areas along the canal. In fiscal year 1976 we plan to supplement this by constructing a power generating plant to be located in Ismailia, by financing a cement production plant to be erected in Suez City, and by funding initial work on water and sewage systems and on port development.

We are requesting funds in fiscal year 1977 to complete work on water and sewage systems and to provide port equipment that will be required, particularly at the major ports of Suez City and Port Said.

We also are requesting funds for a second powerplant for the Suez area, this one to be located at Suez City. The second powerplant goes beyond "reconstruction" in its strictest sense since it does not replace preivously existing generating capacity so much as provide expanded capacity that will be needed for new industrial development in the area. For this reason we intend to finance this second power generating plant on a loan rather than grant basis.

With the master planning for the three cities now completed, we expect that many new projects, including the construction of new industries and industrial areas, will be undertaken shortly in the Suez area. This entire process, without doubt, will extend through the next 15 to 20 years.

ISMAILIA POWERPLANT

Mr. CONTE. In the last fiscal year's bill you requested funding for the Ismailia powerplant. At what stage is this powerplant? When will it be operational?

Mr. NOOTER. The feasibility work on this 300-megawatt thermal powerplant has been completed and we plan to obligate loan funds in April. Engineering work must then be completed, and construction will begin in mid-1977. The plant should be in operation by the middle of 1981.

ACCOMPLISHMENT OF PARTICIPANT TRAINING

Mr. CONTE. The justification on page 19 states that 50 Egyptians were brought to this country for "consultation, specialized training, and observation tours." What were the purposes and accomplishments of these tours?

Mr. NOOTER. The general purpose of these tours was one of technology transfer—that is, to acquaint Egyptian specialists in various fields with specific technological advancements that have been made in the past decade. Training and structured tours in the United States for Egyptians involved in development-oriented activities also give these people the opportunity to experience first-hand the way in which things are accomplished in the United States. It presents new options available to them as they seek answers to specific technical, economic and social problems. Moreover, these interactions on a professional level have been instrumental in reestablishing mutually beneficial relationships between the professional communities of both nations.

TYPES OF PARTICIPANT TRAINING

Mr. CONTE. What types of people were on these tours? Were they scientists, Government officials, tourists, or what?

Mr. NOOTER. The participants included middle level government officials being trained in tax administration; air traffic control; geological remote sensing operations; development economics; rural development; standards and measurements; and all phases of the petroleum industry, that is, from exploration, to refining, to marketing. Training was conducted by U.S. universities and U.S. Government agencies. In addition, Egyptian universities have sent or are sending faculty for advanced training in biomedicine, prevention of blindness, and the development of a practical, community-related social studies curriculum. Other participants have come for seminars or observation in family planning, manpower planning, administration, and civil aviation.

NEED FOR EXPERTS

Mr. CONTE. What types of experts are most needed in Egypt right now?

Mr. NOOTER. As a result of the 7-year gap in relations with the Western World, the expertise in Egypt in nearly all fields has fallen out of touch and behind developments that have occurred in the West. There is a great need across the board of updating and upgrading Egyptian expertise. This need exists in agricultural technology, in industrial technology, and also in nonscientific fields such as management and administration.

SMALL-SCALE MECHANIZATION

Mr. CONTE. Considering the lack of powered vehicles or power itself in many areas, how successful do you feel crop substitution for draft animal feeds could be?

Mr. NOOTER. To the extent that we and the Egyptians can find or develop an appropriate technology for mechanizing farm tasks now performed by draft animals, we believe that major gains can be made in the efficiency of land use. However, as you point out, many of the small Egyptian farmers are not now familiar with powered implements; consequently, the introduction of mechanization will require careful attention to such things as the type of machinery involved; the capability of the small farmer to acquire, operate and maintain this

machinery; the attitudes of the farmer toward the changes this would make in his way of life; the real income gains to the farmer that can be expected from such a shift; and the institutional changes that would be required at the rural level to support mechanization. The purpose of our technical assistance project is to work with the Egyptians in limited areas of the country to examine these questions and test various hypotheses.

DMT PLANT

Mr. CONTE. We take a lot of grief from constituents about foreign aid exporting jobs. Now I see, on page 39 of the justification, that AID is proposing to help Egypt set up a polyester fabric plant under agreement with a French firm. Are we not aiding exports from France and hurting domestic fabric firms with this?

Mr. NOOTER. I do not believe that we will be either aiding exports from France or hurting domestic fabric firms through the proposed project for Egyptian production of dimethylterephthalate (DMT).

In order to satisfy a domestic demand for cheaper fabrics, the Egyptians are developing an internal capacity for polyester spinning and weaving. The first step in this has been the selection of a French firm with French Government financing for the establishment of a 23,000-ton-per-year polyester staple fiber plant. The proposed AID project will complement the polyester fiber plant by making use of American technology and U.S. private enterprise to establish a DMT plant; DMT, together with ethylene glycol, are intermediate materials in the production of polyester.

ISRAEL—CURBING THE TRADE DEFICIT

Mr. CONTE. What measures has Israel taken to close its ever-growing trade gap?

Mr. NOOTER. The trade gap is caused in large measure by Israel's defense imports. These imports will continue at a high level as long as Israel perceives a threat to its national security. Extreme austerity measures by the Government have been required merely to keep the deficit within tolerable bounds. In the last year and a half, the Israeli pound has been devalued by almost 80 percent, down 8 percent in the short time since we submitted the congressional presentation. Import duties have been raised across-the-board and subsidies on basic food items have been reduced. Further, Government restrictive monetary and fiscal policies are in effect for the economy as a whole. We expect that these measures will stop further deterioration of Israel's trade balance, but, as noted earlier, any substantial improvement will have to await a relaxation of tension in the area.

ISRAEL'S LONG-TERM PROSPECTS AND U.S. ASSISTANCE TERMS

Mr. CONTE. Has Israel's long-term economic picture improved enough to finance an increasing amount of commodity import on a loan basis every year?

Mr. NOOTER. I believe that it is too early to consider a larger share of loan financing at this time, since Israel is still acquiring an expanding debt burden of FMS credits at relatively high interest rates.

ISRAEL—INFLATION: 1970–75

Mr. CONTE. How much has the consumer price index risen in Israel since 1970?

Mr. NOOTER. The Israeli consumer price index for 1975 was almost three times the 1970 index (that is a 195.2 percent increase). The annual rate of price increases were as follows: 1970, 6.1 percent; 1971, 12 percent; 1972, 12.9 percent; 1973, 20 percent; 1974, 39.7 percent; and 1975, 39.3 percent.

ISRAEL—MEASURES TO REDUCE ISRAEL'S FOREIGN DEBT

Mr. CONTE. What measures has Israel taken to reduce the $7.8 billion foreign debt which comes out to $2,300 per capita?

Mr. NOOTER. There is little Israel can do in the short run to reduce the debt. Over the longer run, she must bring her trade accounts into line. The Israel Government is, of course, trying to restrain civil imports, boost exports, and increase aid flows from both private and official sources. However, until there is a lasting peace in the area that will enable Israel to reduce its heavy defense expenditures, Israel will continue to run substantial current account deficits requiring debt financing.

ISRAEL—INDUSTRIAL COMMODITIES/CONSUMER COMMODITIES UNDER $635 MILLION IMPORT PROGRAM

Mr. CONTE. Could you provide the percentage of industrial commodities as opposed to consumer commodities under our $635 million import program?

Mr. NOOTER. Yes; we have that information right here. Industrial equipment and supplies, items such as electrical and nonelectrical machinery, ferrous and nonferrous metals, chemicals, wood, and woodpulp products and similar commodities, will account for approximately 46 percent of the $635 million program. Agricultural products, including wheat, vegetable oils and fats, soybeans, rice, corn, and sorghum will absorb 51 percent. Most of these, with the exception of sorghum and soybeans, are destined for direct human consumption. The remaining 3 percent will be utilized for consumer goods. These percentages, Mr. Conte, are based on past utilization patterns but I believe this current import program will follow a similar pattern.

ISRAEL—SINAI WITHDRAWAL

Mr. CONTE. What readjustment costs resulting from the Sinai withdrawal are still continuing?

Mr. NOOTER. We are referring to the outlays for infrastructure facilities along new defense lines and the considerable costs associated with establishing a logistical network for the importation and storage of petroleum products which heretofore came from the occupied territory.

ISRAEL—REFUGEES

Mr. CONTE. How many new refugees does Israel settle each year?

Mr. NOOTER. The Soviet Union has been the principal source of refu-

gees in recent years. I have figures with me that reflect only the number of Soviet refugees who have settled in Israel.

Year:	
1971	14,000
1972	31,500
1973	33,500
1974	17,000
1975	12,000

ISRAEL—THE PALESTINIAN PROBLEM

Mr. CONTE. Has Israel taken any steps toward solving the Palestinian problem?

Mr. CHEEK. Israel's position is that a final peace settlement in the Middle East must provide for the question of Palestinian self-identity, a question which should be resolved within the context of a Jordanian-Palestinian state to be located to the east of Israel. Israel has repeatedly expressed a willingness to work, together with the various Arab States concerned, toward a regional arrangement to help the persons who were displaced in the Arab-Israeli war of 1948. There have been no negotiations between Israel and the Arabs so far on steps toward solving the Palestinian problem, and it is not known precisely what actions Israel would be willing to take.

ISRAEL—SYRIA/ISRAEL TALKS

Mr. CONTE. Is any hope of talks between Syria and Israel on Palestine this year realistic?

Mr. CHEEK. We believe it is realistic to hope there can be talks this year between Israel and Syria, and also between Israel and Egypt and Israel and Jordan, looking toward agreements to help move the region away from war and toward peace. Whether the Palestinian issue would be one of the subjects dealt with in Syrian-Israeli negotiations in 1976 is impossible to foresee at this point.

ISRAEL—LOSS OF SINAI OIL FIELDS

Mr. CONTE. Has the loss of the Sinai oil fields had an appreciable effect on Israel industry or economy since it gave up control a few months ago.

Mr. NOOTER. The loss of this source of oil has not had a direct effect on Israeli industry. However, substantial amounts of foreign exchange are required to purchase the substitute oil on the world market. Israel's additional expense in procuring this oil is one of the many factors the administration took into account in determining the level of its request to Congress for assistance to Israel in fiscal year 1976.

POLITICAL SITUATION IN JORDAN

Mr. CONTE. Last year I asked you how tenuous a position King Hussein's government was in. The answer came back that it is stable and expected to remain so. Now again in your justification on page 51 you intimate that without U.S. assistance "Jordan's policies would be critically vulnerable to extremist pressures." Just what is the political situation there?

Mr. CHEEK. We perceive no immediate threat to King Hussein's regime from within. Nevertheless, Jordan's central geographic location and lack of resources expose it to a variety of external pressures that, combined, could lead to an undermining of its stability and, eventually, that of the area as a whole. U.S. assistance plays an important role in helping Jordan to maintain its economic health, thereby enabling it to resist external pressures and pursue moderate policies with respect to the Middle East conflict.

RENEWAL OF LIBYAN AID TO JORDAN

Mr. CONTE. Is there any prospect that Libya will renew its aid to Jordan, which was cut off in 1970?

Mr. NOOTER. No, sir. The Libyans have given no indication of restoring their aid to Jordan.

EFFECT OF ECONOMIC DEVELOPMENT ON JORDAN'S POLITICAL OUTLOOK

Mr. CONTE. Jordan is embarking on a 5-year development plan which Jordanians hope will reduce their dependence on external budget support. Do you feel that Jordan will maintain its moderate position if it becomes economically less dependent?

Mr. NOOTER. Yes; we believe the Jordanians will continue their moderate foreign policy stance, even with some greater degree of economic independence. Both objectives, of course, are basic aims of our assistance programs in Jordan.

USE OF $850,000 FOR FOOD AND NUTRITION PROJECTS

Mr. CONTE. It is not clear from the justification just how the $850,000 food and nutrition projects will be used. Could you expand on this for me?

Mr. NOOTER. Certainly. The largest amount, that is, $450,000, is proposed to continue project activities in the faculty of agriculture research and development begun in fiscal year 1975; some $200,000 will be used to continue the dryland cereal production project; and the remaining $200,000 will be used to finance a new farm cooperative development project.

EXTERNAL ASSISTANCE FOR PROJECT DEVELOPMENT

Mr. CONTE. Where will the external assistance in project planning and development, for which you are providing $1.85 million, come from?

Mr. NOOTER. All of this assistance will come from the United States, under contracts with private U.S. architectural and engineering firms, management firms and other consulting firms, as appropriate.

SYRIA'S ROLE IN THE LEBANESE CRISIS

Mr. CONTE. What roles is Syria currently playing in the Lebanese crisis?

Mr. CHEEK. Syrian political efforts in Lebanon have on the whole been helpful and in the direction of a moderate solution which would

permit both Christian and Moslem communities to exist side by side. We believe that a resolution of the Lebanese crisis can come only with agreement among the Lebanese on a basic political solution that gives adequate opportunity and security to all groups and communities in the country. The political compromise worked out with constructive Syrian assistance in connection with the January 22 ceasefire appears to us to provide a fair basis for such a solution.

SYRIA'S POSITION VIS-A-VIS ISRAEL

Mr. CONTE. Has Syria made any indication that it is prepared to moderate its position vis-a-vis Israel since our last hearings in November?

Mr. CHEEK. The Syrian attitude toward negotiations should be clearly understood. The Syrian Government has accepted the basic Security Council resolution which is the framework for negotiations and has declared that its objective is to try and reach a negotiated settlement. Syria also signed a Disengagement Agreement, which it has meticulously observed, and has several times concurred in renewal of the U.N. Disengagement Observer Force. Although the Syrians and Israelis do not agree on how to proceed with the negotiating process, the Syrians have not said that they are unwilling to pursue peace. What they have said is that movement toward peace must be sought in the broader context of an overall settlement and that the Palestinians must participate in peace negotiations. We are continuing our high-level discussions with Syria, and the other governments involved, in an effort to resolve these differences and maintain the momentum toward peace.

SYRIAN IMPORTS FROM THE UNITED STATES

Mr. CONTE. How significant has been the rise in Syrian imports from the United States?

Mr. NOOTER. Syrian imports from the United States have risen substantially over the past 3-year period. In 1973 Syria imported some $21 million of goods and services from the United States. In 1974 the level of imports nearly doubled to $40 million, and in the first 10 months of 1975 Syrian imports from the United States totaled $110 million.

STATUS OF CYPRIOT REFUGEES

Mr. CONTE. How many Cypriot refugees are still jobless? How many are still homeless?

Mr. NOOTER. By the end of 1975 unemployment was down to 30,000 from a figure of 44,000 a year before. It continues to fall as a result of considerable progress which the Cyprus Government has made in reactivating the economy. As for housing, 17,800 refugees were still in tents and another 8,500 were in shacks in December 1975. More refugees are gradually moving into adequate housing and we expect this tent population to be down to 10,000 by summer. Housing now under construction will accommodate over 10,000 of the 17,800 in tents, and the Cyprus Government expects that all refugees will be adequately housed by early 1977. The United States provided $1.8 million to the UNHCR for housing in fiscal year 1975, is contributing about $9 million through

the UNHCR for refugee housing in fiscal year 1976, about 25 percent of the Cyprus Government's housing program, and we propose to contribute about $3 million in fiscal year 1977.

CYPRUS—INCREASED PRODUCTION AND INVESTMENT

Mr. CONTE. Have any efforts been made to start production and investment so as to increase the number of available jobs?

Mr. NOOTER. Economic reactivation in the south continues to be impressive. Last fall the Cyrus Government initiated an emergency action plan for reactivating the economy. Cyprus exports are increasing, especially in expanding Persian Gulf and North African markets. Tourist earnings are picking up and will further expand this summer. Production in the south is coming back on stream impressively, and producing in many areas at levels higher than 1974.

COORDINATION OF ASSISTANCE WITH U.N. HIGH COMMISSION FOR REFUGEES

Mr. CONTE. How is U.S. aid coordinated with that of the U.N. High Commission for Refugees?

Mr. NOOTER. With the exception of $4.2 million provided to the International Committee of the Red Cross in fiscal year 1975, all U.S. assistance for Cyprus refugees is contributed to and provided through the U.N. High Commission for Refugees.

TERMINATION OF RELIEF AND REHABILITATION AID FOR CYPRUS REFUGEES

Mr. CONTE. Is this the last year you plan to request relief and rehabilitation aid for Cyprus?

Mr. NOOTER. Yes. We estimate that the relief and rehabilitation needs of the refugees will decrease as the economic reactivation progresses so that there will be no need for assistance after fiscal year 1977.

CURRENT ECONOMIC STATUS OF PORTUGAL

Mr. CONTE. What is the current economic status of Portugal?

Mr. NOOTER. The political instability of 1975 brought major economic problems:

Negative growth, as GNP declined by 6–7 percent in 1975;

Balance of payments deficit could reach $1.8 billion in 1976;

Unemployment rising from the year-end 1975 figure of 13 percent and underemployment of a like number (over 300,00 persons);

Inflation currently at more than 20 percent a year and climbing; and

Shortages of housing, health and educational facilities for a 5 percent increase in population (over 650,000) caused by the return of refugees from Africa and the decline in jobs for Portuguese workers elsewhere in Europe.

By the end of 1975 Portugal's foreign exchange reserves were nearly exhausted, and the country was faced with urgent balance of payments and liquidity problems. Portugal's most critical economic problem is how to finance its balance of payments deficit for 1976, especially dur-

ing the second half of the year. This deficit is likely to be in the $1.0 to $1.8 billion range. Assurance of a continuing and substantial flow of the economic assistance on which Portugal's democratic leaders are counting will greatly enhance their chances of maintaining democratic stability and hastening economic recovery.

TOURISM IN PORTUGAL

Mr. CONTE. In 1973, tourism was 16 percent of Portugal's foreign exchange and has been a significant percentage for many years. What action is Portugal taking to promote tourism?

Mr. NOOTER. The uncertain political environment which followed the overthrow of the Caetano government in April 1974, is still having a depressing effect upon tourism in Portugal. Most of the tourists who visit Portugal are from Northern Europe and the Portuguese Government is undertaking a high priority program to attract them. This includes special exhibits, media campaigns, tourists fairs, etc

DURATION OF AID TO PORTUGAL

Mr. CONTE. On page 107 of the justification it states that U.S. assistance to Portugal is temporary in nature. How temporary do you consider it?

Mr. NOOTER. The assistance to Portugal requested in the security supporting assistance presentation is intended to see that country through a transitional emergency period of economic difficulty so that, once recovered from the disorder which has only recently ended, they can get on without outside help. Much will depend on how well the Portuguese economy performs during the next year, but we hope the need for security supporting assistance will begin to drop off within 2 or 3 years. There are, of course, other categories of United States economic assistance to Portugal—Public Law 480 credits and housing investment guaranties—and some of these might be likely to continue.

ASSISTANCE TO PORTUGUESE REFUGEES

Mr. CONTE. What types of assistance are we providing for Portuguese refugees returning to Portugal?

Mr. NOOTER. In fiscal year 1976 we will provide $35 million in grant funds for relief and resettlement programs from returnees from Angola. These funds will provide some of the basic necessities to assist the returnees in establishing households and pursuing employment. The Portuguese Government will be reimbursed for expenses of providing returnees with clothing, bedding, hand tools for farming and construction, and basic home furnishings. The grant will also provide for financing for medical services, education needs and emergency family assistance. To enable returnees to become more self-sufficient some funds will be used as capital for a small loan fund. Selected voluntary, charitable and community service agencies who are providing services to returnees will also receive funding under the AID grant.

UNITED STATES ASSISTANCE FOR PORTUGUESE HOUSING

Mr. CONTE. How much impact will our $20 million have on the deficit of 500,000 dwelling units that now exist?

Mr. NOOTER. The Portuguese Government's national housing program is making a major impact on constructing the deficit of 500,000 dwelling units. Plans call for construction of 100,000 homes per year, of which about 35,000 are to be financed under a national low-income housing program. The United States is financing about 15 percent of the construction financed under the program's $190 million a year budget. We contributed $33.25 million in fiscal year 1975 and plan $30 million during the transition quarter in development loans and housing investment guaranties as well as the $20 million housing loan and a $10 million housing investment guaranty proposed for fiscal year 1977.

BAHRAIN—FUNDING

Mr. CONTE. Why is only $400,000 needed to continue last year's $600,000 program in Bahrain?

Mr. NOOTER. The development administration project in Bahrain will be implemented within a 2-year framework. The higher figure in fiscal year 1976 reflects some one-time startup costs and forward funding for contracts.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Conte. Mr. Bevill?

ARAB ASSISTANCE TO JORDAN

Mr. BEVILL. What percentage of Jordan's external economic support comes from its neighboring Arab states?

Mr. NOOTER. Total external economic assistance to Jordan in calendar year 1975, exclusive of U.S. assistance, was $237 million, of which $127 million, or about 54 percent, was provided by friendly Arab governments. U.S. assistance for fiscal year 1975 amounted to $99.3 million. If U.S. fiscal year 1975 assistance is added to the other donor calendar year totals, the resulting foreign assistance total for Jordan is $336.3 million, of which the Arab States contribute approximately 38 percent.

GRANT ASSISTANCE TO JORDAN

Mr. BEVILL. Why must such a large portion of our aid to Jordan come in the form of grants?

Mr. NOOTER. Jordan's economy is still in a precarious state but it is improving. Per capita income is still low, and the loss of the West Bank had an adverse effect on gross domestic product. The greater portion of other donor economic assistance has been on concessional terms. To have provided the preponderance of U.S. assistance on other than a grant basis in the past would have resulted in an overwhelming debt service burden for the Jordanians.

U.S. LONG-TERM DEVELOPMENT SUPPORT FOR JORDAN

Mr. BEVILL. Is Jordan embarking on any new long-term development programs that will require the prolongation of our support to that country?

Mr. NOOTER. The Jordanian Government recently completed a new Five Year Economic Development Plan for the period 1976–1980. The new Plan calls for investments of $1.2 billion, most of which they expect will be provided by external donors. The Jordanians hope that by the end of 1980, implementation of the Plan will have succeeded in increasing domestic revenues sufficiently to cover the bulk of annual budget expenditures, thus substantially advancing Jordan towards the goal of economic self-reliance. We believe it to be in the best interest of the United States to support Jordan in its new development effort.

POLITICAL CONCESSIONS FROM SYRIA FOR U.S. AID

Mr. BEVILL. Can you point to any substantial political concessions on the part of Syria that indicate their responsiveness to our economic aid? If not, why should we maintain this aid program in the face of continued Syrian intransigence?

Mr. CHEEK. We do not try to identify our bilateral aid programs with specific political actions or concessions from the recipient governments. Attempts to do so would probably be counterproductive. Instead, we conceive our aid programs within the general context of our overall relations with a given country.

In the case of Syria, the rationale for our aid program is quite simple. Syria must be an integral part of any peaceful settlement of the Arab-Israeli dispute, which is the main objective of our policy in the Middle East. There won't be a negotiated peace unless Syria is included. A close working relationship with Syria is therefore essential to the success of our peace efforts. Our security assistance program, which enables us to cooperate with Syria in the area of economic development, is an important part of such a relationship.

The Syrian attitude toward negotiations should be clearly understood. The Syrian Government has accepted the basic Security Council resolution which is the framework for negotiations and has declared that its objective is to try and reach a negotiated settlement. Syria also signed a disengagement agreement, which it has meticulously observed, and has several times concurred in renewal of the U.N. disengagement observer force. Although the Syrians and Israelis do not agree on how to proceed with the negotiating process, the Syrians have not said that they are unwilling to pursue peace. What they have said is that movement toward peace must be sought in the broader context of an overall settlement and that the Palestinians must participate in peace negotiations. We are continuing our high-level discussions with Syria, and the other governments involved, in an effort to resolve these differences and maintain the momentum toward peace.

RECONSTRUCTION GROWTH

Mr. BEVILL. You are giving Egypt $89 million in grants, mainly for port equipment and water and sewage systems. Why did you pick these areas for concentration of the thrust of your grant program?

Mr. NOOTER. We intend to provide grants in two general categories: technical assistance—$9 million—and Suez reconstruction—$80 million. We believe that grant—as opposed to loan—financing is appropriate for reconstruction activities because these activities are designed to replace various elements of infrastructure damaged or destroyed as the result of hostilities. The remainder of the program is considered new investment and will be financed with loans.

The water and sewage and port equipment quite simply represent those elements of the reconstruction program that we expect to be ready for financing in 1977.

The technical assistance portion of the Egypt program is appropriate for grant financing because it usually is directed at improvements in the institutional framework for economic development, often is concerned with problems of social equity and generally is nonrevenue producing.

EXTERNAL ASSISTANCE TO PORTUGAL

Mr. BEVILL. Approximately what percentage of total external economic aid to Portugal during fiscal year 1977 is expected to come from the United States? What percentage will come from bilateral aid from Western European countries?

Mr. NOOTER. The precise timing of other donor contributions is not fixed, however we can identify over $1.2 billion in external economic assistance that has been pledged to Portugal over the next 12 to 18 months. The U.S. contribution will be approximately 20 percent of the total. The following table summarizes the assistance.

	Amount (millions)	Percent of tota
From the United States: Our total level of fiscal year 1976, transition quarter and fiscal year 1977 economic assistance (appropriated, requested and planned) amounts to $240,000,000	240	20
Western Europe		27
From the West Germans: A $250,000,000 central bank loan with gold as collateral and a $29,000,000 development assistance program	279	
From the Swiss: A $50,000,000 central bank loan	50	
From other bilateral sources: Several small bilateral assistance programs from the United Kingdom, Norway, Sweden, etc	20	
International Monetary Organizations		53
From the Bank for International Settlements: A $250,000,000 loan which will probably be rolled over when it comes due in May	250	
From the European Community: $187,000,000 in credits through the European Investment Bank. Terms: Preferential rates of 6½ percent, 15 to 20 yr maturities	187	
From EFTA: A proposed $100,000,000 industrialization loan	100	
From the World Bank: The IBRD now has under study 2 projects: Power and highway construction for which about $50,000,000 may be lent	50	
From the IMF: Portugal has recently drawn $88,000,000 from the 1975 IMF oil facility, and can arrange a $70,000,000 drawndown under the compensatory financing facility and perhaps other borrowings under a standby agreement	88	

SECURITY SUPPORTING ASSISTANCE-GREECE

Mr. BEVILL. Greece has been dropped from the request list for security supporting assistance this year. Is this solely due to an expectation that the amount in the fiscal year 1976 bill will be sufficient to overcome Greece's economic problems, or are there other reasons involved?

Mr. NOOTER. Greece is making good progress in overcoming its economic problems. The supporting assistance loan provided for in the fiscal year 1976 bill will help, and we hope that the Greek economy will

continue to progress in a way which will make additional supporting assistance unnecessary.

SECURITY SUPPORTING ASSISTANCE FOR SPAIN

Mr. BEVILL. Can you tell me the size of the planned revival of economic aid to Spain?

Mr. NOOTER. A budget request for $10 million is now before Congress. This includes $3 million for the earlier agreement and $7 million for the new agreement. In total the Treaty of Friendship and Cooperation with Spain, now before the Senate Foreign Relations Committee, provides $35 million of security supporting assistance funds for education, technical and cultural exchange activities over the next 5 years. We do not plan any further economic aid to Spain.

ZAIRE SECURITY SUPPORTING ASSISTANCE

Mr. BEVILL. Why have you switched aid for Zaire from security supporting assistance back to developmental assistance?

Mr. NOOTER. At this time we are still using development assistance funds in Zaire in fiscal year 1976, although, as you know, we do have a proposal for fiscal year 1976 security supporting assistance funding pending final congressional approval.

Our rationale for requesting that our program in Zaire be switched from development to security supporting assistance funding in fiscal year 1976, was that the commodity import program loan which we are proposing was more appropriately justified under the latter funding category since it was essentially to support or promote economic and political stability rather than longer term economic development. Because section 115 of the Foreign Assistance Act provides, in effect, that development assistance and security supporting assistance funds cannot be provided to a country in the same fiscal year, it was necessary to switch our AID program proposed for fiscal year 1976 to security supporting assistance. Similarly, since we have not proposed a commodity import program loan for fiscal year 1977, our AID program for Zaire fits into the development assistance funding category.

Mr. BEVILL. Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Bevill. Mr. Coughlin?

Mr. COUGHLIN. Thank you, Mr. Chairman.

LOANS AND GRANTS

I wondered if I might go through the amount that will be in grants and loans country by country.

Israel, of the $785 million, how much of that is grant?

Mr. NOOTER. Two-thirds would be in the form of grants and one-third in the form of loans.

Mr. COUGHLIN. Egypt, of the $750 million?

Mr. NOOTER. In Egypt, of the $750 million, $661 million would be in the form of loans and $89 million as grants.

Mr. COUGHLIN. In Jordan, at $77.5 million?

Mr. NOOTER. It would be $24.5 million in loans, and $53 million in grants.

Mr. COUGHLIN. And Syria, of the $90 million?
Mr. NOOTER. $87 million in loans and $3 million in grants.
Mr. COUGHLIN. And Portugal, the $55 million?
Mr. NOOTER. $53 million in loans; $2 million in grants.
Mr. COUGHLIN. And Cyprus, the $10 million?
Mr. NOOTER. That would all be in the form of grants.
In each of these cases there is a reason why we reach this particular proportion which, if time permits, I will be glad to review with you.
Mr. COUGHLIN. And Bahrain, Malta?
Mr. NOOTER. Bahrain is a small technical assistance program on a grant basis; Malta is really a base payment which is also on a grant basis.

MALTA BASE PAYMENT

Mr. COUGHLIN. In Malta has anyone else joined in the base payment?
Mr. NOOTER. Yes; we put up $9.9 million of a total of about $36 million. The other payments are made by the European countries, the NATO members. Our share is about one-fourth.

AID TO SPAIN

Mr. COUGHLIN. And Spain will be providing a request. Is that correct?
Mr. NOOTER. There will be a request coming up for Spain; yes.
Mr. COUGHLIN. We will handle that in a supplemental, or how will that be handled?
Mr. NOOTER. Well, I am not sure. The request was being held up until such time as the Senate had acted on the treaty, itself, but the amount that is needed is already known. I believe the congressional Budget Committees are also aware of the requirement.

REASONING BEHIND LOAN/GRANT RATIO

Mr. COUGHLIN. You indicated there was a reason behind the grant-loan ratio. I don't have the time to go into that for each country, but can you give us a general outline?
Mr. NOOTER. Just briefly on some of the larger programs. In Israel, for example, we looked at the terms of the Israel program across-the-board, including the military program, which is half grant and half loan, but that loan portion is on rather hard terms, running about 7½ percent. For that reason on the economic program we included a fairly large grant element.
In the case of Egypt, we have provided grants for those things that had to do with reconstruction in the Suez area, resulting from the 1973 war, and for the technical assistance items. The development projects are on a loan basis. Since the development project component has increased this year, we have a larger loan element than in the 1976 program.

LOAN REPAYMENT

Mr. COUGHLIN. Do we really feel reasonably sure these loans will be paid back?

Mr. NOOTER. Well, you know, Mr. Coughlin, the record of repayment is really pretty good over the years. We have had some rescheduled debts for aid, but on the whole, I think something like 95 percent of AID loans have been repaid on schedule. Based on that track record, one would assume that there is a pretty good chance they will be repaid.

Mr. LONG. Would the gentleman yield?

Mr. COUGHLIN. Yes, sir.

LOAN REPAYMENT RECORD

Mr. LONG. I think the gentleman has raised a very interesting question. I wonder whether you really feel that the record of the past is a guide to what will happen in the future. As long as we are willing to lend the money, they are bound to pay us back and the real crunch will come when these countries are all mature creditors and are no longer getting any more loans. That is when the crunch will come as to whether we get the money back. I make a prediction, somebody can read the record some years from now, that you are not going to get back nearly as much of all this money as our record up to now would suggest.

Mr. NOOTER. We will have to see. Of course, some countries looked like extremely poor credit risks, such as Indonesia, in 1965, and now with its oil production it is a much better credit risk. So sometimes it goes the other way.

Certainly there are risks involved in loan money made available to less developed countries.

Mr. LONG. I thank the gentleman for yielding.

OTHER DONOR AID TO PORTUGAL AND SPAIN

Mr. COUGHLIN. With particular regard to Portugal and Spain, are any other countries providing significant amounts of aid to those two countries?

Mr. NOOTER. Yes; in the case of Portugal, the Europeans now are doing quite a bit.

Mr. COUGHLIN. What order of magnitude would that be?

Mr. NOOTER. Germany recently made a balance-of-payments loan on relatively hard terms to Portugal for $250 million. Incidentally, our terms to Portugal are somewhat harder than with most of the less developed countries because it is further along. It is more developed and therefore in the future years should be better able to bear the burden. So the loans to Portugal are at 5 percent rather than the 2 and 3 percent we use elsewhere.

There has also been an offer of aid renegotiated for 187 million for credits from the European community through the European Investment Bank. Those are the two big elements, but there are other smaller ones, also, so it is substantial.

OTHER DONOR AID TO JORDAN AND SYRIA

Mr. COUGHLIN. And the same question with respect to Jordan and Syria. Are any other nations making substantial——

Mr. NOOTER. Yes; the biggest donors are the Arab countries, the oil-producing Arab countries. I can submit something for the record as to the amount of the assistance to those two countries.

Mr. COUGHLIN. Will you submit it for the record?

Mr. NOOTER. Yes.

[The information follows:]

OTHER DONOR ECONOMIC ASSISTANCE TO SYRIA AND JORDAN

[In millions of dollars; calendar year 1975]

	Estimated—Commitments	
	Syria	Jordan
OPEC	982.0	122.0
Iran	150.0	4.8
DAC Countries	35.2	97.3
Multilateral/international organizations	84.2	13.4
Communist countries	353.0	----------
Total	1,604.4	237.5

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. PASSMAN. Mr. Roush?

Mr. ROUSH. Thank you, Mr. Chairman.

TRANSITIONAL QUARTER FUNDING

Mr. ROUSH. I would like to go back to the questions asked by Mr. Shriver a moment ago concerning the funding for the Middle East countries for the transition quarter, or the interim quarter. As I understand your answer, you stated that the interim quarter funds which we find in the Senate bill are not necessary. Is that correct?

Mr. NOOTER. That is our opinion; yes, sir.

Mr. ROUSH. Is this view shared by the State Department? Are you expressing the view of the State Department?

Mr. NOOTER. I am expressing what I understand to be the administration's position; yes, sir.

Mr. ROUSH. Do you have any idea whose idea it was to put those funds in over on the other side? That wasn't generated in your shop?

Mr. NOOTER. It wasn't generated by the administration; no, sir.

Mr. ROUSH. Are the countries affected, Israel, Egypt, Syria, and Jordan, requesting amounts consistent with the inclusion of these funds in the transition quarter or consistent with the exclusion of these funds in the transition quarter?

Mr. NOOTER. Our request for fiscal 1977 is based on the assumption that there would be no funds for these countries in the interim quarter.

Mr. ROUSH. Do I understand there would be no serious consequences if the funds were not made available in the transition quarter as expressed in the Senate bill? Is that correct?

Mr. NOOTER. That is correct.

Mr. ROUSH. I want to make sure that the record is explicit as to why the funds are not needed in the transition quarter.

I agree with that, but I want the record to reflect precisely why because we are going to conference next week, I think.

Mr. NOOTER. As you know, the administration places the Middle East and peace in the Middle East as a highest priority. For that reason, we have budgeted and provided for what we think are very substantial funds in fiscal year 1976 and fiscal year 1977.

The question before us is whether some additional increment of funding is necessary, and I think in that argument we shouldn't lose sight of the fact that the administration is determined to reach peace there, and is willing to provide substantial amounts of money to do so.

On the other hand, there is a limit beyond which we think funds are not really necessary to achieve this objective.

BUDGET REQUEST DECISION

When the 1977 budget was decided on, it was done with a very careful look at what should also be done in the interim quarter. The 1977 level was taken with the notion that the interim quarter would be zero for those four countries. In other words, an alternative budget might have been to provide something in the interim quarter and perhaps a lower amount in 1977, but that was not the basis on which the decision was taken.

Now, in the case of Israel, of course the budgeted amounts affect both the military requirements and the economic requirements. Again the budget for 1977 was based on a very careful assessment of both requirements and a determination that the amounts requested were appropriate to maintain her economic balance-of-payments situation.

Mr. LONG. Would the gentleman yield?

Mr. ROUSH. Yes.

Mr. LONG. I think the gentleman from Indiana has raised an important question, and of course I will support the interim money, but I want to know why the administration put Congress in the very awkward position that it did by asking for a higher level of appropriation during the regular fiscal year and not asking for anything in the fifth quarter. You knew you were going to put Congress over the barrel on this matter, and then by not asking for any appropriation for this, make it look as if Congress was busting the budget.

Mr. NOOTER. I am sure there was no intention to put Congress over any kind of barrel on this issue. Procedurally, of course, the 1976 request came forward very late because of wanting to have the Sinai agreement worked out first. That also delayed decisions on the interim quarter and 1977.

Mr. LONG. Why didn't you make a lower level and provide money in the interim quarter if you felt that was a possibility?

Mr. NOOTER. There are a couple of technical reasons for that. In the case of the Israeli economic budget, for example, our fiscal year request relates to the Isareli calendar year requirement. In other words, the fiscal 1976 money provides money for Israel's calendar 1976. Therefore, an interim quarter amount isn't really relevant. It merely would be carryover into the following calendar year because it happens to fall so late in the calendar year.

In the case of the Arab countries, the issue is when project development is completed, and the projects can be worked out. As I said to Mr. Shriver, it will be rather difficult to work out sound projects in time to obligate interim quarter funds. This can be done in a more

orderly and timely way if we have the money available during the fiscal 1977 period. So those are some of the technical reasons why.

Mr. LONG. I have used up enough of the gentleman's time.

ABSORPTION CAPACITY

Mr. ROUSH. I know my 5 minutes are gone, Mr. Chairman, but I did have a question I would like to follow up here, and the answer may not be consistent with my own view here, but if the money is made available, would these countries be able to absorb the funds and use them in a useful way, or would it be more orderly to wait and include funds in the 1977 budget?

Mr. NOOTER. It certainly would be more orderly to do it in 1977. We haven't really been planning on money in the interim quarter for these programs as far as the project development work is concerned, that I have been referring to, because this request was not in the President's budget. It only has developed in the Congress over the last few weeks.

RECIPIENT COUNTRY DESIRE FOR ADDITIONAL FUNDING

Mr. ROUSH. Well, of some concern to me is I am wondering whether or not the countries, themselves, are dependent, since it is in the Senate bill, on these funds being included in that transition period. It is no secret on the floor of the House they said, "No, the amendment will not be offered; the Senate will put it in and we will work it out in conference," the inference being it would be worked out in such a manner as the funds would be included.

That may not be a fair statement, Mr. Chairman, but I think it is true.

Mr. PASSMAN. I think it is a fair statement.

Mr. ROUSH. I would hope they are not counting on it. I, for one, will resist, partly because of my conviction, and partly because of the argument you have set forth here today, the inclusion of those in the interim period.

Mr. NOOTER. I think there is no secret, Mr. Roush, that Israel, particularly, would like to have the funds that the Senate has put in the bill. I mean I think there is no question that they would find these additional funds meeting what they feel is a military level that they feel they need. They would like to have the extra-economic relief that would come from the additional funds. However, our assessment is that that level of funding would provide funds for those programs at what the administration feels is a less rigorous basis than we provide for our own domestic program.

Mr. ROUSH. If they knew the 1977 funds were going to be reduced accordingly, they might not be quite as eager to have them included in the transition period, would they?

Thank you, Mr. Chairman.

Mr. PASSMAN. Thank you, Mr. Roush.

INCLUSION OF TRANSITIONAL QUARTER FUNDING

I think that we all want to do what is right, but if we are going to make a record that will stand up all the way through, I think we will

have to go back to the very beginning. The administration or the Office of Budget and Management did not request any funds for the fifth quarter. Is that correct?

Mr. NOOTER. That is correct.

Mr. PASSMAN. They submitted no justifications in support of the fifth quarter appropriation.

Mr. NOOTER. For these four countries; yes, sir.

Mr. PASSMAN. I am talking about the Sinai package.

Mr. NOOTER. Exactly.

Mr. PASSMAN. But subsequently, without any justifications or any budget request and without any endorsement of the administration, both authorizing committees put the fifth quarter in. Is that correct?

Mr. NOOTER. That is correct.

Mr. PASSMAN. Therefore, there had been no request and the administration didn't embrace funding for the transition period, would that be a fair statement?

Mr. NOOTER. That is my understanding.

PIPELINE FOR ISRAEL

Mr. PASSMAN. Now, if I understand the situation, there was $1.800 billion in undelivered equipment and services as of January 31, 1976.

Mr. NOOTER. We do have a figure on that, Mr. Chairman; just a moment.

Our data indicates that the total pipeline at the beginning of fiscal year 1976 was some $1.1 billion. The principal element in this pipeline was FMS credits, which was $929 million. The remaning $171 million in the pipeline represents economic assistance, namely the $20 million obligated late in fiscal year 1975 for a joint United States-Israel prototype desalting plant and $151 million remaining under the commodity import program. If fiscal year 1976 obligations and expenditures proceed on schedule as presently planned, the total pipeline on June 30, 1976 will be about the same as at the beginning of the year.

Mr. PASSMAN. It is my understanding that, as of January 31, 1976, the figure is $1.8 billion. Now, we are coming to the end of the ninth month of fiscal year 1976. There are only 90 days left in the old fiscal year. Is that correct?

Mr. NOOTER. That is correct.

Mr. PASSMAN. And inasmuch as the total for Israel for fiscal 1975 was $624.5 million, and inasmuch as you are operating under a continuing resolution, you are putting additional money in the pipeline at the rate of $624.5 million a year. Is that correct?

Mr. NOOTER. Well, the Israeli continuing resolution——

Mr. PASSMAN. I am speaking about the legal authority under which you have been operating since June 1, 1975.

Mr. NOOTER. For the total supporting assistance.

Mr. PASSMAN. Yes; the total amount.

Now, the House and the Senate have agreed to $2,200 million for fiscal year 1976 for economic and military aid to Israel. This means that during the last 90 days of this fiscal year they are going to try to get into the pipeline, roughly, an additional $1.6 billion. Is that correct?

Mr. NOOTER. That is correct.

ABILITY TO OBLIGATE FUNDS

Mr. PASSMAN. Can they possibly prudently obligate the remainder of the $2,200 million in 90 days?

Mr. NOOTER. Mr. Chairman, yes, it would all be obligated, but it would not all be expended.

Mr. PASSMAN. You incur obligations after projects have been justified and approved, do you not?

You indicated earlier you couldn't give any thought to the fifth quarter because you didn't know what was going to happen. Yet you predict you will get $2,200 million, and you don't know whether or not you will and you have the projects ready to put in the slot machine.

Mr. NOOTER. We have been working on the basis of the administration's request for the entire year and we will be able to obligate the funds requested.

ABILITY TO OBLIGATE FIFTH-QUARTER FUNDS

Mr. PASSMAN. How about the fifth quarter? You have known, Mr. Nooter, for weeks that the Congress was going to give you, no doubt, the fifth quarter, both authorizing committees put it in, the Senate put it in, that was marked up, I believe, last week or the week before. You had knowledge of it, didn't you?

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. So I can say this, if you can put in the pipeline, $1,600 million that you don't have yet, it would appear to me you have some knowledge on possibly how you could spend the additional funds. Let the record speak for itself. I want to be completely fair about this. I know you have to back the administration request, and that is the way it is.

Mr. NOOTER. In those programs that relate to, say, commodity import programs or military procurement, there isn't a serious problem in terms of obligations. In those programs that relate to capital projects——

Mr. PASSMAN. I am speaking primarily of economic aid. Funds for military aid can be used to fund deliveries of previously ordered items.

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. Military deliveries and payments are worked out over a long period of time based on lead time, et cetera. But commodity import support operates on a different set of schedules.

Mr. NOOTER. That is correct, sir.

Mr. PASSMAN. I don't think there is anything wrong with being repetitious occasionally. There was no justification for the fifth quarter; there is no budget request for the fifth quarter; the administration does not want the fifth quarter, and you do not think it can be prudently obligated if we gave it to you.

Mr. NOOTER. At least some portion of it; yes, sir.

Mr. PASSMAN. What portion? Let's pin it down.

PROBLEMS IN OBLIGATING FIFTH QUARTER FUNDS

Mr. NOOTER. We would have different problems in different countries. In the case of Israel, there is some question about how much

additional commodity import money can be channeled through the system. There would have to be a decision taken as to whether any extra money was provided as commodity import money or cash grant or some other alternative. Obviously, we try to stay away from cash grants to the largest extent possible.

OBLIGATING FISCAL YEAR 1976 FUNDS

Mr. PASSMAN. How far along are you on the planned obligation of the proposed $700 million for fiscal year 1976?

Mr. NOOTER. We have been working on the administration's request for the full year.

Mr. PASSMAN. For the entire amount, $700 million to the last dollar?

Mr. NOOTER. That is correct.

Mr. PASSMAN. If you were sitting on this side of the table chairing this committee and found yourself pro-Israel, like I am, simply because I realize the importance of having some strong ties to that part of the world, I wonder how you would vote?

Mr. NOOTER. Mr. Chairman, I think my record is pretty good on defending our programs to Israel, also. I don't consider a position that would be against fifth quarter funding to be anti-Israel by any stretch of the imagination. I think that would be entirely misconstruing the position.

USE OF TRANSITIONAL QUARTER FUNDS

Mr. PASSMAN. Mr. Nooter, if the Congress should provide fifth quarter funding for the Sinai package agreement without the support of the administration, including the White House, what disposition would you make of the fifth quarter funds?

Mr. NOOTER. Well, we would have to study that, Mr. Chairman. We have not really worked out firm plans. Let me say that one portion of that fifth quarter funding for the Middle East countries would be used to make up for the cuts that were made in the 1976 request for the same countries.

Mr. PASSMAN. You just do that, you understand, and you will see a cut next year that will make this one look like a little pocket change. I don't believe you mean that, do you, that when this Congress and this committee in its wisdom made some necessary adjustments that if you got the fifth quarter funds you would use them to offset the cuts we made in fiscal year 1976? Do you mean that is what you would do?

Mr. NOOTER. I think as concerns the four Middle East countries it would have that effect. For example continuation of a commodity import program from interim quarter funds would have the effect of replacing funds cut from a commodity import program in fiscal 1976.

Mr. PASSMAN. The administration is perfectly happy with what the House did. They liked the legislation. There were no complaints. It was adequate.

Let me say this: That the administration does not want it. You said you have no need for it and the only way you can utilize it would be to fund programs, that is to put it in a pipeline and offset adjustments this committee made. Is that what you are going to use it for?

Mr. NOOTER. I believe that would be the effect that some portion of those funds would have.

Mr. PASSMAN. What if somebody like the President told you not to do that. You would tell him no, of course.

Mr. NOOTER. We would do what he said.

Mr. PASSMAN. This shocks me. It makes me think this whole thing is a fraud, not personally, but the program. Well, you have made the record and I will have to take that into account, that what you will use it for is to offset other cuts made by the committee in the fiscal year 1976 bill.

PROGRESS IN PEACE NEGOTIATIONS

Could you tell the committee what progress has been made in the peace negotiations in the Middle East between Egypt, Israel, and Syria, if any?

Mr. NOOTER. Mr. Cheek from the State Department can take that question.

Mr. CHEEK. Since the Sinai accord, Mr. Chairman, we have entered what we consider to be a very critical phase. We are not anticipating any particularly dramatic move at the present time. It is going to be very slow, hard work in 1976. This is the phase we are in now: We brought back our Ambassador from Egypt a while ago; we have our Ambassador from Syria back currently; and our Ambassador from Jordan will be coming back next week.

We are discussing with these Ambassadors possible next moves. Then they are going back and entering into a process of consultation with their respective host countries. Of course, we have an ongoing process of consultation with the Israelis: Prime Minister Rabin and Foreign Minister Allon were both here only recently. We are hopeful something positive will come out of this consultation with all the parties.

SEARCH FOR SOLUTION

Mr. PASSMAN. You couldn't get them to come at the same time, could you?

Mr. CHECK. We would not have a problem if we could do that, Mr. Chairman. As to possible solutions, we are wide open on this. As the Secretary said, we are looking for whatever will work, whatever is practical. We have suggested: Let's go back to Geneva; let's go to a preparatory conference; let's do anything that will bring the parties together and achieve some progress.

We have no special plan of our own that we are trying to sell or force on people. We are trying to talk with them to hear their ideas and to keep them talking. We are dedicated to one thing and that is to have momentum in 1976. That is the one thing we know we want: To continue momentum in 1976 so that something will happen in the way of progress toward peace in 1976.

COUNTRY TALKS

Mr. PASSMAN. Do you see any indication at any point by either of the major powers out there that they really want to talk?

Mr. CHEEK. Let's put it this way: We have not become so pessimistic that we are inclined to quit. We are still talking and in the

diplomatic business there is always hope as long as you can keep talking.

Mr. PASSMAN. What is the highest level at which they have had talks, between Syria and Egypt?

Mr. CHEEK. We have a situation where the United States is talking to all the parties at the highest levels.

Mr. PASSMAN. I know you are, but I am talking about what is the highest level that the Egyptians and Israelis have talked?

Mr. CHEEK. To one another?

Mr. PASSMAN. Yes, one another.

Mr. CHEEK. I am not able to confirm that there have been direct talks between them. The Egyptians are talking to us and the Israelis are talking to us and the Jordanians are talking to us as are the Syrians.

Mr. PASSMAN. But nothing between the diplomats of those countries directly?

Mr. CHEEK. Not anything that I could go into. These governments can have contacts of their own and they can speak for themselves, but there is nothing I am able to speak to.

NECESSITY FOR ISRAELI-EGYPTIAN DIALOG

Mr. PASSMAN. I am not trying to pressure you, but I am trying to find out. Sooner or later there is going to have to be some kind of a dialog established between the officials of Egypt and Israel; is there not?

Mr. CHEEK. Yes, sir, but that could come about in a variety of ways. So far it apparently has not, directly.

Mr. PASSMAN. Mr. Long, I'll yield to you.

ISRAELI CONCESSIONS

Mr. LONG. I thank the gentleman for yielding.

There is an old saying that talk is cheap. Israel has done more than talk. Israel has made real concessions. Is that not true? They have given up control of strategic passes. They have given up the Rudeis oilfields which bring in very large revenues every year. It would seem to me that this is a real token of desire for peace, not to mention the fact that once a country has given up all this it would hardly be likely to go to war again for aggrandizement of territory since this would indicate that it is retrenching rather than expanding.

Isn't this true?

Mr. CHEEK. Yes, Dr. Long. But when I referred to just talk, I was not referring to Sinai II. I was referring to the present situation.

EGYPT AND SYRIA GOOD-FAITH EFFORT

Mr. LONG. What has Egypt or Syria done which would be a real token of good faith in achieving some sort of peace?

Mr. CHEEK. Well, Egypt, of course, has complied fully with the Sinai II agreement. Israeli cargoes are passing through the Suez Canal and various other things are happening. Egypt also continues on a moderate course.

Mr. LONG. Each gets all its cargoes through the Suez.

Mr. CHEEK. I was talking about Israeli cargoes. The Syrians have renewed the UNDOF Mandate. They have a different view of how negotiations should proceed, but they are not refusing to discuss negotiations.

EGYPTIAN ABROGATION OF TREATY WITH U.S.S.R.

Mr. PASSMAN. In that connection, let's look at some concessions Egypt made. Only recently I read where they ordered all Soviet technicians out; did they not? They almost completely severed everything with Russia other than diplomatic ties?

Mr. CHEEK. It was not part of Sinai II, but they have abrogated their treaty with the Soviets. Although the future status of the Soviets presence in Egypt has not been clarified, it is generally assumed that some of them will be leaving.

Mr. PASSMAN. I don't believe we are making a good record. Do you remember reading in the paper recently where Egypt ordered the people out?

Mr. CHEEK. No, sir; they abrogated their friendship and cooperation treaty with the Soviets.

Mr. PASSMAN. Isn't that the equivalent, and they are now going home?

Mr. CHEEK. Certainly there are programs taking place under that agreement, and now that it is abrogated we assume that some of these programs will be terminated and Soviets working in them will be going home.

Mr. PASSMAN. If the Egyptians are indicating their willingness to cooperate and the very fact that they are asking the Russians and the technicians and everybody to leave, if they didn't, then somebody made a mistake in putting it into the paper. Did you read it?

Mr. NOOTER. Yes. This was a significant break with the Soviet Union; yes, sir.

INTERPRETATION OF EGYPTIAN ACTIONS

Mr. PASSMAN. So Egypt has indicated a willingness to continue the negotiations and enlarge upon them. Would that be a proper interpretation from their recent actions?

Mr. CHEEK. Let's say that our view of their actions regarding the Soviets is that it is in favor of our policy objectives to enhance their cooperation with the West and to lessen the influence of other powers.

PROGRESS TOWARD U.S. GOALS

Mr. PASSMAN. In fact there has been no progress. It is just wishful thinking and we hope something will be worked out.

Mr. CHEEK. Egypt's recent action is very definitely progress toward our policy goals.

Mr. PASSMAN. If it is not correct, please so indicate.

Mr. CHEEK. Yes, sir, this is definitely progress toward our objectives, and I do not want to leave any impression to the contrary.

Mr. PASSMAN. How much progress, 20 percent, 30 percent?

Mr. CHEEK. I could not quantify that, Mr. Chairman.

Mr. PASSMAN. I know that sooner or later you are either going to have to have peace or you are going to have to have something else. Make no mistake about it. It just can't go on like this forever.

POSITION ON LEBANON

I am going to switch to another nation briefly. What is the U.S. position in Lebanon? Are we getting involved in the religious war or are we just staying out of it?

Mr. CHEEK. Our position is very clear. We are against military intervention by any outside power in Lebanon.

Mr. PASSMAN. For either side?

Mr. CHEEK. Yes, and I think we would apply that to ourselves.

POSSIBLE AID TO LEBANON

Mr. PASSMAN. Did you say, Mr. Secretary, that we are going to give some thought to funding Lebanon, give them reconstruction aid for the destruction they have wrought in that country in a religious war? Are we considering that?

Mr. CHEEK. Mr. Nooter can probably answer that.

Mr. NOOTER. I think Mr. Cheek was speaking of some possible help for the refugees.

Mr. PASSMAN. They are all Lebanese. They are reasonably intelligent. They are tearing up their own country.

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. Why don't you advocate letting them stew in their own juice for a while? There were beautiful hotels and they have just about destroyed them, haven't they?

Mr. NOOTER. Yes; they have.

Mr. PASSMAN. And anything of any value in the city of Beirut; isn't that true?

Mr. NOOTER. I understand it is.

Mr. PASSMAN. Why should we give any thought to going in there and replacing what the Lebanese themselves have actually destroyed?

Mr. KOCH. Would you yield?

Mr. PASSMAN. Yes.

Mr. KOCH. Isn't it a fact that we are not talking about hotels? We are talking about 10,000 Lebanese who have been killed and about 30,000 who have been injured. These are people. We are not talking about places; isn't that a fact?

Mr. NOOTER. That is correct.

POSITION OF CHRISTIAN FORCES

Mr. KOCH. Isn't it a fact that at this moment it looks as though the Christian community in Lebanon will be overwhelmed and "Islamized," if that is the proper word? Isn't that a danger?

Mr. CHEEK. It is a danger. It has always been a danger. I don't think that is our present assessment, although it is extremely difficult to assess what is happening in Lebanon from day to day.

Mr. KOCH. Isn't it a fact that if you read the reports from Lebanon, you find that the Christian minority is being pressed into a tighter

area each day and they are losing substantial parts of even the capital city? Isn't that a fact? Didn't you read in today's Times and yesterday's Times? Do you have better information than what those reporters are filing?

Mr. CHEEK. It is true, but there have been some shifts on both sides. It is very difficult to say at this time with any certainty that one side's relative position has been significantly enhanced. It is a totally confused and rapidly changing situation.

Mr. KOCH. Would you say at this point that the position of the Christian forces in Lebanon has not seriously deteriorated from what it was a month or two back?

Mr. NOOTER. I think the general assessment is that the position of the Christians has worsened.

Mr. KOCH. Has worsened?

Mr. NOOTER. Right.

Mr. PASSMAN. Aren't the Christian Lebanese citizens just like the Moslems. Aren't they of the same blood? Isn't there intermarriage?

Mr. NOOTER. Yes.

AID TO LEBANON

Mr. PASSMAN. I am sorry that anybody got killed in Lebanon but if they are willing to tear their country down and wrought hundreds of millions of dollars of destruction, why should we feel that we have any responsibility to go in there and replace what they have destroyed? How do we justify that?

Mr. NOOTER. Mr. Chairman, I don't think at this point we are looking to the question of reconstruction. I think the immediate problem as Mr. Koch says is meeting some immediate humanitarian needs of some of the people.

RECONSTRUCTION AID

Mr. PASSMAN. I am talking about reconstruction aid. I am not talking about humanitarian aid where you want to give them something to eat. But you have a lot of extremely wealthy people there, do you not, and they are very able to buy this food. No doubt a lot of these extremely wealthy people, multimillionaires are involved in this fighting. They are taking sides, some on the Christian side and some on the Moslem side.

Before we start this reconstruction program why not give those millionaires a chance to rebuild what they have torn up.

Mr. KOCH. Isn't it a fact that the poor people stayed there and the rich have left? Are you aware of the fact that a number of people have left Lebanon by plane and taken refuge in France, for example?

Mr. NOOTER. Yes.

Mr. KOCH. Those are generally the people who can afford it, isn't that so?

Mr. NOOTER. Yes; no doubt.

Mr. KOCH. The people who remain are those who cannot afford a plane flight to France. When the chairman refers to millionaire Lebanese, the millionaire Lebanese are probably not included in the 10,000 that were killed. Those killed are generally the poor people, isn't that a fair statement?

Mr. PASSMAN. When I talk about millionaire Lebanese I am talking about the Lebanese who own the fine office buildings and these beautiful hotels. Those hotels and office buildings are owned by the wealthy Lebanese. That is what I am talking about replacing.

You are not going to replace something owned by the Government. You are talking about a reconstruction program to replace something owned by the Lebanese, isn't that correct? That is what you are considering?

Mr. NOOTER. At this point we have not made any plans or given any serious consideration.

Mr. PASSMAN. I think you should take care of the humanitarian aid, give them something to eat and something to wear but I would hate to think that we would ever feel that we should go in there with reconstruction aid because they tore up the country and destroyed the buildings. It will cost no doubt hundreds of millions of dollars to rebuild that country, won't it?

Mr. NOOTER. I believe it will.

Mr. PASSMAN. I don't see how we can ever get around to believing it is our responsibility to give them a dime unless they are poor people who need humanitarian aid. I hope you people don't get off on that type of reconstruction program. Mr. Long?

SUEZ CANAL

Mr. LONG. Yes, Mr. Chairman. That raises the question of the Suez Canal. Now in opening the Suez Canal, who is paying for all that cost?

Mr. NOOTER. The clearing and rehabilitation of the Suez Canal has been shared in by many countries. We made a contribution to some of the mine clearing that went on in the Suez. I think it was a total of about $30 million in Navy services.

Mr. LONG. How much of that are the Egyptians paying?

Mr. NOOTER. They are doing a great deal of reconstruction in that area on their own. I don't have any figures for that.

Mr. LONG. Are they paying for it or is it being paid for with outside money?

Mr. NOOTER. I am referring to the rehabilitation of some of the land facilities along the canal, but they are getting aid from other places.

Mr. LONG. Digging up the sunken hulks; who pays for that?

Mr. CHEEK. They have a $220 million loan from Japan for widening and rehabilitation, but that is another matter.

Mr. NOOTER. The World Bank is making them a loan of about $50 million.

Mr. LONG. Of which a substantial part is an American contribution.

Mr. NOOTER. Actually the Bank finances most of its operations by borrowing in the international money markets. Since our initial 25 percent subscription in 1944, the United States has made no further contribution for Bank loan funds.

I think the total cost of rehabilitating the canal and putting it back in operation was about $275 million to $300 million including the cost of reequipping the Suez Canal Authority with basic maintenance and navigational equipment.

Mr. LONG. Of which most is paid for by outside Egypt.

Mr. NOOTER. We contributed about $30 million to clearing wrecks and unexploded ordnance from the canal. Some European countries made some contributions, and the World Bank.

EGYPTIAN CONTRIBUTION TO CANAL CLEARANCE

Mr. LONG. The financial contribution which the Egyptians themselves made, the financial contribution has been relatively small.

Mr. NOOTER. We will have to check that.

[The information follows:]

EGYPTIAN CONTRIBUTION TO CLEARING THE SUEZ CANAL

During the period April 1974 to June 1975 when the United States, British, and French forces were involved in the clearance of the canal, the Government of Egypt deployed the equivalent of five engineering battalions to manually clear the canal banks of mines and ordnance; assigned 90 divers to search the bottom for mines; and utilized available tugs, barges, light cranes, and other equipment. Much of the cost involving the Egyptian military contribution cannot be tabulated; however, based upon data provided by the civilian Suez Canal Authority, we estimate that as of June 30, 1975, the Government of Egypt had expended approximately $50 million on the canal clearing operation.

Since July, the Government of Egypt has continued work to bring the canal back to its former level of operation. Hulks have been removed from turning basins and anchorages and the heavily damaged Port Tewfig has been put back into operation. This effort, also, is financed from the Government of Egypt's own resources.

In addition, anticipated canal improvements to be financed by the World Bank, the Arab countries, and by the Japanese Government will require complementary inputs by the Egyptians.

RECONSTRUCTION OF WARTORN COUNTRIES

Mr. LONG. The point I want to make is that there is no incentive for Egypt not to go to war and destroy vast quantities of property if we and the rest of the world community come in and clear up the damage after it is over.

It seems to me that one of the forces for peace in the Middle East is the knowledge on the part of the Egyptians that if they go to war again the canal is going to be all clogged up again, and it is going to be their money that goes down the drain. Otherwise there is no particular reason why they should be worried about the peace.

Mr. NOOTER. I wish the politicians of the world were that thoughtful when they make political and military decisions. Certainly I understand your point, Dr. Long.

Mr. LONG. That reminds me that Chancellor Oxenstierne of Sweden at the time of the Thirty Years War said something which is just as true now as it was then. He said, "You know, my son, with how little wisdom the world is governed." Thank you, Mr. Chairman.

RELIGIOUS WAR IN LEBANON

Mr. PASSMAN. I don't want to badger you but sometimes it is good to find out what people are thinking about in advance. I am worried a good deal about this religious war in Lebanon. I think as we read history we have had many religious wars that lasted years and years.

I don't know when this thing will be over but I do know that there has been some talk that we may give some thought to reconstruction aid to Lebanon. Now this would be one time I just don't think we could possibly justify going in and rebuilding the buildings, office buildings, hotels and docks that the Lebanese themselves destroyed. Regardless of what church they belong to, they are all Lebanese.

DAMAGE ESTIMATE

Are you people keeping up with what the damage could possibly be in Lebanon?

Mr. NOOTER. We receive reports from time to time.

Mr. PASSMAN. What is the present estimate of destruction?

Mr. NOOTER. I think the Lebanese have estimated something in excess of $3 billion.

Mr. CHEEK. That was before the current round. It increased by millions of dollars today—the docks are on fire.

Mr. PASSMAN. Isn't that something? And we do agree that they are all Lebanese, residents of the same country, is that right?

Mr. NOOTER. That is right.

Mr. PASSMAN. This is one of the worst things that has happened in our lifetime.

AMERICAN UNIVERSITY OF BEIRUT

What is going to happen to the American University of Beirut?

Mr. NOOTER. Well, the university was having, of course, a very difficult time reopening last fall but when the situation calmed down about a month ago they did bring in the students from the other countries who attend there and they did reopen.

Mr. PASSMAN. Are they operating now?

Mr. NOOTER. Yes, sir, but in this last round of fighting a mortar shell landed on the university campus.

Mr. PASSMAN. That has been several weeks ago.

Mr. NOOTER. No, sir; about 2 days ago. There was a second one yesterday. One student was killed and several wounded.

Mr. PASSMAN. With the exception of that they have been trying to operate?

Mr. NOOTER. They have been trying to operate. Whether they will be able to continue under the present circumstances seems very uncertain.

Mr. PASSMAN. But during the period that this war has been going on, after AUB reopened, they have remained open.

Mr. NOOTER. They reopened about 6 weeks ago. They had to stay closed last fall.

Mr. PASSMAN. But they reopened a month or 6 weeks ago and are trying to stay open?

Mr. NOOTER. That is correct.

Mr. PASSMAN. There has only been one fatality.

Mr. NOOTER. There was a shooting where one of the deans was shot by an expelled student. That was about 2 weeks ago.

DAMAGE ESTIMATES

Mr. PASSMAN. You said the estimate of loss in Lebanon, loss and destruction had been $3 billion.

Mr. NOOTER. I think it is in excess.

Mr. PASSMAN. And today you say there have been destruction and all the docks are on fire?

Mr. CHEEK. The last 2 days have seen some of the highest levels of shelling on both sides. The dock area was really hard hit in the last day or two with major fires breaking out and burning out of control.

Mr. NOOTER. I think there were about 200 dead in the last day.

Mr. PASSMAN. This is one of the worst things to happen in this century.

REQUEST FOR SPAIN

I note on page 1 you indicate that Spain is not included in your fiscal 1977 estimate and that those requirements will be submitted at a later date. Is that your statement?

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. Do you have any idea when those requirements will be submitted?

Mr. NOOTER. Well, I understand the timing will relate to the ratification of the treaty in the Senate, as soon as the treaty is ratified in the Senate then the appropriation request will come forward.

Mr. PASSMAN. What would be the amounts that you are talking about when you get around to submitting the requests?

Mr. NOOTER. The amount in supporting assistance will be $7 million in this fiscal year plus a $10 million amount that had been intended to be in the interim quarter. So that would mean a total of $17 million.

SUPPORTING ASSISTANCE RECIPIENTS

Mr. PASSMAN. How many countries are in your area?

Mr. NOOTER. We have 10 this year. Including Spain there would be 10. Excuse me, Zaire will also be out that year. Without Spain and Zaire and we don't have a program for Greece for 1977, so that would be eight.

Mr. PASSMAN. Would you name the eight?

Mr. NOOTER. Israel, Egypt, Jordan, Syria, Portugal, Cyprus, Bahrain, Malta, and I believe that is it.

Mr. PASSMAN. Now could you tell the committee the total amount of funds you have thus far obligated in fiscal 1976, the grand total and the amount by country?

Mr. NOOTER. The total obligated this fiscal year is $395 million under the continuing resolution.

Mr. PASSMAN. Now if you will place in the record at this point how much you have obligated for each nation and the amount in the pipeline for each nation.

Mr. NOOTER. Fine. Would you like me to read it or put it in the record?

Mr. PASSMAN. Put it in the record. You may also place in the record the amount of unobligated funds.

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. Whether it is under the continuing resolution or from prior years just so we get the amount of money in obligated funds.

[The information follows:]

PIPELINE ESTIMATES FOR SUPPORTING ASSISTANCE PROGRAMS

[In millions of dollars]

Country	Pipeline, June 30, 1975	Obligations as of Mar. 25, 1976	Estimated expenditures July 25–Mar. 25, 1976	Estimated pipeline, Mar. 25, 1976	Balance to be obligated under fiscal year 1976 request
Egypt	236.1	102.7	43.0	295.8	647.3
Israel	151.5	200.0	351.5	0	555.0
Jordan	29.6	44.7	38.5	35.8	32.8
Syria	82.9	1.3	1.0	83.2	88.7
Cyprus	15.0	0	14.0	1.0	15.0
Portugal	15.0	15.0	16.65	13.350	40.0
Malta	5.0	9.5	11.411	3.089	0
UNFICYP	0	4.8	4.8	0	4.8
Greece	0	0	0	0	65.0
Bahrain	0	0	.6	0	.6

TRANSITIONAL QUARTER FUNDING

Mr. PASSMAN. At the time that you sent down the budget request you had knowledge that the new fiscal year would close on September 30 rather than June 30?

Mr. NOOTER. Yes; we did.

Mr. PASSMAN. You made your request for fiscal 1976 based upon a 12-month year, is that correct, sir?

Mr. NOOTER. That is correct.

Mr. PASSMAN. And your 1977 request is likewise based upon a 12-month fiscal year?

Mr. NOOTER. Yes; it is, right.

Mr. PASSMAN. As you said earlier, there was no justification, no budget request for the transition quarter for the Sinai package and that the administration does not support it?

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. And there is no particular need for it?

Mr. NOOTER. That is correct.

Mr. PASSMAN. Thank you.

VIETNAM EXPERIENCE

You know in examining today it takes me back many years ago, Mr. Nooter. I think you used to come to testify for funds for Vietnam. There is one thing that leaves me disillusioned and that is if there was any place on the face of the Earth that we should have had the support of 100 percent of the people—it was in Vietnam.

When I go back to my first trip and the meeting with President Diem, it was a very primitive country. I don't think they had a foot of paved road. There were people living in shacks with grass tops. There were a lot of bicycles, but it was a rare thing to see an automobile and they had no such thing as a TV and no radios. It was very primitive.

So what did we do? We took them off the mud paths and gave them paved highways. We gave them automobiles, radios, TV's, beautiful

homes, beautiful clothes, beautiful buildings; great facilities throughout the land and modern conveniences. I enjoyed your enthusiasm. I didn't know at the time we were both in a trap. If there was ever a country that should have fought to the very last man it should have been Vietnam.

If I recall the statistics correctly, we spent $138 billion in Vietnam, 54,000 precious lives, and 307,000 casualties. I still defend my Government. They thought they were doing what was correct.

But if there was ever a clear-cut example that you can't buy friends and that foreign aid has been a complete failure, all you have to do is to go to Vietnam. If you are not satisfied with Vietnam, then take all of Southeast Asia where we spent a quarter of a trillion dollars if you include the military.

But you have one dependable ally left in the entire Asian region and that is Korea.

Now personally you don't have to be a fortuneteller to know what happened in Vietnam. Thieu's government and I think he was a good man, a Christian man, but he listened to the appeasers and the missionaries until he let his government be honeycombed with the Viet Cong and other traitors.

And the first thing he knew his government fell overnight.

KOREAN SITUATION

Now we go to Korea. They have a thriving economy. The people are happy. The cities are beautiful. They have as many privileges as anybody would want. But we have to take into account that President Park can look through his window and just about see parallel 38. We have to take into account that an assassination squad got within a few hundred feet of the Blue House.

We have to take into account that they are continually trying to assassinate the President. They killed his wife, didn't they?

Mr. NOOTER. Yes; I believe they did.

Mr. PASSMAN. It was headlined all over the world. They are tunneling under parallel 38. Now what has happened, you have a lot of missionaries, two from my district. I thought they were going to go out there to teach people something about our Savior and something about the Holy Writings but I don't think those missionaries unpacked their Bibles yet.

I think when they got there, they thought it was better to reform the government and kick Park out and put somebody else in. And some Americans are listening to these missionaries who are trying to change the government instead of teaching the people about the Holy Writings and our Savior.

If he weakens and if we weaken, then Korea will go down the drain. Then that means a great deal of America's wealth was wasted, plus additional lives sacrificed in Korea.

Why don't we come to our senses and tell those preachers to start preaching or come out.

What would you do if the Koreans came over here and tried to straighten out Wounded Knee or interviewed people in our prisons? It would not look very good.

VIETNAM EXPERIENCE

I am predicting what is going to happen. It is just like we kept giving into these people in Vietnam. The first thing you know Thieu yielded on a lot of that business and lost his government.

I supported you on the situation right until the government fell. I know my countrymen who were dedicated and sincere and thought it was a correct political and humanitarian approach. You believe that, too.

Mr. NOOTER. Yes, sir.

PUBLIC LAW 480 ASSISTANCE

Mr. PASSMAN. In addition to the funds that you are requesting, Mr. Nooter, I believe there are various other types of aid programs made available to the countries in your area, for instance, Public Law 480. I believe they are all eligible for Public Law 480.

Mr. NOOTER. Yes; they are.

Mr. PASSMAN. What is the total request for Public Law 480 funds for your area?

Mr. NOOTER. That is broken down as you know into a title I and title II.

Mr. PASSMAN. At this point place in the record the amount of title I and the amount of title II assistance.

Mr. NOOTER. Fine, for each of the countries.

Mr. PASSMAN. Also explain for the record title I and title II. Didn't you have title III at one time?

Mr. NOOTER. At one time we had four titles but now we have I and II. The total of the two is about $219 million.

Mr. PASSMAN. Will you break that down for the record, and which countries get it?

Mr. NOOTER. Yes, and also which type.

[The information follows:]

PUBLIC LAW 480 ASSISTANCE TO NEAR EAST BUREAU COUNTRIES AND DEFINITION OF TITLE I AND TITLE II PROGRAMS

Country	Fiscal year 1977		
	Title I	Title II	Total
Egypt	150.0	10.1	160.1
Israel	9.0	----	9.0
Jordan	6.0	2.0	8.0
Syria	10.0	.1	10.1
Portugal	30.0	----	30.0
West Bank and Gaza	----	2.2	2.2
Total	205.0	[1] 14.4	[1] 219.4

[1] $800,000 title II program for Cyprus is also under consideration.

Title I provides for agreements with the governments or private trade entities of friendly nations for the sale of U.S. agricultural commodities declared available for disposition by the Secretary of Agriculture. Credit terms range up to 20 years for dollar credit sales and up to 40 years for local currency sales, with a 2-year grace period for dollar sales and up to 10 years' grace for local currency sales.

Title II authorizes the transfer by donation of food commodities in support of developmental, nutritional, and humanitarian activities administered by private or public agencies in the recipient country, U.S. voluntary agencies or intergovernmental organizations.

PUBLIC LAW 480 FOR EGYPT

Mr. PASSMAN. Do you have any Public Law 480 for Egypt?

Mr. NOOTER. That is our biggest recipient. Title I would be $150 million in fiscal 1977.

Mr. PASSMAN. $150 million. Is that a loan?

Mr. NOOTER. That is right.

PUBLIC LAW 480 COMMODITIES

Mr. PASSMAN. What does that consist of?

Mr. NOOTER. Well, the biggest part of that would be 1 million tons of wheat and wheat flour. In addition, there would be a small amount of tobacco for $13.5 million. Then the title II for Egypt which would go through voluntary agencies or what is called the world food program, would be $10.1 million. I think that is almost entirely wheat.

Mr. PASSMAN. Does Egypt import any rice?

Mr. NOOTER. Well, Egypt has not been a rice importer. This is a difficulty there. But we have had discussions from time to time about the possibility of buying rice.

LOANS AND GRANTS

Mr. PASSMAN. Would you please provide for the record a detailed breakdown showing how much of the $1,806,600,000 in security supporting assistance in 1977 will be on a grant basis, and what part will be on a loan basis, and list that by country?

Mr. NOOTER. Yes; we will.

[The information follows:]

FISCAL YEAR SECURITY SUPPORTING ASSISTANCE—LOAN/GRANT BREAKDOWN

[In millions of dollars]

Country	Loan	Grant	Total
Egypt	661.0	89.0	750.0
Israel	260.0	525.0	785.0
Jordan	24.5	53.0	77.5
Syria	87.0	3.0	90.0
Bahrain		.4	.4
Portugal	53.0	2.0	55.0
Cyprus		10.0	10.0
UNFICYP		9.6	9.6
Malta		9.5	9.5
Operating expenses		19.6	19.6
Total	1,085.5	721.1	1,806.6

ISRAELI LOAN REPAYMENTS

Mr. PASSMAN. When I was before the full committee in reporting the foreign aid bill, I stated that Israel was current in her obligations and had refused to consider a moratorium on her indebtedness. Sub-

sequently, I found that that was an accurate statement relative to military debts but not necessarily on debts as a whole.

Was that your understanding? They are up to date on military debts?

Mr. NOOTER. No; I think there was a misunderstanding.

Mr. PASSMAN. Not on my part. I told them that they told me Israel was up to date.

Mr. NOOTER. That is right; that is correct.

Mr. PASSMAN. That is all I need to know, then I was correct.

Now, they were delinquent elsewhere; is that correct?

Mr. NOOTER. The only delinquency I am aware of had to do with some loans to private Israeli institutions, not to the Israeli Government, and in those cases we had granted them a moratorium after the 1973 war.

Mr. PASSMAN. It was reinstated?

Mr. NOOTER. Technically they were not in default either——

Mr. PASSMAN. The time had expired. They were back in default, is the way I read your records. You gave them a 2-year moratorium, didn't you?

Mr. NOOTER. The time limit was not specified. It was an indefinite moratorium.

Mr. PASSMAN 1971–72?

Mr. NOOTER. Right.

Mr. PASSMAN. So the record set out 2 years, 1971–72.

Mr. NOOTER. There was an earlier moratorium and another one after the 1973 war.

RECORD ON DELINQUENCIES

Mr. PASSMAN. We have been trying for several days to get an actual list of the countries that are delinquent, and we may need it, and I don't mind telling you, I don't want us to start keeping the books downtown.

The Senate has modified the amendment but in the bill that left the House you had language, that if a nation is delinquent for a year, it didn't say what amount, it could be $2 out of $1 billion, you had to cut off the aid. I would assume that had to do with loans, since we were dealing with loans, so you could just as easily circumvent what the amendment did by making it a grant rather than a loan, I would assume?

Mr. NOOTER. No. sir; I don't think so.

Mr. PASSMAN. The amendment was not broad enough, as I read it, to preclude any type of help to a nation. It applied to loans.

Mr. NOOTER. It might be possible to renegotiate the loan to a stretch-out if that were permitted under whatever the basis the loan was made, but I don't think it would be possible to convert it to a grant.

Mr. PASSMAN. I am not saying a loan you had already negotiated; I am merely saying here is a loan you are considering.

Mr. NOOTER. I see.

Mr. PASSMAN. And on account of being previously delinquent you couldn't go through with it, but you could give them a grant in some other area out of some other account.

Mr. NOOTER. I see what you mean.

ISRAELI LOAN REPAYMENTS

Mr. PASSMAN. On page 2, you elaborate at length about Israel's tremendous foreign debt, and I note that you plan to make loans to Israel in fiscal 1977 amounting to $260 million. I assume that you believe that Israel will be able to repay these loans on time and according to the contract?

Mr. NOOTER. Yes; we do. Israel has been a very reliable creditor so far.

OIL PRODUCING COUNTRY AID

Mr. PASSMAN. Would you tell the committee how much Egypt, Syria, and Jordan will receive from oil-producing Arab nations in fiscal year 1977?

Mr. NOOTER. I don't think we have any estimate in that fiscal year that would be reliable, but we can give you our latest estimate——

Mr. PASSMAN. If you will give us an estimate as far as possible, back it up for at least 3 years.

Mr. NOOTER. We will give you several years and indicate which appear to be firm and which are estimates.

[The information follows:]

AID FROM OPEC COUNTRIES (INCLUDING ARAB COUNTRIES AND IRAN)

[In millions of dollars—Commitments]

	1974 actual	1975 preliminary	1976 estimated	1977 estimated
Egypt	1,023	2,700	2,000	2,000
Syria	1,132	1,132	1,000	1,000
Jordan	146	127	180	180

PORTUGUESE POLITICAL SITUATION

Mr. PASSMAN. What is the political situation in Portugal, Mr. Nooter?

Mr. NOOTER. Mr. Laingen can speak to that point.

Mr. LAINGEN. Mr. Chairman, as you know from the press, there has been a great improvement in the political situation since the turmoil of last summer. The Communists are clearly reduced in stature, across the board. They are still participating in the Government with one minister. The outlook, however, is with the elections on April 25 of this year, that the reduced strength across the board of the Communists in Portugal will be demonstrated in the election results.

Our hope is that they will be reduced from the previous 12 to somewhere around 6 to 8 percent; that the Socialists and the Popular Democrats will do fairly well, probably running about neck and neck as the strongest parties; and with another party further to the right—but not far right in Portugal, that isn't quite possible yet—the Center Social Democrats gaining considerably.

So our hope would be that these elections would confirm this favorable trend that has taken place. This will be followed by Presidential elections in late June.

NEED FOR SELF-RELIANCE

Mr. PASSMAN. You know, we have a great Nation, a free Nation, a wealthy Nation, a strong Nation, a charitable Nation, and a Christian Nation. We have made a lot of progress for 200 years, looking after our own business. We started off as a primitive Nation 200 years ago, with 3 million population, but our Founding Fathers gave us that great political document which said you can be a pauper, millionaire, somewhere in between; you can be a Congressman, President, and there is nothing to stop you.

Nobody ever helped us. We pulled ourselves up by our bootstraps, but we had the incentive to push forward and develop initiative. And here we are, ladies and gentlemen, on this kick of giving our wealth away.

Portugal at one time was one of the wealthiest countries in Europe—I am going back centuries ago—and then they became the poorest country in Europe. They steadfastly refused our aid. We rented bases over in the Azores, but they would not let us come in and interfere with their Government, and they were a happy people. Did the dictator or president die?

Mr. NOOTER. The previous one did.

Mr. PASSMAN. So the thing fell apart. They loved their system. They didn't want us to interfere with it.

What makes you think our aid is going to improve conditions in that country? Wouldn't it just make commonsense to know that you have to let people work their own problems out, and if you don't, you confuse them?

You take many of the countries we are giving aid to, like Dr. Long said, these people are going to become complacent. They will forget how to do things for themselves, and then what is going to happen?

HISTORICAL CONSIDERATIONS

We are just trying to make money do things that it was never intended to. Am I making a statement of fact when I say some of the so-called developing nations that we think of and our hearts bleed for have had governments for 2,000, 3,000 years?

Mr. NOOTER. Yes, they have.

FOREIGN AID AND THE PUBLIC DEBT

Mr. PASSMAN. While we were underdeveloped, they were developed. Now we are trying to develop them by underdeveloping ourselves financially. It is a shame that we ever got on this spending jag because I came out of the free enterprise sector, and I worked like a trojan to build up a little savings for old age. What did my Government do to me? Confiscated legally 68 percent of my savings, through spending money we didn't have for things we didn't need, trying to be everything to everybody all over the world on borrowed money and at the expense of the unborn generations and the thrifty. The dollars I have worked for, for 16 to 17 hours a day in my business have lost 68 percent of the purchasing power since I came to Congress. You have to chart every penny of it to foreign aid.

INTERNATIONAL ORGANIZATIONS WITNESSES

We were examining on it yesterday, UNDP, I think in 1974 they had over 9,000 projects, and now they said they are down to about 7,500. They have a board of directors of 48 people, 1 American and 47 foreigners, and they have projects in 118 nations of the world duplicating what has been done, or could be done by our bilateral program, or the Peace Corps technical aid program, and yet we can't stop it.

We had people sitting where you sit last week testifying for the international financial institutions. We asked them, "Do you administer the programs that you are testifying for?"

They said, "No; it is against the policy. These are international organizations." So they borrowed a witness to come in and testify for the international banks. The man who is the administrator is not privileged to come in here to testify; neither are we privileged to audit the institutions.

NEW STARTS

What do we find, Mr. Nooter? They say they obligated last year $8.5 billion to start 377 projects in 84 nations of the world. Yes, but you look at the administration's budget for the 50 States in America and you find not one new construction start in the entire 50 States allowed. You know that, don't you?

Mr. NOOTER. I wasn't aware that was the case.

FOREIGN AID AND THE PUBLIC DEBT

Mr. PASSMAN. How would you like to be in my position? You look at one part of this bill; I have to look at the entire $14 billion.

I believe the last 30 years in our great country has been the most prosperous 30 years in the history of our country, hasn't it?

Mr. NOOTER. Yes, sir.

Mr. PASSMAN. I believe we had a public debt of $259 billion in 1947. Today, it is $600 billion, isn't it?

Mr. Nooter, you are a smart man. Does it make sense?

Mr. NOOTER. We are still doing all right, Mr. Chairman.

VIETNAM EXPERIENCE

Mr. PASSMAN. Yes; you are doing all right. You and I have agreed that we liked each other, and we still do, but you said the same thing for Vietnam. You had high hopes for Vietnam. But down that tube went Vietnam.

This will run a strong man crazy. I just wish you people would come on this side of the table and help me bring this thing under control, because it is wrecking our country, make no mistake about it.

BAHRAIN PORT FACILITIES

You indicate that Bahrain has been cooperative in providing port facilities for U.S. naval vessels in the Persian Gulf for more than 25 years.

Mr. NOOTER. That is correct.

Mr. PASSMAN. Is there any indication that Bahrain will cut off the use of these port facilities in the near future?

Mr. NOOTER. When Bahrain extended the base rights agreements last June, she indicated that her intention was that that would be for a 2-year period only.

Mr. PASSMAN. You had some difficulty, did you not, getting this extension?

Mr. NOOTER. Yes; there was a long negotiation leading to it.

Mr. PASSMAN. And there is some indication it is an uncertain package and they have the right of cancellation, do they not?

Mr. CHEEK. With 1-year notice, which they haven't yet given to us in accordance with the formal provisions of the agreement.

Mr. PASSMAN. So in reality you are only safe for 1 year.

Mr. NOOTER. I believe that a cancellation clause requiring 1-year advance notice was part of the agreement.

Mr. PASSMAN. It doesn't make any difference. Really you are only guaranteed to be there for 1 year, since they could stop in a year.

Mr. NOOTER. Yes; this has always been the case.

BAHRAIN'S IMPORTANCE TO THE UNITED STATES

Mr. PASSMAN. How important is it to the United States and that part of the world we are trying to help?

Mr. NOOTER. The Persian Gulf, of course, is extremely important——

Mr. PASSMAN. I am talking about the agreement with Bahrain.

Mr. NOOTER. They are important to us particularly to the extent that the base rights they permit us to use are extremely important to us.

Mr. PASSMAN. Navy vessels move in there, don't they? You are talking about base rights?

Mr. NOOTER. This is the only docking facility we have in the Persian Gulf.

BAHRAIN ECONOMIC DATA

Mr. PASSMAN. What is the population of this country?

Mr. NOOTER. About 260,000 people.

Mr. PASSMAN. What is the land area?

Mr. NOOTER. Approximately 231 square miles.

BAHRAIN'S GOVERNMENT

Mr. PASSMAN. What form of government do they have there?

Mr. CHEEK. I am trying to think of words that would describe it. They have a ruler, Sheikh Isa ben Salman al-Khalifa, and they also have a parliament which is at present suspended. It is a particularly Arabian form of government and I hestitate to use our labels for it.

Mr. PASSMAN. Do we share diplomatic relations with them?

Mr. CHEEK. Yes; we have an embassy there and an ambassador.

BAHRAIN'S INCOME

Mr. PASSMAN. Where do they derive their income?

Mr. CHEEK. Their strategic location is the main thing. They are at a crossroads in the gulf area.

Mr. PASSMAN. Do they produce oil?

Mr. CHEEK. They are not oil rich. Neither their reserves nor their current 60,000 barrels per day production are large. The production from their fields peaked several years ago and since then has steadily declined.

Mr. PASSMAN. Agriculture?

Mr. CHEEK. It is just an island, mainly a commercial, communications, banking center.

Mr. PASSMAN. Nevertheless, it is a nation of 260,000.

Mr. CHEEK. But it has no significant agriculture.

AID TO BAHRAIN

Mr. PASSMAN. How much aid are we giving them?

Mr. NOOTER. The program we are proposing is simply the provision of 10 technical advisers to work with their government and the total cost in 1977 would be $400,000.

Mr. PASSMAN. Do you have any other type of aid program, Public Law 480?

Mr. NOOTER. No: that is the only economic aid.

Mr. PASSMAN. How do they survive then?

Mr. CHEEK. They are a reasonably prosperous, developing country.

Mr. PASSMAN. Being prosperous is one thing, but what makes them prosperous?

Mr. CHEEK. It is a center for commerce, communications, airlines, banking, business; the location makes it a natural center for the area. Transshipment of trade to Saudi Arabia also contributes an important amount to Bahrain's national income.

Mr. PASSMAN. Try not to let them find out about this AID program, then.

COMMODITIES AND SERVICES SOURCE SUPPLIES

Could you please tell the committee if all the commodities, equipment, services, that are scheduled to be provided from the funds requested for security supporting assistance are all going to be purchased in the United States?

Mr. NOOTER. Certainly the bulk of the largest part of it, Mr. Chairman. I will have to give you a breakdown if there are any minor exceptions to that.

Mr. PASSMAN. Tell me the exceptions now, if you can.

Mr. NOOTER. There are some cash grant elements in this program; that is where the funds are provided as cash, so therefore the source procurement with the——

CASH GRANTS

Mr. PASSMAN. What countries are you furnishing a cash contribution into their treasury?

Mr. NOOTER. In the case of Israel in 1977, out of the $785 million, $150 million would be cash grants.

Mr. PASSMAN. Do we have any idea how they spend it, or does it go into their budget?

Mr. NOOTER. That cash grant element would go into their budget.

Mr. PASSMAN. And we have no right of any audit. It is just a matter of trust; is that right? And I know what their problems are. I am not quarreling, but we turn this over to them.

Mr. NOOTER. Yes, and this amount is given in recompense of the fact that in the Sinai agreement they incurred certain offshore costs, for example, buying about $350 million worth of oil they used to get from the Sinai oilfield, and this is a partial——

ABU RUDEIS OIL FIELDS

Mr. PASSMAN. I believe the oil fields always belonged to Israel, and it happened that Egypt took them over for a while.

Mr. NOOTER. In 1967.

Mr. PASSMAN. I thought they always had them.

Mr. NOOTER. No, sir.

Mr. PASSMAN. Oh, I see; they belonged to Egypt, anyway.

Mr. NOOTER. Originally.

Mr. PASSMAN. And Israel returned them?

Mr. NOOTER. That is correct.

Mr PASSMAN How long did Israel have the oil fields?

Mr. NOOTER. From 1967 until a few months ago. The balance of the Israeli program is tied entirely to U.S. procurement.

TIED AID TO EGYPT

Mr. PASSMAN. That is fine. How much cash are you going to give Egypt?

Mr. NOOTER. None in that form. All of Egypt is tied to the United States. In the case of Syria all, also.

CASH GRANT FOR JORDAN

Mr. PASSMAN. Jordan.

Mr. NOOTER. $50 million cash grant item for budget support.

Mr. PASSMAN. What are they going to do with it?

Mr. NOOTER. This is to support their general budget. As you know, that country has a very small economic base and the need for relatively——

Mr. PASSMAN. They have always had that small economic base, haven't they?

Mr. NOOTER. Yes.

Mr. PASSMAN. Have you assumed the responsibility from here on to the end of time to look after those people?

Mr. NOOTER. No, sir, but we think an expenditure at this level this year is appropriate.

JUSTIFYING CASH GRANTS

Mr. PASSMAN. It is pretty hard for me to justify you people actually pouring cash into the budgets of these nations because we practiced that, as you know, out in Southeast Asia for a while, too. It got us in trouble.

Mr. NOOTER. If it is any consolation, Mr. Chairman, we have been gradually reducing the cash elements of the Jordan program. This

year it would be $57 million, and last year it was $67 million, and next year we are anticipating $50 million. At least it is moving in the right direction.

Mr. PASSMAN. $150 million for Israel; $50 million for Jordan, and all other countries the aid we give them is tied into U.S. commodities?

AID TO CYPRUS

Mr. NOOTER. The $10 million for Cyprus is contributed through the U.N. High Commissioner, and therefore that money is not tied; it is refugee aid and for political reasons it is very important that it be through the U.N.

Mr. PASSMAN. Are we still in accord with that grand old director John Hannah's philosophy which he stated, "Mr. Chairman, there is an asking price and a taking price; let's get along with the hearings and subsequently we will get around to the taking price." Do you remember that?

Mr. NOOTER. Yes.

Mr. PASSMAN. You still subscribe to that philosophy?

Mr. NOOTER. The spread is very narrow——

Mr. PASSMAN. But you still subscribe to that philosophy?

Mr. NOOTER. We are always willing to negotiate.

LOANS' GRANT ELEMENT

Mr. PASSMAN. Well, your words are as good as mine. Are we still in accord that 60 percent of all the loans we make are grants on account of the concessionary interest rates?

Mr. NOOTER. I think at present interest rates we would consider about two-thirds would be a grant element.

Mr. PASSMAN. Sixty-six percent of all of it automatically becomes grants because of the concessionary interest rate and in some areas it may go to 80 if you lower the interest rate?

Mr. NOOTER. That is correct.

Mr. PASSMAN. And you do lower the interest rate in certain areas?

Mr. NOOTER. Yes, sir, although in the case of Portugal we have raised it and therefore the grant element there would be less.

PUBLIC LAW 480 LOAN TERMS

Mr. PASSMAN. What is the interest rate for Public Law 480?

Mr. NOOTER. It varies somewhat by country, but mainly it is 3 percent, 20 years.

Mr. PASSMAN. You have some 2 percent?

Mr. NOOTER. A 2-year grace period is at 2 percent and thereafter at 3 percent.

Mr. PASSMAN. You can give them a 10-year grace period?

Mr. NOOTER. No; we normally have a 2-year grace period on the Public Law 480.

Mr. PASSMAN. But I think it is broad enough where you can go 10 years?

Mr. NOOTER. Yes; it is possible to use terms as soft as the AID development loans.

AID DEVELOPMENT LOAN TERMS

Mr. PASSMAN. Development loans, you can go up to 40 years.
Mr. NOOTER. That is correct.
Mr. PASSMAN. With a 10-year grace period.
Mr. NOOTER. That is correct.
Mr. PASSMAN. And Public Law 480 loans are the same?
Mr. NOOTER. They can go up to the same level.
Mr. PASSMAN. That is what I was trying to find out. I said that the first time. Is there an exception where you didn't make it that way?

PUBLIC LAW 480 LOANS FOR EGYPT

Mr. NOOTER. In the case of Egypt, for example, we have been making 20-year loans with a 2-year grace period at 2 percent and 3 percent for the remaining 18 years.
Mr. PASSSMAN. But you do have some application of contracts with Egypt that go up to the maximum?
Mr. NOOTER. Some of the older loans; yes, sir.
Mr. PASSMAN. Forty years, and under the new Public Law 480 loans, it is up to 40 years.
Mr. NOOTER. The new loans are 20 years only.
Mr. PASSMAN. What are they for Israel? Are they the same thing?
Mr. NOOTER. For Israel we have been using similar terms, 20 years, with 2-year grace period, at 2 percent, and 3 percent after that.

ISRAEL'S IMPORTANCE

Mr. PASSMAN. Let me just say for the record before we drop the curtain, I realize that we have to tie to a strong nation in the Middle East. I think Israel is the one nation that is determined to maintain an industrial sovereign nation. That is the one nation that we are going to have to tie to.

If you ever even indicated that you are going to let Israel go down the drain, it would be an open invitation for the Russians to come in. It will be just a question of time. They would dominate the entire Middle East. They have the power to do it if we were reluctant to back Israel up.

ISRAEL'S NEED

When you lose the Middle East, you lose part of the Mediterranean, the Red Sea, the Suez Canal and I believe 70 percent of the oil reserves in the world. So there is not a man in the Congress and there is not a man in Israel I don't believe who is more solid behind Israel than I am, but I still don't believe it is right to give them money that they actually don't need and you say they can't spend.

I don't know how I could go to the conference with good conscience and put it in. I know how you people keep books down there. I am of the opinion that you are not going to spend a dime of it.

Mr. NOOTER. Just to keep the record clear, there might be a difference between what they need and what they can spend.

Mr. PASSMAN. You ought to know that as well as I do. You ought to be an expert in that field.

Mr. NOOTER. We are trying to help you save a little in the interim quarter. We certainly agree that we are committed to Israel's survival both militarily and economically. There is no question about that.

Mr. PASSMAN. Well, I am supporting you but I have to be realistic. It is going to be difficult for me to try to go to conferencet and say yes, we yield on this when everybody downtown, that is the highest level people downtown say categorically we don't need it, we didn't ask for it, we didn't justify it and we sent no budget request for it.

I don't know what is going to happen in conference, but you sure have me confused today with these straight statements you have given us.

EGYPT

Mr. PASSMAN. Could you please tell the commitee how the other Arab countries feel toward Egypt regarding her negotiated peace settlement with Israel?

Mr. CHEEK. Egypt has come under various degrees of criticism for its adherence to the Sinai II agreement. By adhering to that agreement, President Sadat showed tremendous courage in taking the initial step toward a negotiated peace in the Middle East. President Sadat, as do we, believes that Sinai II is not a final peace agreement but that it can be an important step in that direction. Under the Sinai Agreement, the Egyptians—as well as the Israelis—made the following commitment under article II of that agreement: "The parties hereby undertake not to resort to the threat or use of force or military blockades against each other." The Egyptians have shown by taking this step that they believe the path to negotiations can best serve Egypt's interests. On the other hand, Egypt's critics have asserted that Egypt should not have given up the threat or use of force without obtaining all that the Arabs have sought in the negotiations, namely the return of all Israel-occupied territories and resolution of the interests of the Palestinians.

REDUCED COTTON CROP IN FISCAL YEAR 1975

Mr. PASSMAN. On the general economic data sheet you indicate that cotton production will be reduced by 38,000 metric tons in fiscal year 1975. Could you please tell the committee why this cotton production is being reduced?

Mr. NOOTER. First, the figure for calendar year 1975 is an estimate of the crops, since more precise data are not available yet. I understand that this estimated figure is lower than for 1974 for two primary reasons: (1) there was a reduction in the acreage planted to cotton, and (2) there was a higher incidence of pest infestation during 1975.

The reduced cotton acreage is probably partially attributable to a marginal shift by the Egyptian farmer out of cotton and into increased vegetable and other crop production in reaction to continuing low domestic prices for raw cotton.

RECONSTRUCTION EFFORT

Mr. PASSMAN. Could you please tell the committee how the reconstruction effort is progressing?

Mr. NOOTER. The Egyptian Government has completed most of the basic work of clearing debris, demolishing unusable structures and repairing facilities able to be preserved—an exception to this is the Port Tewfiq area of Suez City which suffered extremely heavy damage and still needs a good deal of clearing work before reconstruction can begin. In addition to the clearing, the Egyptians have done extensive work in the erection of new residential buildings, on the outskirts of both Suez City and Ismailia.

Meanwhile, the master planning for all three cities of the Canal Zone—Port Said, Ismalia and Suez City—has now been completed, thus preparing the way for major infrastructure work within the cities. Several elements of this infrastructure, such as the power generating facility at Ismailia, the cement plant at Suez City, and preliminary work on water and sewage and port development will be financed by AID in fiscal year 1976. We are requesting funds in fiscal year 1977 for follow-on work in ports and in water and sewage.

TOBACCO

Mr. PASSMAN. I note you are planning to provide 3,600 metric tons of tobacco to Egypt under the Public Law 480 program in fiscal year 1977. Could you please tell the committee why we are providing tobacco to Egypt?

Mr. NOOTER. The Egyptian cigarette industry is affected by the acute shortage of foreign exchange with which to purchase from abroad the necessary primary materials for manufacture. It was in this light that we provided the tobacco requested by the Egyptian Government. The amount that we are supplying is by no means the total amount of imported tobacco needed by their cigarette industry, and they will continue to purchase American tobacco on commercial terms.

EGYPTIAN INVESTMENT IN RECONSTRUCTION

Mr. PASSMAN. Could you please tell the committee how much Egypt plans to invest in her own reconstruction in fiscal year 1977?

Mr. NOOTER. We do not know at this stage precisely what Egypt plans to invest in reconstruction during 1977. Hopefully, this information will be included in a new Egyptian 5-year plan which is scheduled for completion and release next month. With the recent completion of master plans for Port Said, Ismailia, and Suez City, and the large amount of construction work that these plans call for, it is likely that Egypt will invest several hundred million dollars in her own reconstruction in fiscal year 1977.

STATUS OF THE NUCLEAR COOPERATION AGREEMENT

Mr. PASSMAN. Could you please tell the committee what the status is of the proposed purchase of nuclear reactors from the United States?

Mr. NOOTER. As you are aware, for the past year and a half negotiations have been conducted with the Government of Egypt leading to an agreement of cooperation for peaceful uses of nuclear energy. These negotiations are continuing, and I am told they will result in an

agreement which will include the most stringent safeguards we have ever secured.

A companion agreement is under negotiation with Israel, also. These two agreements, when negotiations are at length completed, will be submitted to the Congress.

The agreements would permit Egypt and Israel to purchase from U.S. sources nuclear reactors for the generation of electricity.

SINAI OIL

Mr. PASSMAN. Could you tell the committee how much Egypt has gained annually due to the return of the oil fields to her?

Mr. NOOTER. The Sinai fields are expected to add 70,000 to 100,000 barrels per day to Egyptian production of crude petroleum. The petroleum that comes from Abu Rudeis, however, is of poorer quality than most Arabian Gulf petroleum and consequently is worth somewhat less than normal Arabian crude. On this basis, it will add something on the order of $200–$300 million per year to Egypt's GNP.

It must be remembered, also, that these fields probably will be depleted in about 6 years, so their economic benefit is rather short-lived.

SMALL SCALE AGRICULTURAL EQUIPMENT

Mr. PASSMAN. On the small scale agricultural equipment loan, do you plan to provide the farmers with rototillers instead of the large combines and tractors to help implement intermediate technology?

Mr. NOOTER. Yes; machinery of the rototiller variety is much more suitable to Egyptian agriculture than the large combines and tractors utilized in our own midwestern corn and wheat fields. What we are talking about in this loan is the provision of small multiple-use types of machinery together with small horsepower low lift pumps—machinery that the small Egyptian farmer can afford to buy and maintain.

SYNTHETIC FIBER AND MATERIAL PRODUCTION

Mr. PASSMAN. On the two projects you are going to help Egypt increase her capacity to produce synthetic fiber production and synthetic material production, could this increased production compete with U.S. markets eventually?

Mr. NOOTER. The reason that the Egyptians are going into the production of polyester fabrics is to satisfy a strong domestic demand for cheaper fabrics. Because the quality and characteristics of this fabric will be geared for use by poorer Egyptians, it is unlikely that it would compete in the future in U.S. markets.

COMPOSITION OF FISCAL YEAR 1977 COMMODITY IMPORT PROGRAM

Mr. PASSMAN. I note you are requesting $250 million for the commodity import program. Could you please list for the record the type of commodities you plan to finance with those funds?

Mr. NOOTER. The fiscal year 1977 commodity import program will finance the same kinds of items as financed by fiscal year 1975 and fiscal year 1976 funds.

Priority will be given to items to increase agricultural and industrial productivity including: Industrial raw and semifinished materials; chemicals; metals; paper products; pharmaceuticals; industrial machinery and spare parts; agricultural machinery and spare parts; vehicles and transport equipment; electric power generator spare parts; computerized systems, including hardware and software; telecommunication spare parts; and electrical materials.

SOURCE OF COMMODITIES

Mr. PASSMAN. Will all these commodities come from the United States?

Mr. NOOTER. In the case of our fiscal year 1975 commodity import program and our fiscal year 1976 program to date, all commodities have come from the United States. In fiscal year 1977 we again would expect these commodities to come principally from U.S. sources.

ISRAEL

Mr. PASSMAN. Could you please tell the committee if the $20 million that was provided to the Israeli desalting plant has been completely obligated at this point and also give us a briefing on the status of the construction of this plant?

Mr. NOOTER. The entire $20 million provided for the Israeli desalting plant was obligated in fiscal year 1975. At the present time, the Israel Desalination Engineering Ltd.—IDE—which is the Israeli Government-owned company responsible for construction of the project, is preparing the preliminary design of the facility and, concurrently, negotiating with the Government-owned electric company for modifications and new construction that will be required at the Ashdod electric generating plant that will be used to power the desalination plant.

Initiation of actual construction of the desalination facility is dependent on execution of a contract between the Israeli Government agency assigned responsibilty for the project, the National Council for Research and Development, and IDE, as well as the arrival in Israel of two U.S. technicians from the Office of Water Research and Technology, Department of Interior. The contract between the National Council for Research and Development and IDE is to be executed by the end of May, which will coincide with the anticipated arrival in Israel of the two U.S. technicians.

COMMODITY IMPORT PROGRAM

Mr. PASSMAN. I note you plan to provide $635 million for the commodity import program. Would you please tell the committee what commodities will be financed from this total, and will they all originate from the United States?

Mr. NOOTER. The actual list of commodities is quite extensive, so with your permission, I'll review only the major commodity categories and leave for your perusal this list of specific commodities I have here with me.

Mr. PASSMAN. That's fine, Mr. Nooter. Please proceed.

Mr. NOOTER. Commodities eligible for financing under the commodity import program—CIP—fall into the following categories:

1. Chemical products.
2. Agricultural products.
3. Agricultural implements.
4. Pharmaceuticals.
5. Textile.
6. Metal products.
7. Structure steel.
8. Computer hardware.
9. Manufacturing machinery.
10. Electrical equipment.
11. Truck and other transport equipment.
12. Medical equipment.
13. Paper products.
14. Sorghum, soybeans, and other grains.

Finally, in answer to the second part of your question, it is planned that all of the commodities will be purchased in the United States.

COMMODITIES ELIGIBLE FOR PURCHASE BY ISRAEL UNDER FISCAL YEAR 1976 AND PLANNED FOR FISCAL YEAR 1977 COMMODITY IMPORT PROGRAM

1. Air-conditioners, refrigerators, freezers and parts.
2. Air compressors and parts.
3. Aircraft parts.
4. Automatic merchandising machines.
5. Automotive parts.
6. Cattle and equine hides.
7. Chemical elements and compounds.
8. Commercial laundry and dry cleaning equipment and parts.
9. Computer parts.
10. Dried fruits.
11. Nonmilitary passenger cars, chassis, and station wagons ($3,750 maximum).
12. Exercise, health, and playground equipment.
13. Electrical equipment and parts.
14. Food processing machinery.
15. Fuel and water hoses.
16. Laboratory supplies and equipment.
17. Lubricating oils and greases.
18. Pharmaceuticals.
19. Iron, steel, and aluminum products.
20. Agriculture tractors, equipment parts, and seeds.
21. Soybeans.
22. Earth moving equipment and parts.
23. Textiles—cotton and synthetics.
24. Paper.
25. Pump and pump parts.
26. Tires and tubes.
27. Scientific instruments.
28. Semiconductors.
29. Surgical and hospital supplies.
30. Testing equipment.
31. Water purification equipment.
32. Insecticides.
33. Welding equipment.
34. Telephone cable.
35. Glass optical lenses.

36. Industrial processing instruments.
37. Printing process and parts.
38. Photographic equipment.
39. Razors.
40. Cutlery.
41. Flatware.
42. Leaf and unprocessed tobacco.

ISRAEL—CASH GRANT

Mr. PASSMAN. You also indicate that you plan to provide $150 million as a cash grant for the consideration of the continuing readjustment costs resulting from the Sinai withdrawal. Could you please tell the committee what type of readjustment costs you are talking about, and put a dollar figure on each?

Mr. NOOTER. First, there is the cost to Israel of relocating its military defense lines as it moves back to new positions agreed upon in the Sinai accords. Second, Israel must now purchase oil to replace that which had been available from the Abu Rudeis oilfields. And last, Israel believes that it needs to construct oil storage facilities in order to have a buffer stock at a level adequate to permit it to survive in the event of an oil embargo, now that it no longer has access to Abu Rudeis oil. It was not our intention to finance each of these costs in full by cash grant, but rather, these costs served as a basis in a general way for the cash grant element.

ISRAEL—OTHER DONOR AID

Mr. PASSMAN. Is Israel able to get any large amounts of aid from other countries?

Mr. NOOTER. Quite to the contrary, Mr. Passman. Israel has found it increasingly difficult to attract aid from other countries with the notable exception of Germany, which traditionally has provided official assistance in the range of $55 million per year. Personal reparation payments from Germany also represent a substantial transfer or resources.

JORDAN

WHEAT PRODUCTION

Mr. PASSMAN. I note on the general economic data that wheat will be reduced from 312,000 metric tons in fiscal year 1974 to 90,000 metric tons in 1975. Could you tell the committee what accounts for this large decrease in production?

Mr. NOOTER. Sporadic droughts are a chronic problem for Jordan's farmers and, when they occur, frequently have caused a drop of up to 75 or 80 percent from the previous year's output. This happened in 1975.

TERMINATION OF U.S. AID TO JORDAN

Mr. PASSMAN. You indicate on page 51 that the Jordanians have long recognized that their future interests will be served best by reducing their dependence on foreign financial assistance. Can you tell the committee how fast they are moving in this direction, and when

do you think the United States will be able to terminate its aid to Jordan?

Mr. NOOTER. Jordan's recently-completed 3-year plan (1973–75) achieved a renewal of development momentum. Jordan now has embarked upon a new 5-year plan (1976–80), which has as it goals: Raising the national income by an average of 12 percent annually; increasing the portion of the annual budget covered by domestic revenues from 50 percent to 70 percent; and reducing the trade deficit from the current 48 percent of national income to 24 percent by 1980. We have indicated to the Jordanians that we will request support for their development efforts. Depending on the success of the plan, U.S. assistance could be reduced in the future. It is difficult, however, to predict a termination date for U.S. assistance at this time.

U.S. CONTROLS ON BUDGET SUPPORT

Mr. PASSMAN. I note you plan to provide $50 million in fiscal year 1977 for budgetary support. Could you please tell the committee what sort of controls the United States has over these funds?

Mr. NOOTER. The only limit on the use of these funds is that they are to be used exclusively for nonmilitary items needed to meet development and recurring civilian requirements within the official Jordanian budget.

JORDAN'S ROLE REGARDING PEACE IN THE MIDDLE EAST

Mr. PASSMAN. What role does Jordan play in the peace negotiations in the area, and also as a stabilizer in that area?

Mr. CHEEK. Its central geographic location and lack of resources expose Jordan to a variety of pressures that, combined, could lead to an undermining of its stability and, eventually, that of the area as a whole. Nonetheless, Jordan continues to pursue constructive policies, and has consistently cooperated with the United States in efforts to promote the establishment of a just and lasting peace in the area. Jordan is able to maintain its internal economic and political stability and pursue a moderate foreign policy, with the help of outside assistance. U.S. assistance provides to Jordan an alternative source of help, enabling it to resist pressures from other sources to alter its current stance.

AID INVOLVEMENT IN INFRASTRUCTURE PROJECTS

Mr. PASSMAN. I notice in the projects you plan to provide several loans for road construction. Could you please tell the committee why we are involved so heavily in infrastructure projects here when I thought AID was going to start getting into projects that directly affect the rural poor?

Mr. NOOTER. We make every possible effort within the supporting assistance program to meet as many of the "new directions" concerns as we can, and many of our projects do impact directly on the rural poor. We also, as permitted by the AID legislation, do other worthwhile projects in Jordan that may be less purely "new directional"

in character. These projects, nevertheless, have a substantial, although at times indirect, impact on the poorer segments of the population.

ZAIRE SECURITY SUPPORTING ASSISTANCE

Mr. PASSMAN. Have you provided any security supporting assistance in fiscal year 1976 to Zaire?

Mr. NOOTER. No, sir, although as you know, we currently have a request for security supporting assistance funds for Zaire for fiscal year 1976 pending final congressional approval.

SYRIA

TRAINED PERSONNEL

Mr. PASSMAN. Has the shortage of trained personnel held up any projects that have been planned under the security supporting assistance or any other AID program at this point?

Mr. NOOTER. No; shortage of trained personnel has not delayed any AID projects thus far, and we are taking steps to insure that such delays don't occur in the future. One AID project is specifically designed to train Syrian personnel in a variety of technical disciplines needed for Syria's development. This project is moving forward as planned; 26 Syrian officials are presently being trained in the United States, and 38 more Syrians will be coming to the United States in the near future for training programs. When these personnel return to positions within their respective ministries they will provide much of the expertise required to carry out Syria's economic development plans, including AID-supported projects.

TREATMENT OF THE JEWISH POPULATION

Mr. PASSMAN. Could you please tell the committee how the Syrians have been treating the Jewish population within her borders?

Mr. CHEEK. The Syrian Jewish community of some 4,500 persons, while enjoying freedom of worship, is subject to a number of restrictions as well as some other measures. These have been significantly eased in the past 2 years: Physical mistreatment has ended; some travel and other restrictions (for example, entry into university, practice of professions) have been eased: and there is an apparent overall trend toward better treatment. However, emigration is still not permitted.

PERMISSION FOR JEWS TO TRAVEL TO OTHER COUNTRIES

Mr. PASSMAN. Has the Jewish population within the Syrian borders been allowed to leave Syria to go to other countries?

Mr. CHEEK. Permanent emigration is still not allowed for Jews. However, Syrian Jews are allowed to go abroad for business purposes, medical attention, and even family visits, when there is an expectation that they will return. In such cases the traveler posts a large cash bond as assurance that he plans to return to Syria.

CYPRUS

STATUS OF DISPLACED CYPRIOTS

Mr. PASSMAN. Do you consider that the $10 million that you are requesting in fiscal year 1977 will be sufficient to provide assistance to the displaced persons in Cyprus?

Mr. NOOTER. Yes; the funding requested for fiscal year 1977 will meet the UNHCR program needs through early 1978. We expect that adequate housing will be available for the refugees before then. Furthermore, the Government of Cyprus has made considerable progress in reactivating their economy and meeting the needs of the refugee population. We expect that this positive trend will continue and that most refugees will become self-supporting by early 1978.

STATUS OF DISPLACED CYPRIOTS

Mr. PASSMAN. What is the current situation regarding all these displaced persons?

Mr. NOOTER. Slightly over 200,000 refugees and other persons categorized as needy are receiving assistance in Cyprus. The United Nations High Commission for Refugees services 40,000 Turkish Cypriots in the north. In addition, official GOC statistics indicate:

Assistance, February 1976

South:	
Greek Cypriot displaced persons receiving assistance	137,452
Not displaced but receiving assistance (livelihood impaired as result of war)	14,285
Turkish Cypriots receiving GOC assistance	62
North: Greek Cypriots receiving assistance from south	9,675

In the south 46,000 refugees—25 percent of those displaced—are self-supporting. This number is increasing as unemployment decreases because of progress in reactivating the economy. By the end of 1975, unemployment was down to 30,000 from 44,000 the year before, and it continues to fall.

As for housing, 17,800 refugees were still in tents and another 8,500 were in shacks in December 1975. Housing now under construction will accommodate over 10,000 of the 17,800 in tents and the Cyprus Government expects that all refugees will be out of tents and adequately housed by early 1977. Given these favorable trends, most of the refugees will become self-supporting and properly housed during the next 12 to 18 months so that there will be no need for further U.S. humanitarian relief assistance after fiscal year 1977.

ADDITIONAL ASSISTANCE TO CYPRUS

Mr. PASSMAN. What additional U.S. assistance was provided to Cyprus in fiscal year 1976, and what additional assistance is planned for fiscal year 1977? Public Law 480 commodities and any other type of assistance?

Mr. NOOTER. In addition to refugee relief aid, the United States also provided Cyprus with title II commodities through the world

food program—WFP. The commodity value of our actual contribution for fiscal year 1975 is $594,000. In fiscal year 1976 we do not anticipate a contribution. For fiscal year 1977 we are considering a contribution of $799,000 in commodities.

UNITED NATIONS FORCE IN CYPRUS

Mr. PASSMAN. Could you please tell the committee what the present troop strength of this U.N. force is? How long has this force been on Cyprus?

Mr. NOOTER. The troop strength as of December 1975 was 3,069 and included troops from Australia, Canada, Denmark, Finland, Ireland, Sweden, and the United Kingdom. This peacekeeping force was created in 1964 for the purposes of restoring and maintaining a climate conducive to peaceful and productive negotiations.

PORTUGUESE STABILITY

Mr. PASSMAN. Do you feel that Portugal is now in a stable situation where they can presently use these funds to help develop their country?

Mr. LAINGEN. Portugal's democratic forces have largely succeeded in reversing more than a year of leftward drift, aided by encouragement and support from their Western allies and the European community. With the collapse of the November 25, 1975, ultraleft coup attempt, the Government was able to consolidate its gains against leftist-inspired disruption, start removing key agitators from the bureaucracy and the military and restore balance in the media. Now there is a greater sense of stability and cohesiveness, and the Government is confronting Portugal's economic problems. Portuguese project planning and implementation has accelerated in all sectors. The World Bank, the European Economic Community, and the United States are working with the Portuguese to develop projects and we expect considerable progress to be made during the next few months.

AZORES BASE FACILITIES

Mr. PASSMAN. Does the United States still have access to U.S. bases in Portugal or on outlying islands?

Mr. LAINGEN. Yes; we continue to maintain base facilities in the Azores islands.

DURATION OF AID TO PORTUGAL

Mr. PASSMAN. On page 107 you indicate that U.S. assistance to Portugal is temporary in nature. Could you please tell the committee how temporary this assistance will be and when our aid will be terminated?

Mr. NOOTER. The assistance to Portugal requested in the security supporting assistance presentation is intended to see that country through a transitional emergency period of economic difficulty so that, once recovered from the disorder which has only recently ended, they can get on without outside help. Much will depend on how well the Portuguese economy performs during the next year, but we hope the need for security supporting assistance will begin to drop off within

2 years. There are, of course, other categories of U.S. economic assistance to Portugal—Public Law 480 credits and housing investment guaranties—and some of these might be likely to continue.

COMMODITY IMPORT LOAN FOR PORTUGAL

Mr. PASSMAN. I note that you plan to provide $20 million for a commodity import loan to Portugal in fiscal year 1977. Could you please list for the record the commodities that will be provided under this program and indicate if all these commodities will come from the United States?

Mr. NOOTER. The loan will finance machinery, spare parts, equipment, essential raw materials, and agricultural products. Specific commodities have yet to be agreed. They will all come from the United States.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

Mr. PASSMAN. The next item we will consider will be the Middle East special requirements fund for which you are requesting $35 million in fiscal year 1977, which is a decrease of $15 million from the fiscal year 1976 request.

Could you please provide a detailed breakdown showing exactly what these funds will be used for in fiscal year 1976?

Mr. NOOTER. Yes; I would be happy to provide this information. The $50 million we have requested for fiscal year 1976 will be utilized as follows: $25 million will be used to establish, equip, and operate the American Sinai Support Mission; $13 million will be used to assist the Egyptian Government to construct and equip its own early warning system; $10 million will be used to assist the United Nations with equipment and supplies for the United Nations Emergency Force in the Sinai to enable the UNEF to meet its expanded responsibilities resulting from the September 1975 disengagement agreement between Egypt and Israel; and, finally, the remaining $2 million will be used to support a variety of development projects on the West Bank and Gaza.

AMERICAN SINAI EARLY WARNING SYSTEM

Mr. PASSMAN. Could you please tell the committee if the U.S. civilian early warning system is set up at the present time and operational?

Mr. NOOTER. Yes; the Sinai Field Mission was established and fully operational by the 22d of February as called for by the Sinai II agreement. The system is presently operating out of temporary facilities. Construction of the permanent facilities is expected to be completed by July 1 of this year.

Mr. PASSMAN. Could you please detail what the $15 million requested for this American mission will cover in fiscal year 1977?

Mr. NOOTER. As you know, Mr. Chairman, AID doesn't have responsibility for managing the Sinai Support Mission, so I am not fully familiar with all of the details. In general terms, I understand that some $11 million of this amount will be used to cover contract costs of the American firm providing construction and operating services for the early warning system, while about $2 million will be used to

finance the USG field staff in the Sinai and part of the remaining $2 million will be used to cover Washington headquarters costs for the Sinai operation and for anticipated contract changes.

EGYPTIAN EARLY WARNING SYSTEM

Mr. PASSMAN. Has the Egyptian early warning system been set up and is it presently operational?

Mr. NOOTER. Yes, the Egyptian early warning system has been set up and is operational. However, as with the American station, not all of the permanent facilities for the Egyptian system have been constructed at this date, nor has all the necessary equipment we will provide been installed.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

Mr. PASSMAN. I note on page 96 that you state you are now unable to specify precisely how the remaining $17 million will be used. Do you have any idea at this time what type of project this $17 million could be used for?

Mr. NOOTER. No; I do not. These funds will be used to meet special requirements that arise during the year for which provision is not made in other programs. It is not possible to be more precise at the present time.

Mr. PASSMAN. Thank you, gentlemen. The committee is adjourned.

WEDNESDAY, APRIL 7, 1976.

POPULATION AND HUMANITARIAN ASSISTANCE

WITNESSES

ALLAN R. FURMAN, ACTING ASSISTANT ADMINISTRATOR, BUREAU FOR POPULATION AND HUMANITARIAN ASSISTANCE
DR. R. T. RAVENHOLT, DIRECTOR, OFFICE OF POPULATION, BUREAU FOR POPULATION AND HUMANITARIAN ASSISTANCE

Mr. PASSMAN. The committee will come to order.

We shall continue our examination on the budget requests for foreign aid and assistance. The item that we shall take up this morning is that of the "Population and Humanitarian Assistance," which is one of the spigots of the Agency for International Development.

We have as witnesses the Honorable Allan R. Furman, Acting Assistant Administrator, Bureau for Population and Humanitarian Assistance; and Dr. R. T. Ravenholt, Director, Office of Population, Bureau for Population and Humanitarian Assistance.

GENERAL STATEMENTS

Mr. PASSMAN. I assume you have a statement for the committee.

Mr. FURMAN. That is correct.

Mr. PASSMAN. We will insert your statement in the record.

[The statement follows:]

STATEMENT BY ALLAN R. FURMAN, ACTING ASSISTANT ADMINISTRATOR, FOR POPULATION AND HUMANITARIAN ASSISTANCE

Mr. Chairman:

The Population and Humanitarian Assistance Bureau of A.I.D. is requesting an FY 1977 appropriation of $154.1 million to continue implementing the worldwide population planning assistance program under Section 104. Of this total, $69.6 million is allocated for international programs directly operated by the Population and Humanitarian Assistance Bureau. We also request $31.8 million for the support of Private and Voluntary Organizations under Section 106, and $25.0 million under Section 492 for International Disaster Relief.

POPULATION PLANNING

The population planning program request for FY 1977 is allocated as follows:

	($million)
Interregional	69.6
Asia	41.8
Near East	3.1
Africa	7.5
Latin America	7.1
UNFPA	25.0
TOTAL $	154.1

While major changes have occurred in the world population situation during the last decade, much remains to be done by A.I.D., other donors, international organizations, and, of course, the LDCs themselves.

I believe that population and family planning programs must be integrated and coordinated with other development assistance efforts in three ways. First, we must think in macro terms. Concerns about population policy in a country and development initiatives that governments intend to undertake for increasing agricultural productivity, extending health services, or additional education programs for present as well as future population, must be considered simultaneously.

Second, I believe family planning services should be delivered through existing service infrastructure to the extent that this infrastructure is available. Thus, family planning services should be made a part, whenever feasible, of the service package available to people in public health clinics. However, we must recognize that the very nature of the problem in the countries we assist is that these services are woefully inadequate and reach too few people, particularly poorer people. These benefactors of the assistance should wherever possible be involved at the local level in planning and delivering of services.

Third, additional considerations must be given if family planning programs are to succeed. We must let our minds roam beyond the conventional ways in which public services are provided. We must explore private and com-

mercial avenues for making the means of fertility control available to people beyond the reach of existing health care systems. New ways must be tried to teach the people with the greatest need to insist upon and avail themselves of such important life support systems.

Because of the built-in momentum for population growth that characterizes developing countries which have disproportionately large numbers of children, an extra measure of effort is needed now to achieve satisfactory reduction of rapid population growth. In addition to insuring that effective means of family planning services are fully and readily available to all classes of people - especially the rural poor - throughout the developing world, vigorous programs in the following areas are needed:

- Special integrated population, health and nutrition projects which test and demonstrate cost-effective delivery systems;
- Family planning information and education programs;
- Improved administrative and management systems for delivery services;
- Training, particularly of paramedical personnel;
- Examination of the impact on fertility of socio-economic factors, taking into account the availability of family planning services;
- Improved statistical systems to measure the acceptance of family planning and change in fertility levels.

Collaboration with the United Nations Fund for Population Activities (UNFPA) and other international agencies will continue as an important element of our approach to population assistance in FY 1977 and beyond.

The FY 1977 Budget Request

The FY 1977 interregional population program of $69.6 million is divided among the six major areas as follows:

Education and Information ($2.7 million)

The major portion of information and education activities is incorporated in the country programs. These centrally funded projects provide support services worldwide.

Family planning programs can succeed only if people understand the health benefits of smaller families, voluntarily use effective contraceptive methods, and know that safe and effective family planning services and supplies are readily available. Many channels of information, both modern and traditional, must be used to encourage potentially interested couples to practice family planning. Family planning program administrators must plan and implement information campaigns geared to specific delivery systems if they wish to achieve widespread and sustained use of services.

New initiatives must be undertaken to communicate current scientific knowledge in ways which are understood by the public. More effective materials must be developed to provide the public simple and clear explanations of contraceptive benefits and side effects.

Manpower and Institutional Development ($8.4 million)

Successful population and family planning programs require adequate manpower and institutional support. A.I.D. has trained several thousand professionals and auxiliary workers who play major roles in the delivery of family planning services. Future training for paramedical personnel, medical specialists and auxiliary workers will be conducted increasingly in the developing countries by those people already trained under A.I.D. projects.

More obstetricians, gynecologists and surgeons in developing countries will be trained in advanced medical and surgical techniques of fertility control.

Physicians are in short supply in developing countries. Moreover, they are reluctant to work in rural areas. Thus, paramedical and non-medical personnel with limited training are needed to provide elementary, safe and effective health and family planning services to the great majority of people at costs they can afford. For example:

- Community nurses will be trained in family planning service and information.
- Agricultural extension agents, community development workers, and others will be trained in Latin America to distribute family planning educational materials and contraceptives among rural families.

As field programs mature, the role of managers of family planning operations becomes more crucial. In FY 1977, a new program of practical training for managers and executives in country and regional sessions overseas will be initiated.

Demographic and Social Data ($6.3 million)

Demographic and social data are needed to understand population size and structure and the economic and social implications of rapid population growth, help formulate and reinforce policies and assist in the design of family planning programs; and assess the demographic impact of family planning programs which have received A.I.D. assistance for a decade.

Population Policy, Population Dynamics and Fertility Behavior ($5.3 million)

Governments must understand the relationship between numerous demographic variables and development before they can formulate national policies and programs to influence population growth rates. All factors - biomedical, social, economic, religious and legal - which influence individuals' desired and actual family size and their use of family planning services must be considered.

Actions will be undertaken to reduce fertility through non-clinical measures such as programs to encourage postponing marriage and first pregnancy; and continuation of programs in law and reduction of legal impediments to family planning. Demographic studies have been refocused and expanded to define more fully the entire "demand-supply" issue. These help developing countries relate education, employment, income generation

and other development measures to support fertility decline. Interested countries will be helped in implementing activities called for under the World Population Plan of Action and central planning offices in interpreting population concerns in the development planning process.

Fertility Control Techniques and Operational Research ($10.3 million)

The successful A.I.D. biomedical research program has helped devise reasonably inexpensive and simplified fertility control techniques suited to developing countries; however, additional methods and improvements in current methods are needed to make these techniques more acceptable and better suited for use in countries with low educational standards, poor transportation and limited capacity for the delivery of supplies and health care services to rural areas.

Female sterilization has been transformed from an expensive procedure requiring hospitalization to a relatively inexpensive procedure done on an outpatient basis. The mini-laparotomy method of female sterilization using tubal rings and clips developed with A.I.D. support is now at a stage where integrated surgical service centers can be set up to demonstrate this means of fertility control on a large scale.

Alternative contraceptive delivery systems are being tested to attain maximum coverage at the lowest possible cost in Bangladesh, Egypt, Korea, Taiwan and Tunisia.

Family Planning Delivery Systems ($35.0 million)

Reduction of population growth rates depends upon the effective delivery of family planning services for people where growth rates are highest.

While progress has been made in many countries, family planning programs do not yet fully reach the majority of urban and rural poor of most countries. A.I.D. programs help expand the reach of effective family planning delivery systems, separately or integrated with indigenous health and nutrition services, at costs developing countries can afford. But U.S. funding can cover only a portion of the rapidly increasing demand for contraceptive supplies. Steps to increase supply have included a worldwide survey of contraceptive needs, production capacities and funding possibilities.

Financial and commodity support will continue for expanded family planning services by experienced non-profit organizations working primarily with the private sector in the developing countries, such organizations as the International Planned Parenthood Federation (IPPF), Pathfinder Fund, Family Planning International Assistance, and the Association for Voluntary Sterilization.

Worldwide technical assistance and research programs, managed by A.I.D.'s Technical Assistance Bureau, seek solutions which can be applied in a number of countries. In Thailand, a pilot program has been developed to evaluate low-cost integrated delivery systems, and in Kenya and Bolivia, the usefulness of satellite technology to improve census operations will continue to be tested.

UN Fund for Population Activities (UNFPA) ($25.0 million)

The UN has been a major force in focusing attention on the world's population problem. Although the U.S. is still the principal donor to

the UNFPA, we have succeeded in enlisting greater participation by other donors. For 1977, the United States plans to maintain its pledge at $25 million - 25% of proposed new pledges of $100 million for UNFPA. In FY 1977, the U.S. will encourage expanded UNFPA support for family planning services and contraceptive supplies, using community-based (non-medical) delivery systems, agricultural extension services, village level depots and clinics.

PRIVATE AND VOLUNTARY PROGRAMS

The Private and Voluntary Program request for FY 1977 is allocated as follows:

	($millions)
General Program Support	11.0
Development Program Grants and Reserve	8.8
Ocean Freight	10.5
Special Activities	.5
Education and Human Resources	1.0
TOTAL	$ 31.8

The contribution of private and voluntary organizations (PVOs), including cooperatives, to foreign assistance programs is steadily growing in significance. Both Congress and the American public have indicated its support of that aspect of foreign assistance which involves and benefits the neediest in the developing countries. Many programs administered by PVOs are considered pivotal to this approach. With A.I.D. funding, these organizations are being strengthened to respond more creatively and effectively in directions consonant with the Foreign Assistance Act. This is evident in the increased volume of assistance

to PVOs, PVO capacity to begin projects quickly, and the increasing emphasis upon developmental projects. A.I.D. takes pride in being associated with this essential component of U.S. foreign policy interests in less developed countries.

Beginning in early 1974, the community of voluntary agencies, the Advisory Committee on Foreign Aid, and A.I.D. began a collaborative effort with the public and private sectors designed to increase and improve the role of PVOs in development assistance activities in the LDCs. Since then, several programs have been initiated - two new types of grants were designed, a number of symposia and workshops were organized, and funds were set aside specifically to facilitate the entry of qualified agencies into development programs.

Development Program Grant ($8.8 million)

The Development Program Grant (DPG) helps equip individual PVOs with necessary skills to design, plan, manage and evaluate long-term development projects. Since the beginning of this grant program in April, 1974, A.I.D. has made 28 grants (valued at $5.5 million). They have already helped improve PVO performance in project planning and have stimulated several A.I.D. missions and other agencies to request PVO assistance.

General Program Support ($11.0 million)

Eleven organizations with special programs and skills will receive $11 million in such grants. These organizations include the international

staffs of American cooperatives; the International Executive Service Corps which sends volunteer advisors to LDCs and is now shifting to agri-business activities as well as small industries; and the Asia Foundation. The latter fosters the work of leading individuals, professional groups, and private and public agencies in activities such as education, development administration, and rural development in South and East Asia.

Ocean Freight ($10.5 million)

Private development and technical assistance by registered voluntary agencies is encouraged through A.I.D. reimbursement of ocean freight costs for goods used in their overseas programs. These shipments include goods such as food, fertilizer and farm tools purchased with donated funds as well as goods donated by the public, or made available from U.S. Government excess property, stocks.

Financing of ocean freight gives PVOs needed flexibility to pay for sending help to disaster areas for reconstruction and rehabilitation. Rising freight costs and greater public contributions have substantially increased the need for this kind of support. In line with the latest House and Senate requirements with regard to establishing standards and criteria to govern the ocean freight program, A.I.D. is working with the voluntary agencies to more accurately forecast future funding requirements, and to establish priorities using mutually acceptable criteria and to develop a matching formula which would establish an absolute ceiling on government funds. The agencies are encouraged to share future shipping costs from their own resources.

Special Activities ($500,000)

Working closely with the Advisory Committee on Voluntary Foreign Aid, A.I.D. also provides support for workshops and conferences focusing on programming, evaluation, and grant procedures; joint planning and research; and an improved system of program and technical information exchange.

Operational Program Grants (Funded by various Bureaus of A.I.D.)

The Operational Program Grants (OPGs) finance the actual cost of specific development projects operated by private voluntary organizations in developing countries. These grants finance new projects in food and nutrition, population planning, health, education and human resources. In FY 1977, the OPG grants are projected to reach $16.9 million from Sections 103, 104 and 105.

Cooperatives

Cooperatives stimulate and organize economic activity in LDCs. A.I.D. in conjunction with the Advisory Committee on Overseas Cooperative Development (ACOCD) and the Agricultural Development Council (ADC), is helping to sharpen the focus of U.S. cooperatives in their work with small farmers. In addition to General Program Support grants, cooperatives have also received Development Program Grants which enable them to plan and design even more effective programs.

Women in Development

A.I.D. assistance to PVOs is helping to focus attention and actions on those programs addressed to the role of women in development. Several PVOs have received grants for the sole purpose of implementing programs to involve rural women in community-based women's organizations and in development projects.

INTERNATIONAL DISASTER ASSISTANCE

The FY 1977 International Disaster Assistance is allocated as follows:

	($million)
Foreign Disaster Relief	23.1
Regional Disaster Supply Stockpiles	.5
International Disaster Training	.2
Disaster Applied Research	.9
Grant to United Nations Disaster Relief Office	.2
Resources Support Service Agreement	.1
TOTAL	$ 25.0

We are requesting $25 million for International Disaster Assistance, an important component of foreign economic assistance.

Coordination of overall U.S. involvement in foreign disaster relief efforts has been greatly enhanced by the designation of the A.I.D. Administrator as Special Coordinator for International Disaster Assistance by the President. This action also accords with Congressional concern that one individual in the U.S. government function in such a capacity. Under this central leadership, we have moved to improve a number of aspects of our response capability.

- Continued emphasis is given to disaster preparedness, especially in disaster prone LDCs. Technical assistance has increased to meet requests from disaster prone LDCs in the development of national disaster plans.
- Contingency plans have been established in many American Embassies located in disaster prone LDCs to facilitate maximum effectiveness of U.S. and other donor relief assistance.
- Remote sensing techniques such as LANDSAT satellite imagery are being explored in the prediction and assessment of natural disasters. Such techniques may become a valuable tool in the near future.
- High resolution aerial photography was recently used in assessment of the Guatemala earthquake. The acquisition of on-site damage data speeded up relief actions and subsequent reconstruction planning.
- A disaster relief model is being designed for computer simulation, especially adaptable to conditions in lesser developed countries.
- We have asked the National Academy of Sciences to identify areas where science and technology can be applied to disaster assistance and to assess the state of the art in scientific and technical fields relating to disasters.
- The coordination capability of the United Nations Disaster Relief Organization has been strengthened with continued advisory and financial support.

Of the $25 million authorized for FY 1976, $23.8 million has been obligated or programmed as of April 5 for emergency relief, and $1.6 million programmed for disaster preparedness and prediction activities. Examples of past or ongoing relief activities for this fiscal year include responding to civil strife in Angola and Lebanon, the Turkey earthquake, the drought in Haiti and the Guatemala earthquake.

In conclusion, Mr. Chairman, the programs I have described here today in Population Planning, Private Voluntary Assistance and International Disaster Relief, cover a unique spectrum of humanitarian assistance provided by the American people. I believe that on this bicentennial birthdate of our nation, no other programs express more vividly the noble and thoughtful feelings of the American people for those less fortunate in the developing world.

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Mr. PASSMAN. Would you like to summarize your statement?

Mr. FURMAN. I think that for the sake of time, Mr. Chairman, if you want to proceed with questions we will be glad to start right now.

Mr. PASSMAN. Dr. Ravenholt, do you have a statement you would like to submit for the record?

Dr. RAVENHOLT. Yes, I have one, too.

[The statement follows:]

Statement of Dr. R. T. Ravenholt, Director, Office of Population, Bureau for Population and Humanitarian Assistance

The flood of population rhetoric triggered by the World Population Conference at Bucharest has both increased world awareness of population problems and generated confusion concerning priority actions needed for their solution.

Contrary to widely publicized statements emanating from Bucharest: that "family planning programs have failed," I am happy to report that family planning programs are alive and well in the developing world:

- That programs in the vanguard, such as in Singapore, Hong Kong, Taiwan, Korea, Barbados, Costa Rica, Chile, Mauritius, Reunion and Egypt, have already had startling impact on fertility;
- That no one has yet identified a population whose fertility is immune to appropriate availability of the effective means of fertility control;
- That the most notable discovery of recent years is that poor and illiterate peasants use effective means of fertility control to approximately the same extent as literate urban residents when these means are made fully available in rural areas;

- That most of the technological and strategical difficulties which retarded family planning program progress in many developing countries during the 1960s have now been solved;
- And that it is now apparent that the bulk of the international population program assistance needed to enable developing ountries to control their fertility can be accomplished during the next decade.

AIDs Population Program

These summary perspectives are derived from 10 years experience as Director of the population program of the United States Agency for International Development, which through fiscal 1975 had provided $732 million for population program assistance -- more than half of all such assistance to the developing world. (1)

These USAID resources have been applied as follows:

- [illegible] million to the United Nations Fund for Population [illegible]rivities, approximately 45% of UN population resources;
- $60 million to the International Planned Parenthood Federation, approximately 36% of IPPF resources;
- $75 million to four other action intermediaries -- Pathfinder Fund, Population Council, Family Planning International Assistance, and the Association for Voluntary Sterilization;

- $46 million for research and development of new and improved means of fertility control;
- $99 million for purchase and transportation of contraceptives and clinical supplies;
- $216 million for support of family planning programs in 43 countries on a bilateral basis (exclusive of contraceptives). Foremost recipients of USAID assistance have been:

- Philippines	- Tunisia
- India	- Korea
- Indonesia	- Afghanistan
- Pakistan	- Ecuador
- Thailand	- Ghana

- $105 million for development of more adequate demographic data, training, research on determinants and consequences of fertility, policy development, and evaluation;
- $34 million for administration of the program.

World Demographic Situation and Demographic Impact of Population and Family Planning Programs

At the beginning

A decade ago, in 1965, when the United States changed its policy to provide assistance to developing countries for "Programs relating to population growth" (2) the world demographic situation was approximately as follows:

1965

World Population Total	= 3.2 billion
Average World Birth Rate	= 34 per 1000
Average World Death Rate	= 14 per 1000
Annual Population Growth Rate	= 2 percent
Annual Increment in People	= 66 million

At that time there was awakening recognition of the magnitude and severity of the world population crisis in only a few countries; less than 20 developing countries had initiated family planning programs; most countries were politically opposed to the concept of population and family planning assistance; and funds for international population program assistance were available only in limited amounts from several American Foundations, the International Planned Parenthood Federation and the Government of Sweden. Although oral contraceptives and intrauterine devices had been introduced in the early 1960s, large uncertainties and deficiencies existed concerning both the technology and strategy of fertility control programs (3).

Since then, the world population scene has changed with great speed, in considerable measure due to the initiative and resources provided by the United States and other donors and increasingly effective action by a number of developing countries.

The Present Situation

Today, after a decade of concerted action, the world population situation is greatly changed:

- The majority of nations now recognize population growth as a key developmental variable and are dealing with it forthrightly;
- The World Population Year, the World Population Conference, the World Population Plan of Action approved by 136 nations and calling for provision of family planning information and means to all individuals and couples, and the International Women's Year Conference, have greatly increased awareness of population problems and the acceptability of action programs;
- Most nations have removed restrictions on provision of family planning information and means to their populations, and more than 50 nations now have national family planning programs -- many of them far advanced;
- Rapid improvement in fertility control technology has been accomplished during the last several years, with rapidly increasing availability of high quality colored and lubricated condoms, lower dose oral contraceptives with iron tablets, and simplified techniques of female sterilization and pregnancy termination which now permit such surgery to be performed as an outpatient procedure under local anesthesia; (3)

- Family planning programs have already largely accomplished their purpose in a number of developing countries -- Singapore, Hong Kong, Taiwan -where information and the most effective means have been made generally available and where birth rates last year were approximately 20 per 1000. In Korea bilateral USAID assistance was completed in fiscal 1975;
- In nine additional developing countries family planning education and service programs have reached the point where the final tranche of USAID bilateral population program assistance is now planned for 1978 -- Philippines, Thailand, Indonesia, Tunisia, Colombia, Costa Rica, El Salvador, Jamaica and Panama;
- A striking difference in fertility patterns is apparent in a dozen countries which instituted vigorous family planning programs during the 1960's (Figure 1) when compared with a dozen countries without such programs (Figure 2); (4)
- Most of the developing countries which developed vigorous family planning programs during the 1960's were relatively small, but during the last few years some of the most populous countries have made similar rapid progress. The Philippines and Indonesia are examples of countries where effective donor action, mainly by AID, has made a crucial difference in the speed with which these two countries have been able

to deal with their serious population and development problems. In 1967, when AID began population program assistance in these countries, their birth rates were at the traditional high level of more than 45 births per 1000 population, their national policies and laws were opposed to family planning, there was a great dearth of trained personnel, and the people were almost entirely unfamiliar with family planning techniques. Today, both of these countries have revised their relevant laws and policies, thousands of persons have been trained, national programs achieving extensive availability and use of contraceptives have been implemented, and preliminary evidence indicates birth rates are decreasing rapidly;

- While there is progress in many more countries, those programs are not yet sufficiently advanced so that we can judge when international assistance will no longer be essential. These include India, Pakistan, Afghanistan, Nepal, Bangladesh, a number of Latin American countries, and most African countries;
- India, which began a much publicized family planning program in 1965, is sometimes cited as a country where family planning has "failed". In fact, to the extent India implemented its family planning program it did not fail. But rather India has only implemented part of a family planning program: oral contraceptives have been almost entirely omitted

from the Indian family planning program (despite USAID offers of generous supplies of these contraceptives), condoms are of poor quality and IUD, sterilization and abortion services are far from fully and adequately available. Nevertheless, some Indian States made good progress (Figure 3) and during the decade from 1965 to 1974 the Indian birth rate decreased from approximately 44 to 36 per 1000, an 18% decrease. If all effective fertility control means, including oral contraceptives and surgical services, had been made generally available during the last decade, it is likely that India's birth rate would now be less than 26 per 1000.

China, estimated to have 876 million people in 1975, 22% of the World's 4 billion total, and generally recognized as having implemented a powerful fertility control program during the last decade, especially since the end of the Cultural Revolution in 1969, has emphasized delay of marriage, planned births, and full availability of the most effective means of fertility control --oral contraceptives, surgical sterilization, and abortion. (6)

No official report of national program accomplishments has been made to international agencies, but the mosaic of data emerging during the last several years suggests that the Chinese program is highly effective and may already

have lowered China's birth rate to approximately the United States level of 15 in 1975 (Table 1).

The nature and intensity of China's planned birth program, as reported by officials and travelers, suggests China is striving mightily to balance births and deaths as rapidly as possible.

World Demographic Situation

A recent comprehensive analysis of world fertility and mortality rates by the Office of Population, U. S. Agency for International Development indicates that the World Demographic Situation in 1974,* was approximately as follows:

1974

World Population Total	= 3.88 billion
Average World Birth Rate	= 28.2 per 1000
Average World Death Rate	= 11.8 per 1000
Annual Population Growth Rate	= 1.63 percent
Annual Increment in Population	= 63 million

* Inescapably a lag of more than a year occurs in the collection and analysis of world demographic data. Data are available for a substantial number of countries for 1974, but for most countries the data are of less recent origin.

Hence from 1965 to 1974 the world birth rate declined 5.8 points, from 34 to 28.2 live births per 1000 population (19 percent) while the world death rate fell 2.2 points, from 14 to 11.8 deaths per 1000 population (16 percent).

The resultant decrease in World Population Growth Rate, from 2 percent in 1965 to 1.63 percent in 1974, reverses the historical trend toward increasing population growth rates and sets the stage for even more rapid decrease during the decade ahead.

The annual increment in world population -- the product of the world population x its growth rate — was approximately 66 million in 1965 and 63 million in 1974. But the peak annual population increment occurred about 1970, with approximately 70 million people added that year. An accelerating downward trend is now underway.

Had the annual population growth rate continued unabated from its 2 percent peak in 1965, the 1974 population increment would have been approximately 78 million people (2 percent x 3.88 billion), instead of the actual increase of approximately 63 million.

Future Trends and Needs

While major changes have occurred in the World Population Situation during the last decade, much more work needs to be done by USAID, other donors, international organizations and the LDCs themselves.

In addition to insuring that each effective means of family planning and services is fully and readily available to all classes of people -- especially in rural areas -- throughout the developing world, vigorous informational and educational efforts are needed to achieve full utilization of available means and services.

Because of the built-in momentum for population growth that characterizes developing countries which have disproportionately large numbers of children, an extra measure of action is needed to achieve satisfactory control of population growth.

But it is now apparent that essential international assistance for population and family planning even in large and difficult countries such as the Philippines and Indonesia, can be accomplished within a time frame of about 10 years and at a total average cost of about one dollar per capita. At the end of such a decade of international population program assistance the less developed country would ordinarily have formulated appropriate population policies, achieved country-wide availability and use of effective means of fertility control, and birth rates would be moving down rapidly, usually through the twenties.

Furthermore, it appears that essential U. S. Population Program Assistance on a global basis could be largely accomplished during the 20 years from 1965 to 1985 -- if the U. S. Congress provides steadfast and strong support for this program during the second

decade of its operation, as it has during the first decade. The level of funding needs to be increased to about $250 million per annum and maintained there for a number of years. The total cost of this 20 year program of U. S. assistance for resolution of the World Population Crisis should be less than $3 billion.

With strong action for an additional decade, as indicated above, it should be feasible to bring the world birth rate below 20 and the world population growth rate below one percent by 1985. And if this is accomplished then the world population total should be less than 5-1/2 billion by the year 2000.

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TABLE I

ESTIMATED POPULATION DYNAMICS OF CHINA, 1964-1975*
(In Millions)

Year	Population	Birth Rate	Death Rate	Natural Increase Rate	Annual Population Increment
1964	713,000	35.5	16.0	1.95	13.9
1965	727,000	35.0	15.0	2.00	14.5
1966	741,000	34.5	14.0	2.05	15.2
1967	757,000	34.0	13.0	2.10	15.9
1968	773,000	33.5	12.0	2.15	16.6
1969	790,000	33.0	11.0	2.20	17.4
1970	807,000	31.0	9.5	2.15	17.4
1971	824,000	28.0	8.0	2.00	16.5
1972	840,000	25.0	7.0	1.80	15.1
1973	855,000	21.0	6.5	1.45	12.4
1974	867,000	17.0	6.0	1.10	9.5
1975	876,000	14.0	6.0	.80	7.0

* These rough estimates of Chinese population dynamics derive from the following facts and considerations: The Official Chinese Census of 583 million in 1953; a reported sample census indicating 713 million in 1964, officially announced by the Revolutionary Committees in 1967 (5); personal communication from Li Shiu Chen, Minister of Health, People's Republic of China, to the author in September 1973, stating that she reckoned China's birth rate to be 25 and death rate to be 7; personal communication from Dr. W. Chang, Assistant Director General, World Health Organization, (representing the People's Republic of China) to the author in September 1975, estimating China's birth rate to be 17 and death rate to be 6-8; local, municipal and provincial Chinese birth and death rates reported by Chen and other travelers to China (6); fertility changes observed in other developing countries during recent years relative to fertility control programs of varying composition and strength, indicating that: even relatively weak family planning programs making several contraceptives only partially available ordinarily cause crude birth rates to drop roughly 1 point per annum; strong contraceptive programs making all contraceptives generally available, cause birth rates to drop roughly 2 points per annum; and family planning programs making all contraceptives and abortion services generally available cause birth rates to drop 3 or more points per annum during the years of greatest program impact. (Estimates by R. T. Ravenholt, Director, Office of Population, USAID, Washington, D. C., January 1976.)

FIGURE 1

AGE-SPECIFIC FERTILITY RATES FOR COUNTRIES WITH VIGOROUS FAMILY PLANNING PROGRAMS DURING THE 1960s

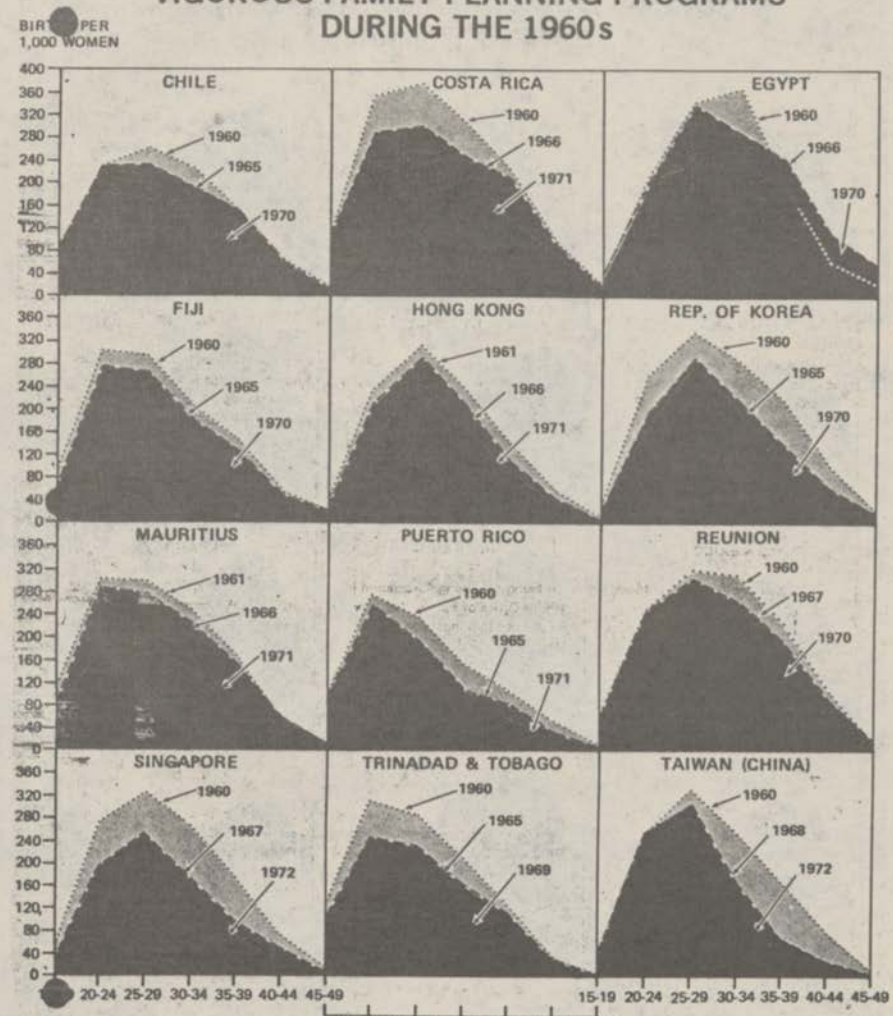


Fig. 2. The fertility of women declined during the 1960s in countries with vigorous family planning programs. Oral contraceptives were emphasized in most of these programs. Legal status as well as availability of contraception played an important role in Reunion where fertility declined sharply after 1967 when legal restrictions were repealed.

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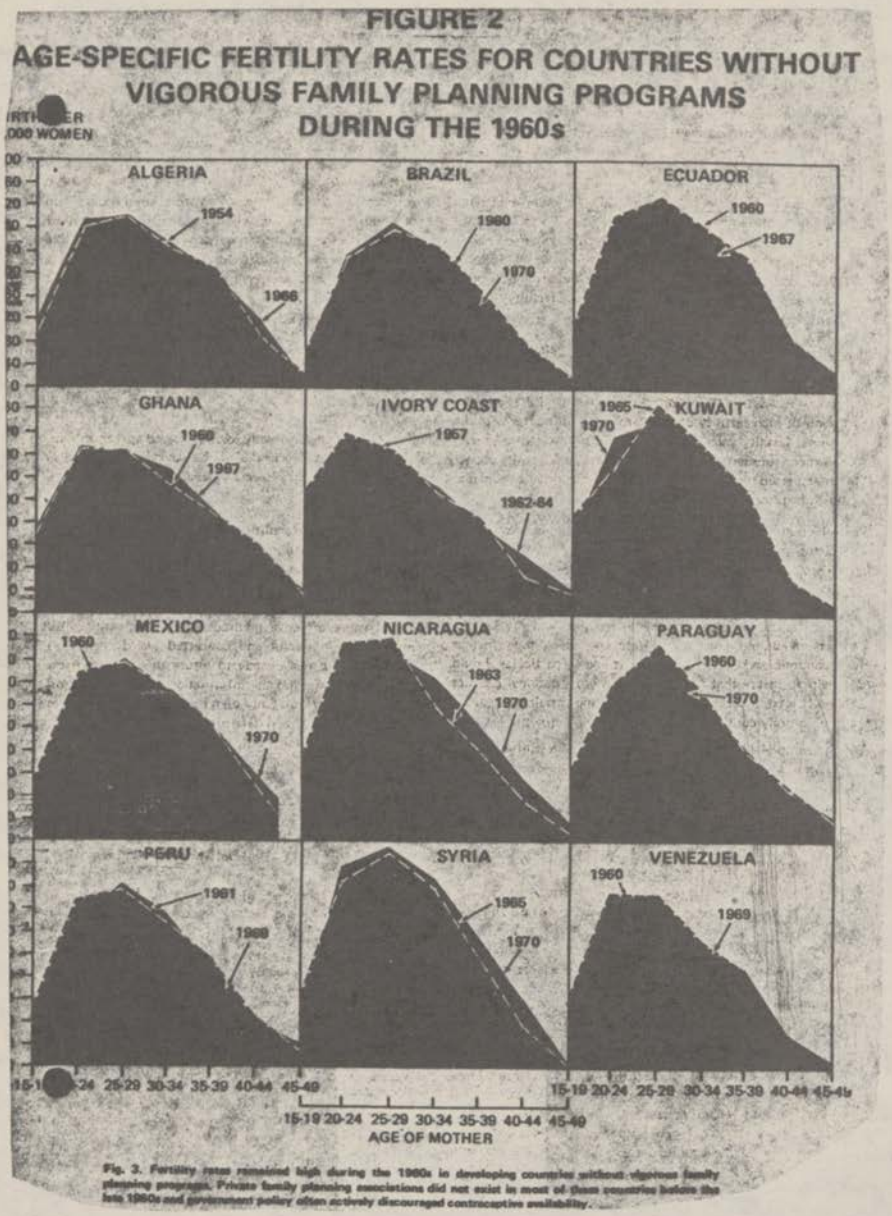
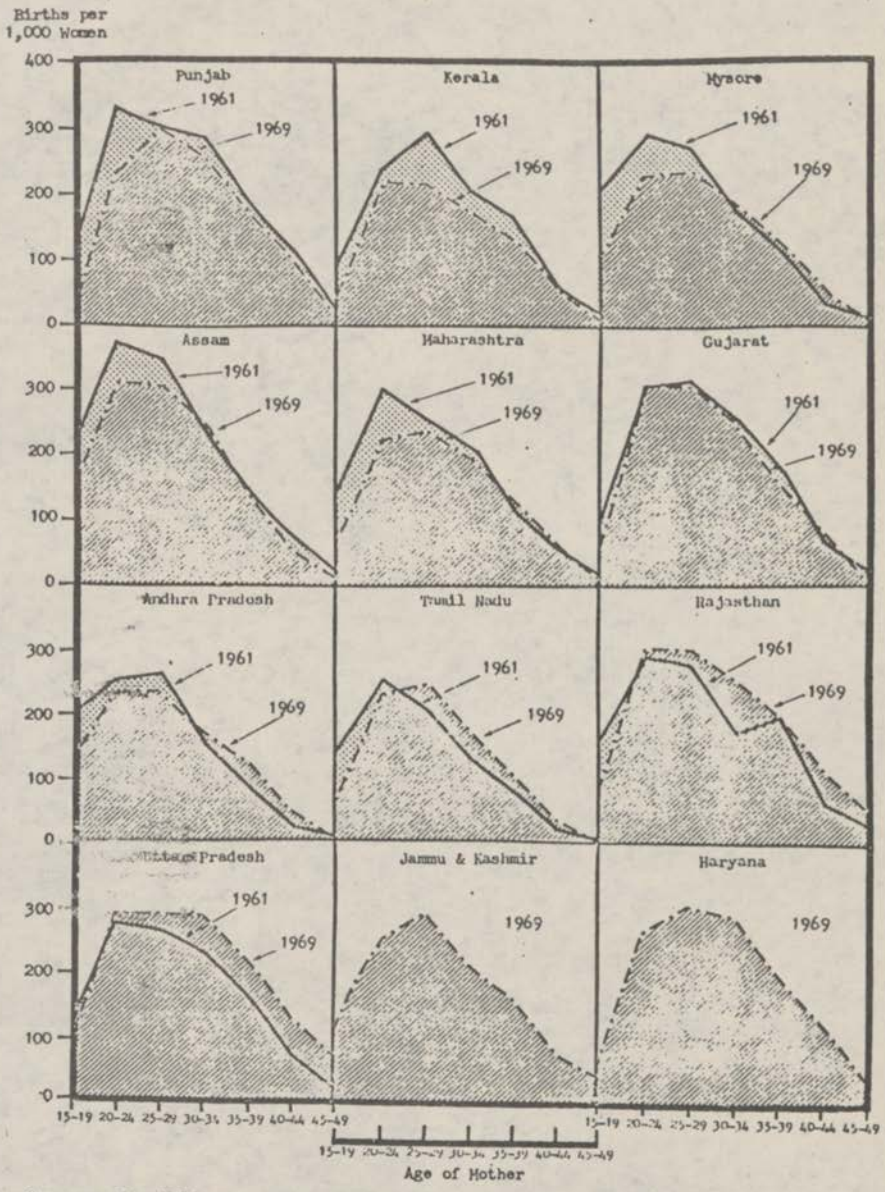


Fig. 3. Fertility rates remained high during the 1960s in developing countries without vigorous family planning programs. Private family planning associations did not exist in most of these countries before the late 1960s and government policy often actively discouraged contraceptive availability.

FIGURE 3

Age-Specific Fertility Rates for Rural Areas in Twelve States of India, 1961 and 1969 Sample Registration



Sources: The 1961 age-specific fertility rates are derived from the 14th round of the National Sample Survey given in A.N. Mehra, "Relationship Between Fertility and Economic and Social Factors in India," and the 1969 age-specific fertility rates are from the Sample Registration System, SRS Analytical Series No. 2, "Measures of Fertility and Mortality in India."

Mr. PASSMAN. We will insert certain justifications in the record at this point.

[The justifications follow:]

POPULATION PLANNING AND HEALTH

PROGRAM SUMMARY (In millions of dollars)			
FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
181.3	241.1	66.5	288.6 159.1 Pop prog only

Development efforts over the past 20 years have helped improve the health and reduce the fertility of the millions of poor people in the developing countries.

-- Death and disease rates have declined rapidly but they are still considerably above those found in the United States and other industrialized nations.

-- While birth rates have begun to fall in some areas, death rates have dropped more rapidly.

As a result, the population of many countries has increased rapidly and is likely to double before the end of this century.

Given current modest, economic growth rates, the quality of life in most developing countries shows little improvement and may even deteriorate if their populations continue to grow. Most of the 2.5 billion people who live in the developing countries continue to face hunger, malnutrition and disease with little or no access to productive services needed to ease their plight.

-- In Africa, one in seven or 15 percent of all children die before their first birthday as compared with only one in 50 or about two percent in the United States.

-- Children under the age of five years still pay the highest price in terms of sickness and death, primarily from malnutrition and a combination of respiratory and gastro-intestinal disease that would be routinely controlled in the United States.

-- Half of the people in the developing countries are children under the age of 15 who must rely largely on others to meet their needs.

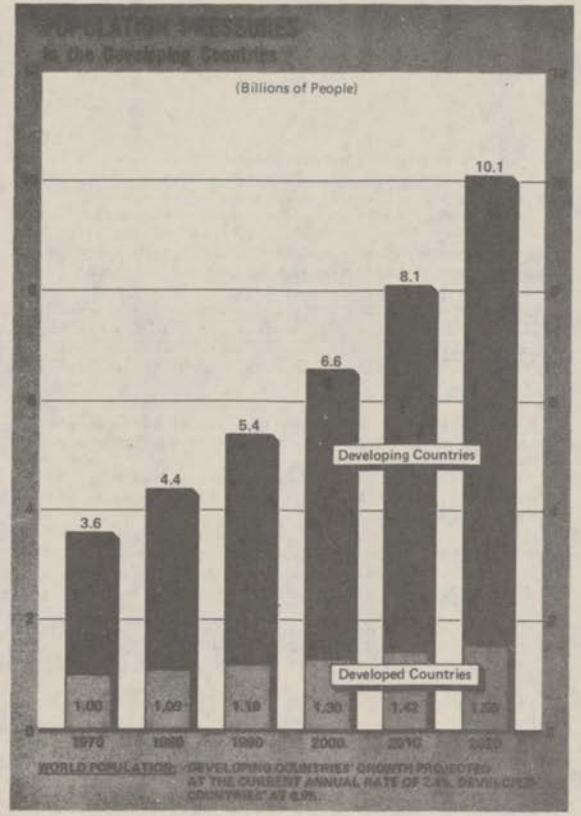
-- Life expectancy in developing countries is still only 50 years or less compared to 71 years in the United States.

Today, some 85 percent of the people in developing countries still lack adequate access to basic health, family planning and nutrition services. While their governments may desire both low birth rates and low death rates, achieving those objectives has proved to be extremely difficult.

The fundamental problem is how to provide needed services for the majority of their people when financial resources, skilled personnel, and required facilities are all extremely limited.

-- On the average, less than $3 per capita is spent for all population, health and nutrition services in the public sector.

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-- Even that expenditure hides the startling fact that $10 or more per capita is often spent on a small minority, largely in urban areas and on curative services, while little or nothing goes to the majority, especially in the rural areas.

A major rethinking of ways to provide these services is needed to improve the prospects of most people to share more equitably in the benefits of development. Four main problems must be attacked if life for the majority of poor people in the developing countries is to improve:

-- too rapid population growth;

-- malnutrition, especially among children;

-- major environmental health hazards such as impure water, poor sanitation and tropical diseases;

-- absence of effective basic family planning, health and nutrition services.

In the past few years the developing countries and donor organizations have begun to develop better ways of attacking these problems.

Today, we stand at a threshold: on the basis of recent experience and projects now underway, more effective techniques to provide simple inexpensive services for the majority, even in hard-to-reach rural areas, are on the horizon. This approach requires greater integration and coordination in the planning of all development programs which affect health and fertility. Such planning must consider a broad range of measures, including:

-- provision of health, nutrition and family planning information and services through paramedics;

-- distribution of medicines, contraceptives, and nutrition supplements through commercial channels;

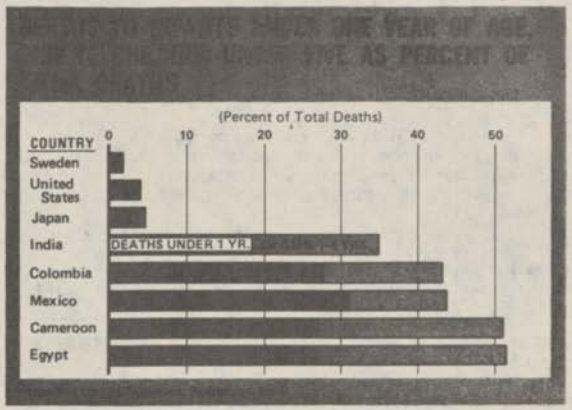
-- the role of schools and other information channels or programs for improved public awareness;

-- public programs which provide improved sanitation and clean water.

While a single system approach which integrates the various services at all levels may be more efficient and economical in the long run, it is frequently necessary to support single-purpose programs, such as family planning or malaria eradication, to achieve maximum coverage at the lowest cost, particularly in the shorter term. Such programs can operate efficiently alongside general health and private sector activities, particularly when associated with well designed health education programs.

There are various levels at which integration and coordination may take place. For example, a village worker with little training may be able to provide the simplest advice and commodities or refer people to a small clinic or major health center elsewhere for a wider range of more advanced services.

-- In health, this may mean only teaching hygiene or home remedies for common respiratory infections.



-- In nutrition, it may mean encouraging mothers to improve the diets of their children or provide a few key food supplements.

-- In population planning, it may mean providing the simplest contraceptive service and advice.

But the integration of delivery of such services must be determined by local conditions among countries or even within countries--regarding local budgets, political situations and existing programs.

A.I.D.'s efforts to design programs to support integrated delivery of services are still at an early experimental stage. The job requires a long-term concerted effort, given the limited resources available. But increasing benefits can be expected over the next decade if pursued with commitment, including attention to achieving even more efficient use of available A.I.D. and developing country resources.

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Population Planning

The experience of the past decade has demonstrated that family planning is one of the most cost-effective ways of improving the health and nutrition status of mothers and children who constitute some 70 percent of developing country populations. If improved health is promoted without adequate concern for fertility control activities, rapid population growth may undermine any hard fought gains made in health conditions. Many countries have made a good start in building the basic infrastructure needed for effective family planning programs:

-- Many doctors, administrators, nurses, and paramedical personnel have been trained to provide family planning services.

** Over 280 nurses/midwives from 26 countries have been trained by the Downstate Medical Center in New York City and Meharry University in Nashville, Tennessee.

** The International Confederation of Midwives has held nine regional working parties attended by 250 midwives and doctors representing 38 countries.

-- The general public is increasingly aware of the benefits of child spacing.

-- Improved data collection and analysis are helping speed major program and policy decisions.

** In Thailand, an analysis of the impact of population growth on development led to the adoption of a positive population policy.

** In Pakistan, an analysis of the results of the 1972 census led to increased attention to family planning programs.

-- Contraceptives are increasingly available through clinical, commercial and community-based supply systems.

** Commercial and community based supply programs are now underway in Jamaica, Bangladesh, Pakistan, Indonesia, Egypt, Korea, and Ghana.

-- Surgical fertility control services are increasingly available in many countries.

Some 30 developing countries have been assisted by A.I.D. on a bilateral basis and another 50 countries through programs sponsored by private organizations and intermediary agencies such as International Planned Parenthood Federation and the UN Fund for Population activities. But these programs must be strengthened and extended throughout the developing world if they are to have needed impact in reducing fertility rates.

Although more governments recognize the consequences of continued high rates of population growth, the problem is still not fully understood by the majority of their people, especially among the poor and in the rural areas. Moreover, there are still age-old, complex cultural and economic pressures to have large families. Educational efforts:

-- must be intensified through the use of traditional schooling and new techniques in nonformal education methods and low-cost communications media;

-- must be designed to improve general understanding of the use of various family planning methods.

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A.I.D. will continue to cooperate with other donor programs in supporting applied research on the cultural and other socio-economic factors influencing fertility with particular emphasis on the age of marriage and first pregnancy, effects of women's education and employment opportunities and other areas which improve the status of women.

Recent efforts to provide and encourage the use of contraceptives have resulted in rapidly rising use of oral contraceptives:

-- In 1977 deliveries are expected to exceed 100,000,000 cycles but even this provides supplies for only a small minority of the 500,000,000 women of child-bearing age in the developing countries.

It is evident that the growing worldwide demand for contraceptives cannot be fully met by foreign aid programs. While clinic-based delivery systems still prevail in many countries, there is increasing movement toward nonclinic or community-based distribution to achieve countrywide coverage.

Other donors and UNFPA will be encouraged to help share the increasing burdens of providing contraceptives and insure the widest possible availability of these vital supplies.

In addition to traditional contraceptive methods:

-- Low-cost surgical training centers to provide advanced techniques of family planning and other surgical services will also be stepped up.

-- Recent work with major U.S. institutions for the development of improved sterilization techniques will be expanded to train additional specialists in laparoscopic sterilization and the use of this equipment for other health-related diagnoses.

Health Assistance

Good health for the majority requires a change for the better in the principal factors affecting the quality of their lives:

-- the rate of reproduction;
-- the level of nutrition;
-- the ability to prevent and resist disease.

Governments must design programs which take these factors into account and which can be carried out with the limited available financial resources and manpower.

In assisting developing countries in health planning, A.I.D.

-- is giving increased attention to finding the appropriate balance among efforts to reduce fertility, decrease mortality and improve nutrition;

-- is encouraging governments to look at the private resources available for health care since, on the average, individuals spend more on their own health care than governments spend for them.

Health plans must also consider the various means by which health advice, education, treatment, and commodities are made available to the majority and when these can best be made available through one system.

-- A.I.D. is now helping 27 countries in preparation of health plans or analyses, often in cooperation with WHO.

-- In FY 1977, health planning projects will be started in eight more countries.

A.I.D. is also assisting an increasing number of pilot projects for the development of integrated, low-cost health delivery systems. The effectiveness of various combinations of paramedical personnel, volunteers, community leaders and traditional practitioners is being tested. The goal is to provide health services to a much greater proportion of the population with the least possible increase in cost.

-- Preliminary experience suggests that retraining of village midwives and traditional practitioners is one effective means of extending health care;

-- Greater use of paramedical personnel and local volunteers is another;

-- WHO and Pan-American Health Organization are also assisting governments in developing this type of pilot program.

But it is too soon to generalize. Pilot projects have yet to be extended to provide countrywide coverage. Governments must see the feasibility, acceptability and benefits of such programs before they will invest in their extension to wider areas of their countries.

Other ongoing and proposed activities will help reduce major rural environmental health hazards:

-- by supporting innovative, low-cost programs which provide potable water supplies and improved sanitation in rural areas; for example:

** Training of personnel for the administration and operation of the National Water and Sewerage Authority of the Yemen Arab Republic.

** training, evaluation and technical advisory services to the local Water Utility Administration of the Philippines;

** practical training in the Cameroon.

-- by improved coordination among bilateral and multilateral donors:

** During FY 1977, A.I.D. will meet with other donors to consider proposals for coordinated efforts in research and training for tropical diseases and rural water and sanitation programs.

-- by continuing support to the cholera research laboratory in Bangladesh:

** The laboratory is now field-testing new vaccines and defining the close relationship between disease, sanitation, water supply, malnutrition and fertility.

-- by continuing cooperative efforts to study ways to control snail fever (schistosomiasis), a hazard which will increase with irrigation for agricultural purposes;

-- by supporting research on a promising new drug to cure schistosomiasis;

-- by contributing to a multidonor 20-year program to control river blindness (onchocerciasis) in the Volta River Valley in West Africa;

-- by supporting programs to control malaria in Pakistan, Nepal, Indonesia, and Haiti and continuing assistance to the ongoing national malaria program in Ethiopia and new programs in Zaire and Sri Lanka.

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Mr. PASSMAN. Whom shall I address myself to?

Mr. FURMAN. Overall it depends on what you want, but in the way of detailed questions on population Dr. Ravenholt will respond. I will add anything at the time I think it is desirable and I will answer the questions on the other humanitarian assistance programs.

Mr. PASSMAN. Thank you, sir.

THE 1975 POPULATION PROGRAM

What was your 1975 approved program for the population program?

Dr. RAVENHOLT. The appropriation was for $110 million for fiscal 1975, $100 million of which was available for——

Mr. PASSMAN. But the cap on the overall was how much?

Dr. RAVENHOLT. $110 million.

THE 1976 POPULATION PROGRAM

Mr. PASSMAN. What is the 1976 program as agreed upon by the Congress and in the conference report?

Dr. RAVENHOLT. I haven't received the definitive report.

Mr. PASSMAN. I am talking about the overall.

You had a cap of $110 million for fiscal 1975?

Mr. FURMAN. Correct.

Mr. PASSMAN. And you had a program budget request of $133.4 million for fiscal 1976?

Dr. RAVENHOLT. Right.

Mr. PASSMAN. And, of course, as you know, they removed the operating expense, commonly referred to as project support, and put it all together so to get the total then you would have to add the operating expense back in this figure, would you not?

Mr. FURMAN. That is correct.

COUNTRIES WITH AID FAMILY PLANNING PROGRAMS

Mr. PASSMAN. How many nations are you presently operating in with the family planning program?

Mr. FURMAN. Twenty-eight for fiscal year 1976 on a bilateral basis.

Mr. PASSMAN. I am talking about bilateral because that is the item we are considering at this time.

How many do you show?

Mr. FURMAN. Twenty-eight.

Mr. PASSMAN. And you show 34?

Dr. RAVENHOLT. Well, this is the figure I have in my mind, but 28 is the latest.

Mr. PASSMAN. Twenty-eight, and that is 28 out of, I believe, 151 nations of the world.

Dr. RAVENHOLT. Right.

INDIA AND CHINA POPULATIONS

Mr. PASSMAN. And, of course, the nations with the largest population we are really not operating in, are we?

Dr. RAVENHOLT. The two largest nations we are not operating in.

Mr. FURMAN. India and China.

Mr. PASSMAN. That is almost half the population of the world, isn't it?

Dr. RAVENHOLT. That is about 1.5 billion.

Mr. PASSMAN. We have 4 billion population. In China you have 900 million and I believe in India about 600 million.

Mr. FURMAN. About half of the world's 4 billion total.

FORMER INDIA PROGRAM

Mr. PASSMAN. Didn't we have a family planning program in India at one time?

Mr. FURMAN. Yes.

Mr. PASSMAN. But they asked us out.

Mr. FURMAN. Yes; we provided substantial assistance during the latter part of the 1960's, about $30 million, but then following the war in 1971, as you recall, that program was discontinued.

Mr. PASSMAN. We are all Americans. We are all taxpayers and it is Americans' money that we are spending and I think we can absolutely afford to be completely frank with each other not only in your area, but in other areas.

India has just politely said, "Get out." Isn't that just about the picture?

Mr. FURMAN. At that point they terminated their request.

Mr. PASSMAN. What is the difference between terminating and saying get out? Possibly my selection of words is a little different from yours but it means the same thing, doesn't it?

Mr. FURMAN. Right.

AID TO INDIA

Mr. PASSMAN. And I tell you why I am worried about it. I have been predicting this would happen for many, many years. We have actually given to India in the bilateral program $7.8 billion. The International Development Association has outstanding credits of $8 million and 44 percent of all that money went into India.

We are in a different area than economic aid here but the purpose is to educate these people to the advantages of family planning so that they can have a better economy, take care of their people better, and I just wish someday we could find the answer.

SOUTHEAST ASIA

Without exception, gentlemen, every nation that we have gone all out to help with massive aid, Laos, Cambodia, Vietnam, India, where we have had the most aid on a per capita basis, we have lost them the most completely, and somewhere along the way working with you and everyone else in Government we should find the answer to it.

Have you been asked to terminate your program in any other nations, Dr. Ravenholt?

Dr. RAVENHOLT. I don't believe so, except, of course, those in Indochina.

Mr. PASSMAN. Well, Laos, Cambodia, and Vietnam are down the drain.

KOREA PROGRAM

Dr. RAVENHOLT. We have moved deliberately to terminate bilateral population assistance to Korea.

We finished this in fiscal 1975 because the program was sufficiently advanced that we felt the Koreans could undertake it on their own.

Mr. PASSMAN. When you look at the record in Asia, there is one nation that is still loyal to us which we can refer to as our ally and has taken full advantage of the aid we have furnished and that is Korea.

That is the only friend we have left in that part of the world regardless of the mythical benefits and someone's imagination. That is the one that we can point to and say, Well, they are still sticking.

Have they encompassed your program recommendations? Are they following them out on their own?

Dr. RAVENHOLT. Yes; they are making excellent progress. We provided substantial support for years but, indeed, that program has matured to the point where they can probably implement it the balance of the way themselves. They will get some ongoing assistance through the multilateral and other private organizations.

Mr. PASSMAN. Are they doing it? Do you have any agreement with them that you can go back and check on the program that you started?

KOREA TRAINING PROGRAM

Dr. RAVENHOLT. Yes; we do have a great deal of communication, and during the last 2 years before terminating assistance, we implemented a very intensive training program, especially for the surgical means of fertility control. First bringing Korean leaders to Johns Hopkins for training, then organizing training programs in Korea for advanced techniques of fertility control. We also gave them the needed surgical equipment. There is a large cadre of well-trained personnel now working in Korea.

Mr. PASSMAN. How many years did you operate your program in Korea?

Dr. RAVENHOLT. In just about a decade we provided $8.2 million on a bilateral basis and another $5 million through the many other organizations working there.

Mr. PASSMAN. Thinking in terms of American dollars and just the U.S. bilateral program and not mixing this up with the foundations and private institutions, you put in $8.2 million, you said?

Dr. RAVENHOLT. $8.2 million on a bilateral assistance basis.

Mr. PASSMAN. That is what we are examining on today, strictly bilateral. That is understood.

When you terminated the program you did so on the basis that you had trained them to where they could carry the program on themselves?

Dr. RAVENHOLT. Yes.

They had established a strong population family planning program. We had assisted very actively in developing an adequate cadre of trained personnel. They have gotten countrywide availability of services and extensive utilization of effective means and the birth rate is moving down rapidly.

Mr. PASSMAN. You give good answers but rather long answers, but for all practical purposes you accomplished your objective there?

Dr. RAVENHOLT. Yes.

Mr. PASSMAN. And you felt these people had trained themselves to carry the program on and that is why you terminated your program?

Dr. RAVENHOLT. Right.

REPORTS ON CONTINUING PROGRAM

Mr. PASSMAN. Did you leave any of your experts or any supervisors there to see whether or not they are continuing?

Dr. RAVENHOLT. We have particularly two persons there, one of whom was a population officer in the Philippines before he went there. He has actually been in both population and health.

We have an ongoing interest there maintained by these two people who also have responsibility for the health program in Korea. The bilateral assistance action is now really the health program but they retain an ongoing interest in the population program as well.

Mr. PASSMAN. Who maintains continuing interest?

Dr. RAVENHOLT. These two officers with the AID mission.

Mr. PASSMAN. Do you get frequent or infrequent reports from Korea that they are continuing this program?

Dr. RAVENHOLT. Yes; we get frequent reports.

Mr. PASSMAN. The reason I asked that question is I think we all know that some of these nations have gotten massive aid. They are continuing to get aid and many times they will embrace the program when in reality—I am not talking about Korea—they don't like it so as to keep the additional aid coming in, and that is why I am asking the question.

You left people there to supervise and see that they continue the program that we assume they like.

Mr. RAVENHOLT. Mr. Chairman, you might be interested in the record of inputs to Korea which began in 1966.

Mr. PASSMAN. Let us insert it in the record. I would like to have it.

[The information follows:]

Population Program Assistance to Korea, 1965–75 – Estimates Prepared for the Inspector General of Foreign Assistance, 1975

A. USAID Title X Bilateral Assistance by Fiscal Year ($ in thousands)*

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
-	52	99	1,491	1,200	888	1,660	436	688	1,336	350	8,200	0

*Includes funds for contraceptives obligated by AID/W

B. Assistance by Organizations Receiving AID Title X Support ($ in thousands)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
UNFPA	cumulative through 1970 →					192	13	18	74	1,543	1,600	3,640	1,744
IPPF	13	56	88	243	242	278	770	502	486	607	604	3,889	n/a
Pathfinder	-	-	-	-	-	-	-	-	-	-	-	-	-
Pop Council	101	317	565	626	649	493	419	431	588	30	70	4,289	n/a
FPIA	-	-	-	-	-	-	-	44	n/a	n/a	102	146	n/a
AVS	-	-	-	-	-	-	-	-	-	-	75	75	90
Asia Found.	-	-	-	-	-	-	-	-	99	45	48	192	n/a

C. Assistance by Other Countries and Organizations Not Receiving AID Title X Support ($ in thousands)

Canada	-	-	-	-	-	-	-	10	n/a	n/a	n/a	10	n/a
Japan	-	-	-	-	16	51	n/a	n/a	n/a	n/a	n/a	67	n/a
Sweden	-	-	-	425	416	329	657	563	511	714	35	3,650	n/a
OXFAM	34	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34	n/a
Rockefeller	-	-	-	-	-	-	15	14	n/a	n/a	n/a	29	n/a

D. Host Government Inputs to Family Planning ($ in thousands)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
cumulative →			6,930	2,060	2,680	3,190	2,620	3,390	3,860	4,010	4,260	33,000	n/a

COMBINED INPUTS

348	425	7,682	4,845	5,203	5,421	6,154	5,408	6,306	8,285	7,344	57,221	1,834

COUNTRIES WITH AID FAMILY PLANNING PROGRAMS

Mr. PASSMAN. Could you place in the record at this point the names of the 28 nations that you presently have a family planning program in?

Mr. FURMAN. Yes, sir.

Mr. PASSMAN. And if you would the total population of the 28 nations where you have an aid program.

Dr. RAVENHOLT. Yes, sir.

[The information follows:]

Recipients of population program assistance in fiscal year 1976 through bilateral agreements

	Estimated population 1975 [1] in thousands
Africa:	
Botswana	677
Cameroon	6,398
Ghana	9,866
Kenya	13,350
Liberia	1,567
Tanzania	15,162
Zaire	24,899
Latin America:	
Bolivia	5,612
Colombia	22,078
Costa Rica	1,967
El Salvador	4,099
Guatemala	5,514
Haiti	4,601
Honduras	2,747
Jamaica	2,052
Nicaragua	2,173
Panama	1,670
Paraguay	2,547
Peru	15,510
Asia:	
Bangladesh	74,000
Indonesia	131,920
Nepal	12,591
Pakistan	70,329
Philippines	42,803
Thailand	42,295
Near East:	
Afghanistan	19,164
Morocco	17,370
Tunisia	5,753
Total	558,714

[1] 1975 population projected from 1974 population using 1974 growth rates.

Mr. PASSMAN. Most of them are small nations, aren't they?

Dr. RAVENHOLT. Quite a few of them are small, but, of course, they also include large nations.

LATIN AMERICA COUNTRIES

Mr. PASSMAN. How many nations in Latin America would you say are in the program?

Mr. FURMAN. Latin America, 12.

Mr. PASSMAN. What countries are they?

Mr. FURMAN. Bolivia, Colombia, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, and Peru.

Mr. PASSMAN. Most of those are small nations.

Mr. FURMAN. Colombia is perhaps the largest one, yes.

Mr. PASSMAN. What is the population of Colombia?

Dr. RAVENHOLT. About 22 million, sir.

Mr. PASSMAN. We want to make this record.

PERCENTAGE OF WORLD POPULATION AFFECTED BY AID PROGRAMS

Actually so far as population is concerned your programs are applicable to maybe 10 percent of the population of the world?

Dr. RAVENHOLT. Program 10 percent?

Mr. PASSMAN. Your bilaterial, family planning program worldwide. We have 4 billion people. You are in 28 nations. Would you say what percentage of the total population that represents? Ten percent? Twelve percent?

Dr. RAVENHOLT. I would prefer to total it up but certainly our total target population in the developing countries is about half the world's people, 2 billion. Then subtracting 600 million for India leaves us 1.4 billion with which we are still concerned.

Mr. PASSMAN. You have 151 nations in the world.

Dr. RAVENHOLT. Right.

Mr. PASSMAN. If you are only in 28 nations and most of these nations are small, as he stated for the record, the 12 in Latin America, percentagewise of the total population it is reasonably small, isn't it?

Dr. RAVENHOLT. We are working in large nations, too. Indonesia is 132 million, Pakistan about 70 million, Bangladash about 75 million, Philippines 42 million.

Mr. PASSMAN. Would you say it would represent 25 percent of the population of the world, which, of course, would be about a billion?

Dr. RAVENHOLT. I would say it may be roughly in that ball park.

Mr. PASSMAN. I am asking the question for this reason.

You are a doctor. If you go into a community where you have an outbreak of flu and there are 100 in bed and you only treat 25 percent of them, it is going to continue spreading, isn't it?

Dr. RAVENHOLT. Yes.

Mr. PASSMAN. So you have accomplished very little, and if we are only going to have a family planning program in 28 nations of the 151 of the world and 75 percent of them are out from under this bilateral program, it doesn't really make a good picture, does it?

Dr. RAVENHOLT. In the 4 billion world population, 2 billion, as I indicated, are either in developed countries or People's Republic of China, which are not our responsibility.

Mr. PASSMAN. But your big countries are out from under the umbrella.

INDIA SITUATION

Dr. RAVENHOLT. The key country that is omitted from our current assistance is India with 600 million.

Mr. PASSMAN. Why would one nation that needs family planning no doubt more than any other on the face of the Earth, unless possibly Bangladesh, want to throw a program out that would mean so much in the long run? Was it their dislike for us, or they just couldn't comprehend the advantages?

Dr. RAVENHOLT. Personally, I think it had a lot to do with the fiscal mechanisms adopted during the 1960's, the whole conundrum of the U.S.-owned rupee that we couldn't use there but which lay on the books.

There were some built-in difficulties. We have continued to provide some very essential assistance to India particularly through training and through a number of intermediary organizations.

TRAINING INDIAN PHYSICIANS

Mr. PASSMAN. But no longer. They are out.

Dr. RAVENHOLT. We still bring Indian physicians out of India for training. We are able to carry on certain kinds of assistance even though we are not providing bilateral assistance.

Mr. PASSMAN. Of course, now you are getting into the multilateral area.

Dr. RAVENHOLT. No.

Mr. PASSMAN. This is strictly bilateral.

Dr. RAVENHOLT. Right, but this is neither bilateral nor multilateral. It is through intermediary organizations such as Johns Hopkins University, Pathfinder Fund, and other international assistance organizations. We are still able to provide some crucial assistance such as training, surgical supplies, and some other supplies, particularly through Family Planning International Assistance.

INDIAN RUPEES

Mr. PASSMAN. Don't you think you have some intellectuals in India? I remember after our country gave them bilateral aid of $7.8 million, we had accumulated millions of dollars in Indian rupees, and they approached our Ambassador.

They said, "You control too much of our currency and we don't like that." And they submitted a proposition to him that we would make them a present of $2.2 billion, the rupees that we owned, and sure enough our Government accepted the proposition.

We took $2.2 billion of Indian rupees that we owned and said we are making you a gift of it.

Then they turned a page and said let us let that show that we made a payment on our account. And they messed up their bookkeeping to show that they paid $2.2 billion cash on the account.

Smart men sometimes get more fouled up than people with common sense.

If I had been arranging that transaction, I would have said no, we will take $2.2 billion of rupees and we will freeze them for 25 years. Just forget that we own them. They didn't think about that. I think that would have been the wiser approach because I understand now they are discovering some new oil wells out in India. They may be giving us aid in another 10 years at the rate we are going, by dissipating our resources.

Instead of freezing it, I have to say they outsmarted us because we made them a present of $2.2 billion.

INDIAN RUPEES AND AID PROGRAM

Dr. RAVENHOLT. Mr. Chairman, the existence of that account, which is all it has been—it hasn't really been a resource—was a very major obstacle to effective assistance to India during the past decade.

Mr. PASSMAN. What was?

Dr. RAVENHOLT. The U.S.-owned rupee account was a very large obstacle to effective assistance to India because these moneys existed only in theory, not in fact. They were not real resources that could be used and usually we were not able to operate in India the way we could operate——

Mr. PASSMAN. Dr. Ravenholt, you are a smart man. You got your degree in medicine. It is just a simple fact of life. India borrowed the money and we gave India $7.8 billion and a good part of that was an outright grant.

Isn't that correct?

Dr. RAVENHOLT. Yes.

Mr. PASSMAN. About half of it was an outright grant to start with. Then the additional part of it was long-term loans and they were going to repay us in rupees. It was understood that we would not take the rupees out of the country, pay for something out of the country, that they would be utilized in the country. Every time we accepted a rupee we gave them two rupees worth of our resources, and we could have frozen it, say for 25 years, and had a new look at it.

Wouldn't that have accomplished the same thing? They didn't fuss about giving us those rupees when they were getting our commodities, did they?

Dr. RAVENHOLT. That was the origin of those rupees. When we gave them the commodities rupees were ostensibly generated and put in a holding account or in escrow, to be released upon the joint decision of the United States and India.

Mr. PASSMAN. That is correct, known as counterpart funds. But they came along and said, "We want you to make us a present of these rupees. We know you gave us $7.8 billion of it." About half of it was a gift to start with.

Maybe I won't have to pay my bank because I can tell them I am offended now that they want me to pay on this note that I have had for a long time.

We are the biggest suckers on the face of the Earth. I think P. T. Barnum expressed it very well, that there is one born every minute, but today there is one born every second.

FAMILY PLANNING CONTRACTS

Doctor, will you place in the record at this point a list showing the 28 countries that you will have a family planning program in and also provide a list of the name of each agency with which you have family planning contracts.

Dr. RAVENHOLT. Yes, sir.

[The information follows:]

A.I.D. PROJECTS IN POPULATION AND FAMILY PLANNING—FISCAL YEAR OBLIGATIONS

Recipients of Population Program Assistance in FY 1976 Through Bilateral Agreements

	Est. Pop. 1975
Africa	
Botswana	677,000
Cameroon	6,398,000
Ghana	9,866,000
Kenya	13,350,000
Liberia	1,567,000
Tanzania	15,162,000
Zaire	24,899,000
Latin America	
Bolivia	5,612,000
Colombia	22,078,000
Costa Rica	1,967,000
El Salvador	4,099,000
Guatemala	5,514,000
Haiti	4,601,000
Honduras	2,747,000
Jamaica	2,052,000
Nicaragua	2,173,000
Panama	1,670,000
Paraguay	2,547,000
Peru	15,510,000
Asia	
Bangladesh	74,000,000
Indonesia	131,920,000
Nepal	12,591,000
Pakistan	70,329,000
Philippines	42,803,000
Thailand	42,295,000
Near East	
Afghanistan	19,164,000
Morocco	17,370,000
Tunisia	5,753,000
Total	558,714,000

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional:	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 1: Development of Adequate Demographic and Social Data									•
Development of Methodology for Estimating Birth and Death Rates and Population Changes from Interview Data. Research PASA[1] with National Center for Health Statistics, U.S. Public Health Service. Project 931-17-570-450; RA-1-66.	64 Completed Aug. 1967								
Demographic Studies. PASA[1] with U.S. Bureau of the Census to prepare a report on the population of Pakistan. Project 946-11-590-735; TCR-3-65.	27 Completed Jan. 1965								
Demographic Methods Handbook. PASA[1] with the U.S. Bureau of the Census to prepare a book on statistical methods which will fill demand by demographers and statisticians and serve as a basic text for training foreign demographers. Project 931-11-570-802; WOH(CA)-7-67.	28	58		8	8	(2)			
Demographic Services. PASA[1] with International Demographic Statistical Center, Bureau of the Census, to store, retrieve, tabulate, analyze, and project data, so that analyses of the socioeconomic implications of alternative demographic policies will be based on more accurate projections of available data. Project 931-11-570-810, WOH(CA)-10-68.		17	393	557	766	(2)			
New Florencia Workshop. PASA[1] with Bureau of the Census to improve censuses and surveys in less-developed countries (LDC) for the 1970's. Procedural models have been devised for developing countries. These models are used in a worldwide workshop training program to facilitate their incorporation in national programs. Project 931-11-570-808; WOH(CA)-9-68.		15	158	129	204	(2)			
Correspondence Training in Household Sample Surveys. PASA[1] with the Bureau of the Census to develop and implement correspondence training courses in specialized fields of statistical operations. Project 931-11-570-881; PASA TAiCA)-6-70.				21	134	(2)			
Laboratories for Population Studies—Phase I. Contract with University of North Carolina to prepare detailed proposals for establishing two or more population studies laboratories overseas to test population measurement instruments and obtain information under controlled population conditions. Project 931-11-570-825; csd-2161.		61 Phase I Completed						—	—
Laboratories for Population Studies—Phase II. Task order with the University of North Carolina to establish laboratories for population studies in collaboration with academic and research institutions overseas to be administered by local nationals. The laboratories will collect population data and experiment with data collection techniques. Project 932-11-570-861; csd-2495.			353	208	424	366	58	658	
To establish the Moroccan Demographic Research Center (CERED) in Rabat. PROAG. 608-70-10.				290					

[1]Participating Agency Service Agreement.

[2]Consolidated into Population Data Systems project for fiscal 1972.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 1—Cont'd.									
Laboratories for Population Statistics—Phase III. Contract with the University of North Carolina to develop in selected LDC's (worldwide) the institutional capabilities and manpower resources for the application of improved demographic methodology in the collection and analysis of fertility statistics and other demographic data. Project 932-11-570-861; C-1114.									759
Population Data Systems. PASA[1] with U.S. Bureau of the Census to support development of adequate demographic and social data by training and advisory services to build LDC data infrastructure; also to provide adequate demographic services to AID's population program. 932-11-570-966; PASA TA(CA)-8-72.						2,001	2,456	2,864	2,635
World Fertility Survey. Research grant to the International Statistical Institute at the Hague, Netherlands, in support of a program of comparative research to be conducted in conjunction with the 1974 World Population Year. Project 932-17-570-547; csd-3606.						1,043		1,000	1,800
Disease and Demography Survey. PASA[1] with the U.S. Center for Disease Control, Atlanta, Ga., to develop and test a survey methodology to combine collection of both vital events and incidence of disease in rural areas of countries where health and demographic data collection methods are inadequate. Project 932-11-570-601; PHA(HA)-5-73.							300	352	455
African Data for Decision Making. Contract with National Data Use and Access Laboratories to demonstrate through application of user-oriented computer software the uses of demographic data for decision making and development planning in African countries. Project 932-11-570-606; CM-pha-C-73-18.							798		165
Population Dynamics in Asia and the Pacific. Grant with the East-West Population Institute, University of Hawaii, to establish capabilities within priority Asia and Pacific Basin countries to plan and develop policies and programs to cope with population problems and to reduce fertility. Project 932-11-570-200; AID/pha-G-1058 (prior year funding in East Asia Regional projects, contract ea-32).								926	800
Evaluation of Family Planning Effectiveness. Contract with the Community and Family Study Center of the University of Chicago to insure the availability of demographic and program data to relevent LDC organizations and to AID for evaluating the effectiveness of family planning programs. Project 932-11-570-619; AID/pha-C-1108.									140
OFFICE OF POPULATION **Goal 2: Development of Adequate Population Policy and Understanding of Population Dynamics**									
Study of the Effect of Population Growth on AID Goals. Contract with the University of Pittsburgh to prepare a report on the impact of alternative foreseeable population trends upon economic development prospects and assistance needs of less developed countries, utilizing data for Pakistan. Project 946-11-590-735; csd-751.	11 Completed Jan. 1965								

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional—Continued **OFFICE OF POPULATION—Goal 2—Cont'd.**									
Conference on Population Dynamics. Contract with Johns Hopkins University to orient selected AID personnel in population dynamics. Project 946-11-590-735; csd-833.	13 Completed June 1965								
Multivariate Factors Influencing Fertility. Contract with Harvard University to develop and pretest a questionnaire schedule designed to evaluate the interrelationships of the level of living, fertility behavior, and mortality for use in research project. Project 931-13-570-818; csd-2153.		61		Completed March 1970					
Rationale for Population Policies. Contract with National Academy of Sciences to conduct symposia to explore and define interactions between population change and economic and social development as a basis for developing a comprehensive rationale for appropriate population policies applicable to individual country situations. Project 931-11-570-817; csd-1925.		72	40		Completed July 1971				
Development Center Population Project. Grant to the Organization for Economic Cooperation and Development (OECD) to help support the operation of the Population Center at the OECD Development Center. Project 932-11-570-827; csd-2166; csd-2782.		109		100			100	50	
Population/Economic Growth Analysis. Contract with General Electric Co. to formulate suitable analytical models to assist AID Missions and host country organizations to analyze consequences of birthrates and other demographic rates. Project 932-11-570-016; csd-1936; csd-2611.		110	24					215	767
To provide revision and extension of the basic models and analytical materials. (Task Order No. 1.)				147	Completed Dec. 1971				
To assist Mission in Chile in the application of analytical materials. (Task Order No. 2.)				60	Completed Nov. 1970				
To assist five LDC expert teams in country applications. (Task Order No. 3.)					239	404	195	Completed Oct. 1974	
To carry out in-depth studies on issues raised by model applications. (Task Order No. 4.)					155	Completed Oct. 1972			
To carry out detailed studies to demonstrate the advantages of lower fertility rates. (Task Order No. 5.)						265	Completed Aug. 1973		
To assist six LDC country teams in the application of the model, and to carry out in-depth studies of related issues. (Task Order No. 6.)							429	Completed Nov. 1974	
Human Fertility Patterns—Determinants and Consequences. Research contract with Rand Corporation to analyze determinants and consequences of human fertility patterns, for use in formation of AID policy. Project 932-17-570-824; csd-2151.		143							

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued OFFICE OF POPULATION—Goal 2—Cont'd.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Improvement of Population Program and Policy Design. Contract with the University of North Carolina to analyze and evaluate current systems of delivering family planning services and to test alternative approaches in order to more effectively reach rural populations not yet receiving conventional services. Project 932-11-570-856; csd-2507.			435	1,174			Completed Dec. 1973		
Situation Reports on Population Problems, Policies, and Programs. Contract with the California Institute of Technology to establish regional observers and compare the economic and social context of population policies and family planning programs as a sequel to the Rationale for Population Policies contract with the National Academy of Sciences. Project 932-11-570-858; csd-2515.			405	398	411		582		226
International Union for Scientific Study of Population. Grant in support of the general conference of the International Union for Scientific Study of Population held at the School of Economics, London, in September 1969. Project 931-11-570-839; csd-2258.			10	Completed May 1970					
The Epidemiology of Outcome of Pregnancy in Diverse Cultures in Selected Countries. Research contract with Johns Hopkins University to conduct epidemiological studies in several countries to ascertain the epidemiology of induced abortions and its relationship to health, fertility levels, fertility control measures, demographic and socioeconomic variables. Project 932-17-570-496; csd-2246.			194			31	Completed Dec. 1973		
Determinants of Family Planning Attitudes and Practices. Research contract with Harvard University to conduct studies of the determinants of fertility patterns and family planning practices as a basis for the formulation and evaluation of policy and program planning. Project 932-17-570-497; csd-2478.			106			15	Completed Sept. 1973		
Utilization of Family Planning Services. Research contract with the Bowman Gray School of Medicine, Wake Forest University, to ascertain and evaluate factors contributing significantly towards participation in fertility limitation, and those contributing to indifference and to strong resistance to family planning; and to experiment with nonclinical health-oriented models for family planning programs. Project 932-17-580-510; csd-2512.			262		101		1	Completed Sept. 1974	
Law and Population Program. Contract with the Fletcher School, Tufts University, to establish a reporting network on legal data, for subsequent publication and distribution, and to undertake studies and seminars that will provide a better understanding of the living law and legal changes as related to several countries. Project 932-11-570-880; csd-2810.				640		326			150
Determinants of Fertility. Research contract with Rand Corporation to develop a general theoretical statement of knowledge of the determinants of fertility, and a set of associated papers that explore elements of the theory from various conceptual, empirical, and policy points of view. Project 932-17-570-517; csd-2533.				326			Completed Dec. 1973		

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional—Continued **OFFICE OF POPULATION—Goal 2—Cont'd.**									
A Study of Fertility Rates and Earning Capacity of Rural Migrants in Latin America. Research contract with the Land Tenure Center, University of Wisconsin, to determine differential fertility rates and earning capacities before and after migration, and between migrants and nonmigrants, the study to be conducted in two Latin American countries. Project 932-17-570-528; csd-2863.					223		77	38	Completed Sept. 1975
Cross-Cultural Research in Fertility Behavior. Research contract with American Institutes for Research to establish an International Reference Center to collect data on pregnancy termination and to conduct studies into behavioral factors associated with acceptance of new fertility control methods. Project 932-17-580-539; csd-3155.					842				
International Seminars on Population Policy Analysis. Task Order issued to the National Academy of Sciences, Washington, D.C., under a Basic Ordering Agreement, to organize approximately six international conferences and produce a book on the subject of population policy analysis. Project 932-11-570-976; csd-3600.						317		Completed March 1974	
Analysis and Evaluation of Population Policies and Dynamics. Contract with the Smithsonian Institution, Washington, D.C., to administer grants to individual analysts in United States and LDC's for nonbiomedical, noncontraceptive analyses and evaluation. Project 932-11-570-979; csd-3598.						3,930			
Statistical Research on Population Policies. Research contract with the Rand Corporation to develop specific and well designed research plans and budgets for country survey research studies. Project 932-17-570-554; csd-3690.						88			Completed March 1975
Cultural Factors in Population Programs. Contract with the American Association for the Advancement of Science, Washington, D.C., to organize working groups of U.S. and LDC anthropologists and other experts to (a) provide LDC policy makers with continuous policy-relevant information concerning the consequences of rapid population growth; and (b) assist family planning program administrators in identifying and modifying cultural factors associated with expansion and improvement of f/p delivery systems. Project 932-11-580-608; CM-pha-C-73-25.							825		
Survey of Economic and Demographic Family Behavior. Research contract with the Rand Corporation to determine the relationship of fertility with biomedical, institutional, and socioeconomic factors in Malaysia. Project 932-17-570-615; AID/pha-C-1057.								250	221
Research on Fertility Determinants. Contracts with the Smithsonian Institution and with the American Association for the Advancement of Science to develop stronger empirical basis for the formulation of national population policies in family planning and other action programs. Project 932-17-570-616; C-1127 and C-73-25.									379

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 3: Development of Adequate Means of Fertility Control									
Research on Family Planning—Pathfinder Fund. Contract to carry out collaborative international field studies of IUD performance patterns in 40 countries and to carry out research to develop and study other means of fertility control. Project 932-17-580-478; csd-1573.	194		1,289						
Research for Development of a Once-a-Month Birth Control Pill. Research contract with the Worcester Foundation for Experimental Biology to study uterine luteolytic substances and factors which control corpus luteum function. Project 932-17-580-493; csd-2169.		109			99				
Contraceptive Development: A Method to Prevent Pregnancy by Direct or Indirect Antiprogestational Activity. Research contract with the Population Council for research in order to develop "a nontoxic and completely effective substance or method that when self-administered on a single occasion would ensure the nonpregnant state at completion of one monthly cycle." Project 932-17-580-512; csd-2491.			3,000						
Research into the Corpus Luteum Function. Research PASA[1] with the Center for Population Research, National Institute of Child Health and Human Development, Department of Health, Education, and Welfare (DHEW), to study ways of controlling the function of the corpus luteum leading towards the development of an effective and safe once-a-month contraceptive. Five major areas of study are being covered in 28 separate activities. These areas include such factors as (1) development of methods, (2) the role of female sex hormones in the initiation and maintenance of early pregnancy, (3) specific areas of control of corpus luteum function, (4) target effects of products of the corpus luteum, and (5) the quantitative description of the menstrual cycle. Project 932-17-580-509; RA(HA)8-69.			[3]1,540	53					
Operation Research for Family Planning Programs. Contract with Columbia University to develop a framework for family planning program evaluation, methods, and indices for components of family planning programs, for application by evaluation units to be established within host country programs upon their request. Project 932-11-580-855; csd-2479; C-1107.			88	182	1,381		241		264
Research on Reversible Sterilization. Research contract with the University of North Carolina to explore simpler and more reversible sterilization procedures by (1) undertaking studies on the biologic effects of vasectomy, (2) by developing vasoocclusion devices and evaluating them preclinically, and (3) conducting preclinical studies in female tubal occulsion. Project 932-17-580-498; csd-2504.			79		135				
6th World Congress of Gynecology and Obstetrics. Grant in partial support of the 6th World Congress of Gynecology and Obstetrics held in New York in April 1970. Project 931-11-580-870; csd-2577.				94 Completed					

[3]Includes $30,000 deobligated in FY 1970.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued OFFICE OF POPULATION—Goal 3—Cont'd.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Development of Releasing Factor Inhibitors as Contraceptive Agents. Research contract with the Salk Institute of San Diego, Calif., to develop a new contraceptive based on the characteritation of gonadotrophin-releasing factors and development of substances which interfere with their function. Project 932-17-570-518; csd-2785.				2,255			2,150		
Development of a Combined Agent for Disease Prophylaxis and Contraception. Research contract with the University of Pittsburgh to develop an intravaginal agent, or combination of agents, which will be effective as a contraceptive as well as a prophylactic against infectious diseases. Project 932-17-570-526; csd-2822.				581			138		
Prostaglandin and Other Contraceptive Development Research. Research contract with the Worcester Foundation for Experimental Biology, Inc., Shrewsbury, Mass., to develop prostaglandins as contraceptives; to study the effects of progestins and antiestrogens on fertility, and the development of agents which inhibit the corpus luteum function. Project 932-17-580-520; csd-2837.				2,980					
Research on the Safety of Contraceptive Steroids. Research contract with Southwest Foundation for Research and Education, San Antonio, Tex., to test the safety in long-term use of contraceptive steroid hormones in a variety of populations. Project 932-17-570-521; csd-2821.				913					
Development of IUD and Controled-Release Contraceptives. Research contract with the Pacific Northwest Laboratories, Battelle Memorial Institute, Richland, Wash., to develop an improved intrauterine device which is effective and will not cause bleeding, pain, or other side effects. Project 932-17-570-527; csd-2819.				150	495		873		
Third International Conference on Prostaglandins. Grant to New York Academy of Sciences in support of an international conference on prostaglandins held in New York City, Sept. 17-19, 1970. Project 931-11-570-898; csd-2867.					60 Completed				
Studies on the Synthesis of Prostaglandins. Research contract with University of Wisconsin to develop a simplified synthesis of prostaglandins using microorganisms to simplify and reduce the cost of prostaglandin synthesis. Project 932-17-570-532; csd-2965.					227				
International Fertility Research Program. Research contract with the University of North Carolina to establish an international network of field trial centers to evaluate new methods of fertility control on a comparative basis in a spectrum of countries and cultures. Project 932-17-580-537; csd-2979.					3,106	1,800		1,500	2,695
A Study on Side Effects and Mechanism of Action of Prostaglandins. Research contract with Washington University of St. Louis, Mo., to carry out controled clinical trials on human subjects using prostaglandins as a means of fertility control and to study mechanisms of action of prostaglandins. Project 932-17-570-541; csd-3160.					293			128	186
Surgical and Engineering Research on Means of Fertility Control. Research contract with Battelle Memorial Institute to develop simplified tech-					830	198		392	291

AID PROJECTS IN POPULATION AND FAMILY PLANNING. FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued OFFICE OF POPULATION—Goal 3—Cont'd.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
niques for male and female sterilization and improved and simplified techniques and equipment for other means of fertility control. Project 932-17-570-538; csd-3152.									
Research on Prostaglandins in Relation to Human Reproduction. Research contract with Makerere University, Kampala, Uganda, to further test and develop prostaglandins as a means of fertility control. Project 932-17-570-540; csd-3300.					821		Terminated April 1973		
Program for Applied Research on Fertility Regulation. Research contract with the University of Minnesota to develop and administer a small grants program for new and improved means of applied fertility research to be carried out by subcontracts in U.S. and overseas institutions. Project 932-17-570-546; csd-3608.						3,350			
Simplified Techniques of Fertility Control. Research contract with the John Hopkins Hospital and School of Medicine, Johns Hopkins University, to establish a research program for development and evaluation of simplified fertility control techniques suitable for use in LDC's. Project 932-17-580-548; csd-3627. (See also Goal 6.)						2,674	158		
Rapid Diffusion of Population Research Findings. Contract with George Washington University to provide a service of analysis of population information and rapid diffusion of population research findings to individuals working in population programs, particularly in LDC's. Project 932-11-570-981; csd-3643.						1,801		897	504
Research on Prostaglandins in Relation to Human Reproduction. Research contract with the University of Singapore to further test and develop prostaglandins as a means of fertility control. Project 932-17-570-602; CM-pha-C-73-36.							475		
Sterilization by Endometrial Ablation. Research contract with the University of Colorado to investigate in subhuman primates the potential of cryosurgical ablation of the endometrium as a method of female sterilization. Project 932-17-570-603; CM-pha-C-73-27.							76		
Research on the Safety of Oral Contraceptics in Developing Countries. Research contract with the Southwest Foundation for Research and Education, San Antonio, Texas, to investigate the health effects, metabolism and side effects of contraceptive steroids in LDC populations. Project 932-17-570-607; CM-pha-73-32.							1,226		
Matlab Contraceptive Study. Research contract with the Cholera Research Laboratory of Dacca, Bangladesh, to assess a household delivery of contraceptives in rural Bangladesh by comparing acceptor data, periodic estimations of prevalence of contraceptive use, and age-specific fertility rates. Project 932-17-570-617; C-1105.									99
Research on Development of Improved and New IUD's. Research contract with the International Fertility Research Program, Inc., Chapel Hill, N.C., to develop IUD's with improved performance, particularly regarding side effects in the early months of use. Project 932-11-570-618; AID/pha-C-1111.									210

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional - Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 4: Development of Adequate Systems for Delivery of Family Planning Services									
Support to Regional Conference. Grant to International Planned Parenthood Federation (IPPF) to assist in supporting the Western Pacific Regional Conference held in Korea, May 1965. Project 946-11-590-735; csd-825.	2 Completed June 1965								
Training Resources for Nurses and Midwives. PASA[1] with Children's Bureau, Welfare Administration, DHEW, to develop and administer a training program for foreign nurses, nurse midwives, and professional midwives. Project 915-11-990-039; TCR-12-65.	40 Completed June 1966								
Evaluation of Family Planning Programs. Contract with Population Council to produce a series of manuals for evaluation of family planning programs. Project 931-11-580-815; csd-1185.	329				Completed Feb. 1971				
Evaluation Studies of an International Postpartum Family Planning Program. Research contract with the Population Council to test, through a large-scale experimental project, the effectiveness of the Council's international postpartum family planning program of providing family planning education and techniques to mothers following childbirth in large hospitals. Project 931-17-580-479; csd-1565.	300		300		Completed Aug. 1971				
Population Technical Support. Support for purchases of technical films and publications; for consultant and other backstopping costs; for establishment of technical library; and for publication of Annual Report of the Office of Population. Project 932-11-570-002.		42	13	173	113	198	482	673	614
Participating Agency Support. Support for technicians and consultants through the National Center for Health Statistics, DHEW, and the Bureau of the Census, Department of Commerce. FY 1975 funding in Project 002. Project 929-11-570-641.			347	463	643	851	796	100	133
International Planned Parenthood Federation. Worldwide grant to strengthen IPPF's support of family planning associations and affiliates in less developed countries and to provide contraceptives, medical supplies, vehicles, and audiovisual and office equipment. Project 932-11-580-838; csd-1837.		3,500	4,000	5,550	3,000	8,000	11,404	10,000	9,263
Family Planning Services—Pathfinder Fund. Grant to augment Pathfinder's capacity to make small grants in selected countries to initiate and support family planning activities including contraceptives and related equipment. Project 932-11-580-807; csd-1870.		700	2,500		2,266	4,000	6,035	3,500	2,985
Cost-Benefit Analysis of Pilot Family Planning Programs. Contract with Pennsylvania State University to undertake an empirical study of actual costs and benefits of family planning in terms of service statistics and demographic implications to learn how the effectiveness and efficiency of various technical and administrative approaches vary in different cultural, economic, and demographic contexts. Project 931-11-570-806; csd-1884.		92	6	111	14 Completed June 1971				
Expansion of Postpartum Family Planning Program. Grant to Population Council to support the		500	750		956	607	1,080		

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION–Goal 4–Cont'd.									
rapid expansion of postpartum family planning to more large maternity hospitals in less-developed countries. Project 932-11-580-812; csd-2155.									
Conference on Social Work Responsibility Relating to the Dynamics of Population and Family Planning. Contract with the Council on Social Work Education, New York City, to plan, organize, and conduct a 4-day international conference in the United States in March 1970 on the role of the social worker in population and family planning. Project 931-11-580-862; csd-2483.			160		Completed March 1971				
Accelerated Feedback for Family Planning Programs. PASA[1] with the National Communicable Disease Center, U.S. Public Health Service, to generate an experimental system to accelerate the feedback of service statistics to guide decision making by the staff of family planning programs. Project 931-11-570-853; WOH(HA)-7-69.			[4]10 Completed June 1969						
Rapid Feedback for Family Planning Improvement. Contract with the Community and Family Study Center, University of Chicago, to design improved evaluation systems in selected countries, develop new computer programs to assist evaluators, and conduct short-term workshops. Project 932-11-580-842; csd-2251.			175	98	399		257		
Programmatic Grant to the Population Council. Project to make use of the experience and competence of the Population Council in population/family planning to assist AID to develop and implement approved programs in such fields as: institutional development; MCH/family planning; public information and communication activities; insight into socioeconomic factors in determining population polices; effects of population growth on economic planning and educational goals; and meeting need for additional and better trained specialists in population/family planning programs. Project 932-11-570-863; csd-2508; csd-2897.			1,000		1,000	1,000	6,200		750
Field Support Technical Services. Contract with the American Public Health Association to provide technical and professional personnel for consultation to the Missions and their host countries. Project 932-11-570-877; csd-2604.				522		350	179	328	350
Development of Family Planning Programs. A grant to the Planned Parenthood Federation of America to develop and improve family planning programs, assisted by Church World Service and other charitable organizations. Project 932-11-580-955; csd-3289.					3,800	4,000		2,950	2,750
Accelerated Feedback for Guidance of Family Planning Programs. Project to improve the collection, processing, and utilization of family planning services statistics. Project 932-11-570-943. Implemented jointly through:									
(a) PASA[1] with Bureau of Census PASA TA(CA)-11-71.					43				
(b) Contract with Battelle Memorial Institute, Richland, Wash.; csd-2966. (This contract is to develop the software required in the implementation of client record systems.)					52		66		

[4]Includes $4,000 deobligated in FY 1970.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional - Continued **OFFICE OF POPULATION—Goal 4—Cont'd.**									
Survey of Global Patterns of Commercial Distribution of Contraceptives in Selected Developing Countries. A contract with Westinghouse Electric Corp., Columbia, Md., to carry out an inventory and analysis of contraceptive production, marketing, and distribution through the private sector in selected LDC's. Project 932-11-570-942; csd-3319.					226	214	94	95	56
Family Planning Management Information System. Contract with Management Services for Health, Inc., Cambridge, Mass., to improve the management of family planning programs through the application of modern management techniques. Project 932-11-570-951; csd-3298.					561			364	172
Program in Voluntary Sterilization. A grant to the Association of Voluntary Sterilization, Inc., New York, N.Y., to support an action program in voluntary sterilization in those LDC's where people and organizations are ready and willing to participate in this activity. Project 932-11-580-968; csd-3611.						876	1,000	1,250	1,850
Bulk Procurement of Contraceptives (Orals). Authorization to the General Services Administration to contract for an adequate supply of suitable oral contraceptives for AID-assisted family planning programs. Project 932-11-580-982; PIO/C 3124513.						4,000	9,500	14,645	10,370
Commercial Contraceptive Marketing. Contract with the Population Services International to involve the commercial sector in developing countries in bringing a significant increase in the number of users of contraceptives principally orals and condoms. Project 932-11-580-611; AID/pha-C-1055.								277	704
Commercial Contraceptive Distribution. Contract with Westinghouse Electric Corporation, Columbia, Md., to involve the commercial sector in developing countries in bringing about a significant increase in the number of users of contraceptives, principally condoms and orals. Project 932-11-580-612; AID/pha-C-1063.								581	
Bulk Procurement of Contraceptives (Condoms). Authorization to the General Services Administration to contract for an adequate supply of condoms for AID-assisted family planning programs. Project 932-11-580-613; PIO/C 3247248.								3,077	10,352
Management and Consultant Services for Family Planning Program Evaluation. PASA[2] with the Center for Disease Control, DHEW, Atlanta, Ga., provides assistance in improving the management and evaluation capability of family planning services programs by reviewing progress, assessing problems, and providing actionable recommendations concerning future activities in this field. Project 932-11-580-978; HEW/CDC 6-74.								151	270

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 5: Development of Adequate Systems for Delivery of Information/Knowledge									
Prototype Pamphlets on Family Planning Programs. Contract with Jay Richter and Associates. Project 946-11-590-735; csd-1948.	3 Completed April 1967								
Population Symposium. Contract to edit proceedings of the Pacific Science Congress, Tokyo, 1966. Project 931-11-570-003.		2 Completed Nov. 1967							
International Training Seminar. Contract with University of North Carolina for Asian family planning information leaders to carry out communication support for family planning. Project 931-11-580-809; csd-1914.		76 Completed Dec. 1968							
Foreign Service Institute Course on Population Matters. Course for selected State, AID, U.S. Information Agency, and Peace Corps personnel. Project 931-11-580-833.		6	([5])						
Family Planning Education Through Adult Literacy Programs. Contract with World Education, Inc., of New York City to encourage and implement use of population/family planning information in functional literacy programs throughout the developing world. Project 932-11-580-820; csd-2456; csd-3280.			53	295	470	1,275	257	581	413
World Assembly of Youth (WAY) Family Planning Conferences. Grant to the World Assembly of Youth in Brussels to support national and local conferences of youth organizations in developing countries to promote family planning. Project 932-11-570-850; csd-2271; csd-2610.			55	233	430	545	646	375	60
Inventory and Analysis of Information, Education and Communication Support. Contract with East-West Center, University of Hawaii, to establish a continuing inventory and analysis service covering information, education, and communications (IEC) activities, plans, and needs of population programs. Project 932-11-570-900; csd-2878.					312		131		
Improvement of Population Library and Reference Services in Less Developed Countries. Contract with the University of North Carolina to raise the overall adequacy of population library and reference institutions in LDC's for stronger population research, program, and policy development. Project 932-11-570-857; csd-2936.					524			47	150
Development of Institutional Capacity of IEC Support of Population Programs. Grant to the Center for Cultural Technical Interchange Between East and West, Honolulu, Hawaii, to improve and maintain institutional capability for support of information/education/communication activities for population programs. Project 932-11-570-917; csd-2977; G-1059.					1,047			639	520
Training Film in Population Field. Contract with Dick Young Productions, Ltd., New York, N.Y., to produce a 16-mm sound and color motion picture for orientation and training use in United States and overseas. Project 932-11-570-922; csd-3318.					43	35	22		

[5] Handled by Office of Personnel and Manpower, AID.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued OFFICE OF POPULATION—Goal 5—Cont'd.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Computer Assisted Instruction in Population Dynamics and Economic Development. Contract with the University of Illinois at Urbana to develop and present a computerized course in Population Dynamics and Economic Development to approximately 300 participants a year. Project 932-11-570-924; csd-2937.					281		727		419
Midwife Promotion of and Support for Family Planning. Grant to the International Conference of Midwives, London, England, to conduct working parties for education and preparation of midwives in developing countries for participation in family planning programs, and to provide assistance for the ICM Triennial Congress held in Washington, D.C., October 1972. Project 932-11-570-947; csd-2948; csd-3411.					23	675			250
Family Planning Support Through Home Economists.									
(a) Contract with the American Home Economics Association to assess needs of and opportunities for associations and institutions in LDC's to provide family planning concepts and information. Project 932-11-570-925; csd-2964.					118	73			
(b) Contract with the American Home Economics Association to equip home economists in LDC's to promote family planning. Project 932-11-580-980; csd-3623.						709	150	390	244
Training Films and Related Teaching Materials Series. Contract with Airlie Foundation, Warrenton, Va., to produce three training films and concurrent teaching materials. Project 932-11-570-953; csd-3304.					394			102	36
Expansion of Population Program Communication. Grant to University of Chicago to enable it to expand its graduate training capabilities in population program communication. Project 932-11-570-958; csd-3314.					509			214	260
Inter-American Dialogue Center. Grant to the Airlie Foundation, Warrenton, Va., to establish and develop a center which will organize and conduct information/education seminars on population growth matters. Project 932-11-570-985; csd-3678.						1,661		1,177	1,200
Population Program Information System. Contract with the National Institute for Community Development, Washington, D.C., to develop and implement a computerized management reporting, forecasting, and performance evaluation review system for the AID population program. Project 932-11-570-986; csd-3711.							653	—	—
The Asia Foundation. Grant to the Asia Foundation, San Francisco, Calif., in support of family planning IEC activities, manpower studies, and population policy in developing countries. Project 932-13-950-017; csd-2228.							1,407	200	150

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional–Continued									
OFFICE OF POPULATION									
Goal 6: Development of Adequate Manpower and Institutional Capacity and Utilization									
Population Dynamics Unit. Grant to Johns Hopkins University to establish an academic unit within the Division of International Health, develop needed manpower in population and related disciplines, design improved procedures for program implementation, and provide consultants. Original grant extended in FY 1969 to carry out population research in selected overseas areas. Project 931-11-570-813; csd-841.	475			Terminated June 1970					
Center for Population Studies. Grant to University of North Carolina to establish the Carolina Population Center to provide both short- and long-term training facilities and consultative services to AID for development and implementation of population programs. Project 931-11-570-814; csd-1059.	268	Completed June 1968							
Family Planning Studies Unit. Grant to University of Hawaii to establish a family planning studies unit with the School of Public Health to provide training facilities for foreign participants, develop and conduct short- and long-term courses, and develop and maintain institutional capacity to provide consultant and advisory services. Project 931-11-570-822; csd-1439.	325			Terminated June 1970					
Institutional Grant to the University of North Carolina. Grant[6] to develop within the University of North Carolina specialized competency in the population and family planning field. Project 931-11-570-102; csd-1940.		2,400							
Institutional Grant to Johns Hopkins University. Grant[6] to develop within John Hopkins University specialized competency in the population and family planning field and in international health. Total amount of grant $1.8 million of which $1.3 million is for development in population and family planning. Project 931-11-570-101; csd-1939.		1,300							
Institutional Grant to the University of Michigan. Grant[6] to develop within the University of Michigan specialized competency in population planning in developing nations. Project 931-11-570-110; csd-2171.		1,250							
Expansion of Margaret Sanger Research Bureau. Grant to the Margaret Sanger Research Bureau of New York City to enable it to make qualitative improvements in its research and training program and in the clinical, demographic, and administrative aspects of family planning operations. Project 932-11-570-875; csd-2790.				1,035		110			
University Overseas Population Internships. Contract with University of North Carolina to establish an internship program for 40 graduates and post-graduates to undertake assignments in public and private host institutions engaged in population activities overseas. Project 932-11-570-882; csd-2830.				939			451		
University Overseas Population Internships. Contract with the University of Michigan to establish				933					

[6]Authorized under Section 211(d), Foreign Assistance Act, 1966.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
an internship program for 40 graduates and post-graduates to undertake assignments in public and private host institutions engaged in population activities overseas. Project 932-11-570-893; csd-2831.									
University Overseas Population Internships. Contract with Johns Hopkins University to establish an internship program for 40 graduates and post-graduates to undertake assignments in public and private host institutions engaged in population activities overseas. Project 932-11-570-894; csd-2832.				990					
University Services Agreement (Johns Hopkins University). Grant to Johns Hopkins University to fund a broad range of services designed to overcome obstacles, fill gaps, and meet needs of population/family planning programs overseas. Project 932-11-570-916; csd-2956.					[7]717	[7]223	[7]931	[7]450	
Core services.					(844)				
Subproject JHU 71-1. Diffusion of Family Planning Innovations.					(123)				
Subproject JHU 71-2. Investigation of Clinical Efficacy of Prostaglandin F2 Alpha as Luteolytic Agent.					(50)				
Subproject JHU 71-3. Investigation of the Clinical Effects of Prostaglandin F2 Alpha in the First Trimester.					(50)				
Subproject JHU 71-4. Investigation of the Clinical Effects of Prostaglandin F2 Alpha in the Second Trimester.					(50)				
Subprojects JHU 72-1 and JHU 73-3. International Sterilization Training.						(50)	(25)		
Subproject JHU 72-2. Luteolytic Action of Prostaglandin F2 Alpha in Human Pseudopregnancy.						(50)			
Subproject JHU 72-3. Clinical Trial for Tubal Sterilization (Hemoclips).						(123)			
Subproject JHU 73-1. Research and Teaching Project in Population Dynamics and Policy.							(78)		
Subproject JHU 73-2. Pilot Studies on Population Dynamics and Maternal and Child Health in Rural Ethiopia.							(150)		
Subproject JHU 73-4. Androgen Polydimethylsiloxane Implants: Contraceptive Efficacy of Different Androgens.							(49)		
Subproject JHU 73-5. Development of a Project Development Bureau.							(302)		
Subproject JHU 73-6. Analysis of Data Gathered in the Course of the Taiwan Study of Epidemiology of Outcome of Pregnancy.							(79)		
Subproject JHU 73-7. Feasibility of Distributing Contraceptive Supplies To Encourage Family Planning Practices—Taiwan.							(150)		

[7] Project total. Core support and subtotals are shown in parentheses.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
University Services Agreement (Johns Hopkins University)—Cont'd.									
Subproject JHU 73-8. The Survey Method in Family Planning Research and Evaluation: A Methodological Study.							(98)		
Subproject JHU 74-1. Study of the use of Danatol, an antigonadatropin, as a means of fertility control.								(50)	
Subproject JHU 74-2. Prolongation of Post Partum Infertility—Induction by Prolactin Release.								(100)	
Subproject JHU 74-3. Clinical Epidemiological Studies in Fertility Control in Bangladesh.								(150)	
Subproject JHU 74-4. Field Studies of Contraceptive Techniques in Bangladesh.								(150)	
University Services Agreement (University of Michigan). Grant to University of Michigan to fund a broad range of services designed to overcome obstacles, fill gaps, and meet needs of population/family planning programs overseas. Project 932-11-570-923; csd-3321.					[7]1,089		[7]315	[7]400	[7]150
Core services.					(517)			(400)	(150)
Subproject UM 71-1. Trophoblast Study Program.					(120)				
Subproject UM 71-2. Effect of PGE-1 and PGF2 Alpha on Uterine Contractility and Endometrial Morphology.					(67)				
Subproject UM 71-3. Malaysian Family Planning Program Evaluation.					(108)				
Subproject UM 71-4. Medical Correlates of the Use of the Intrauterine Device in Taiwan.					(12)				
Subproject UM 71-5. Relationship Between Demographic and Economic Phenomena at Household of Baroda, India.					(18)				
Subproject UM 71-6. Utilization of Traditional Village Midwives for Family Planning Program in Malaysia.					(126)				
Subprojects UM 71-7 and UM 73-3. Organizing for Social Change: The Family Planning Program in Uttar Pradesh (Kanpur).					(121)		(31)		
Subproject UM 73-1. Field Trials of Three Strategies of Persuasive Communications and Education in Family Planning in Venezuela.							(150)		
Subproject UM 73-2. Internal Migration in Nigeria: Implications for Realistic Population Policies.							(134)		
University Services Agreement (University of North Carolina). Grant to University of North Carolina to fund a broad range of services designed to overcome obstacles, fill gaps, and meet needs of population/family planning programs overseas. Project 932-11-570-956; csd-3325.					[7]1,083	[7]1,145	[7]1,375	[7]530	[7]317
Core services.					(556)	(950)		(530)	(26)
Subprojects UNC 71-1 and UNC 72-1. Development of Methods for Estimating Fertility Changes in Individual Local Areas of LDC's.					(50)	(50)			

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
University Services Agreement (University of North Carolina)—Cont'd.									
Subproject UNC 71-2. Training for Nursing Leadership in Population Programs.					(162)				
Subproject UNC 71-3. University Population Program Development.					(75)				
Subproject UNC 71-4. Demonstration Project for Developing a Simple Vital Registration System and for Extending Postpartum Family Planning Services to Rural Areas of Tanzania.					(75)				
Subprojects UNC 71-5 and UNC 72-2. An Automated Information System: A Pilot Study.					(50)	(100)			
Subprojects UNC 71-6 and UNC 73-4. A Pilot Program in Population Policy Analysis, Development, and Application.					(115)		(96)		
Subproject UNC 72-3. Field Worker Evaluation.						(45)			
Subproject UNC 73-1. Training for Public Health Nutritionists' Leadership in Responsible Parenthood.							(150)		
Subproject UNC 73-2. Developing Venezuelan Capacity To Teach Management Skills in Responsible Parenthood Programs.							(148)		
Subproject UNC 73-3. Pahlavi University Population Program Development.							(150)		
Subproject UNC 73-5. Population Family Planning Reference Unit.							(150)		
Subproject UNC 73-6. Javeriana University Interdisciplinary Graduate Program for Population Studies.							(242)		
Subproject UNC 73-7. Epidemiological Studies of Family Building and Family Health in Taiwan.							(98)		(114)
Subproject UNC 73-8. Institutional Development of the ACEP (Asociation Colombian a para el Estudio Cientifico de la Poblacion) to Identify and Facilitate Population Training Needs in Colombia.							(139)		
Subproject UNC 73-9. Population, Health, and Family Planning in the Middle East (Arab Countries).							(100)		
Subproject UNC 73-10. Family Structure and Fertility in Pakistan.							(102)		(45)
Subproject UNC 75-1. Relative Merits of Family Planning Development in Reducing Fertility.									(50)
Subproject UNC 75-3. Pilot Program of Self-Instructional Family Planning Materials.									(12)
Subproject UNC 75-5. Inventory of Persons Receiving International Family Planning Training (CCFPA).									(70)
Expansion of Harvard University for Population Studies. Grant to the Center for Population Studies, Harvard University, to provide an expanded program of training, research, and public service. Project 932-11-570-891; csd-3290.					1,458			230	

AID PROJECTS IN POPULATION AND FAMILY PLANNING. FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
Clinical Training of Nurse-Midwives in Family Planning. Grant to the Research Foundation of the State University of New York to expand its program of family planning clinical training of nurse-midwives from LDC's. Project 932-11-570-918; csd-2940.					1,176			121	400
International Development of Qualified Social Work Manpower for Population/Family Planning Activities. Contract with the International Association of Schools of Social Work, New York, N.Y., to introduce relevant population/family planning content into social work curriculums and prepare LDC social workers for more effective service in population. Project 932-11-570-948; csd-2971.					963			368	216
Institutional Development for Family Planning. Grant to the University of Hawaii to develop in the School of Public Health a comprehensive academic center for family planning training, research, and advisory services. Project 932-11-570-952; csd-3310. (See project 932-11-570-620 below.)					774		444	449	
Institutional Utilization of Family Planning. Grant to the University of Hawaii's Medical School and the School of Public Health to develop a center for research in family planning training and advisory services. Project 932-11-570-620; Grant G-1110 (formerly Project 932-11-570-952).									363
Advanced Training to Develop a Leadership Cadre in Preventive Social Work. Contract with the University of Michigan to develop and provide advanced training in social work with a population/family planning specialty relevant to LDC schools of social work. Project 932-11-570-959; csd-3313.					475			63	166
Management of Population Institutional Development Programs in LDC's. Grant to the Population Council to develop professional population/family planning expertise in selected LDCs' research and training institutions. Project 932-11-570-967; csd-3435.						859			
Family Planning Orientation. Contract with the Planned Parenthood Association of Metropolitan Washington, D.C., to establish a family planning orientation and demonstration unit. Project 932-11-580-977; csd-3621.						191	19		136
Development of Advanced Technology Fertility Training Centers. Grants to develop centers to train LDC physicians in the latest techniques of clinical fertility management, including pregnancy termination, sterilization, and backstopping of physicians as they begin establishing advanced technology fertility clinics in their countries. Project 932-11-580-604:									
(a) at University of Pittsburgh, Pa.; CM-pha-G-73-21.							479		
(b) at Washington University, St. Louis; CM-pha-G-73-22.							841		
(c) at American University of Beirut; CM-pha-G-73-23.							257		
(d) at Johns Hopkins University; CM-pha-G-73-24.							1,387		
(e) JHPIEGO project at Johns Hopkins University. Consolidation of (a), (b), (c), and (d) above. (The name is derived from Johns Hopkins Program for International Education in Gynecology and Obstetrics.) G-1064.								3,950	600

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
Simplified Techniques of Fertility Control. Contract with Johns Hopkins University to establish training programs for development and evaluation of simplified fertility control techniques suitable for use in LDC's and training of LDC physicians in up-to-date techniques of fertility control. Project 932-17-580-548; csd-3627. (See also Goal 3.)							676		
Office of Population nonregional—total	2,079	10,623	17,745	22,518	35,913	50,206	59,422	57,547	59,415
OFFICE OF HEALTH									
Medical Education-Association of American Medical Colleges. Support for a contract with the Association of American Medical Colleges which provides technical advice and information on matters relating to international medical education including training in family planning. Project 931-11-540-212; csd-2587.					24	27	22	20	
Institutional Development and Program Grant (Family Health, Inc.). A grant to Family Health, Inc., New Orleans, La., to develop its capability to provide a variety of services to collaborating institutions in LDC's concerned with family planning programs. Project 931-11-580-957; csd-3311.					954		314		97
Development and Evaluation of Integrated Systems for Health, Family Planning, and Nutrition. Contract with the American Public Health Association to undertake the development and evaluation of integrated delivery systems for health, family planning, and nutrition. Project 931-11-590-971; csd-3423.						1,155		700	540
Teaching Community Medicine, Including Family Planning and Public Health. Partial funding of contract with Harvard University to organize and conduct training courses in teaching methods and curriculum design for LDC instructors including teachers of family planning. Project 931-11-540-975; csd-3613.						22	30	30	30
Role of Voluntary Health Organizations. Partial funding of contract with American Public Health Association to develop and test methodology for strengthening indigenous voluntary health organizations and professional associations to support national objectives in health and population. Project 931-11-590-890; csd-2801.						151	72		
Office of Health—total					978	1,355	438	750	667
OFFICE OF SCIENCE AND TECHNOLOGY									
Remote Sensing Census Project. PASA[1] with U.S. Bureau of Census to provide advice and coordination for an experimental project designed to assess comparative value of remote sensing, particularly earth resource satellite imagery, in improving effectiveness of population and agriculture census activities in developing countries. Project 931-11-995-997; TA/CA/07-73.							200	200	180
Office of Science and Technology—total							200	200	180

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF INTERNATIONAL TRAINING									
Training Program for Vital Statistics and Measurement of Population Change. PASA[1] with National Center for Health Statistics, U.S. Health Service, DHEW, to develop and administer a training program in vital statistics registration, and analysis and estimation of current population change, including training. Project 926-11-570-038; IT-1-68.	132	38	40	42	59	59			
Family Planning Seminars and Facilities. Project emphasizes individually tailored training programs, each geared to meet training requirements of professionals in the population, family planning, and related field. Project 926-11-580-045:									
(a) 1-week seminar at Columbia University for participants from the 6th World Congress of Gynecology and Obstetrics.				40					
(b) Planned Parenthood of Chicago–providing management and operational expertise in all areas of family planning, including administration, personnel management, volunteer workers, and community relations; csd-2894; csd-3421.					139	119	130	75	100
(c) University of Connecticut–providing 11-15 week courses for training of trainers; csd-3674.						93	14	100	50
(d) Worldwide Training Program–providing opportunity for training at the request of the field of AID/Washington for participants from countries where there are no AID Missions.						14	206	300	249
(e) National Association of Foreign Student Advisors–to establish a national program of population awareness for foreign students in the United States; CM/otr-C-73-20.							79	56	
Management of Population Programs. Contract with Governmental Affairs Institute of Washington, D.C., to provide a range of expertise required for the administration of national family planning programs. This project is directed at upper- and middle-level management. Project 926-11-580-048; csd-2876.				121	202	113	Completed		
Population Impact on Technical Training Programs. Contract with Governmental Affairs Institute, Washington, D.C., to organize a series of one-week seminars for non-population participants in the United States to give them an awareness of population problem concepts, with special emphasis on the third world. Project 926-11-570-050; csd-2789.				101	146	88	Completed		
Population/Family Planning Training in Puerto Rico. Task Order under contract with the University of Puerto Rico to conduct 3-day seminars to provide an awareness of population growth in relation to economic development for participants receiving training in Puerto Rico. Project 926-11-580-051; b-403.						17	1		
Office of International Training–total	132	38	40	304	546	503	430	531	399
Nonregional–total	2,211	10,661	17,785	22,822	37,437	52,064	60,490	59,028	60,661

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
AFRICA *Country Projects*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Botswana:									
Maternal/Child Health–Family Planning Training. A multidonor project to support the Government of Botswana's efforts to give priority emphasis to rural social and economic development of an infrastructure for rural health thereby extending maternal child health–family planning services to a greater proportion of the population (690-11-540-032).							510	74	215
Cameroon:									
University Center for Health Sciences. Grant to assist a multidonor project for the development of a regional institution for training physicians and other health workers in a fashion relevant to the African setting (625-11-550-531).						2,500	80		
Ethiopia:									
Study of Births and Deaths. Portion of Public Health Demonstration and Evaluation Project dealing with registration of births and deaths in sample households (663-11-530-055).	23 Completed Sept. 1967								
Demographic Planning. Consultant services to prepare recommendations for grant assistance to family planning and demographic studies in Addis Ababa and selected provinces and to provide a demographic advisor (663-15-570-165).				1	30	Completed			
Training in MCH Care. To assist the Ethiopian Government to expand an integrated health delivery system which will include maternal/child care and family planning (663-11-513-170).						36	21	Completed	
Ghana:									
Family Planning and Demographic Data Development. Three-year project to provide technical and financial support for sample demographic survey, University of Ghana (641-15-570-051).		130	98	20	Completed				
Danfa Rural Health-Family Planning Program. Contract with the University of California (Los Angeles) to establish a demonstration family planning/maternal and child health program at Danfa (641-11-580-055).			21	770	393	67	800	740	514
National Family Planning Program Supplies. Five-year project to provide commodity support for the National Family Planning Program. Project provides full support for 2 years with decreased graduated support over remaining 3 years (641-15-580-065).					215	476	Completed		
Population Program Support. Project provides support for participant trainees to upgrade technical capabilities of National Family Planning Program personnel (641-15-580-064).					35	107	234	224	199
Kenya:									
Population Dynamics. To provide an audiovisual expert, a demographer, and a computer programmer for the family planning program in Kenya (615-11-580-141; 165).			133	164	141	478	155	335	230

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
AFRICA–Continued									
Family Planning. To support training, a health education unit, research, and evaluation units in the Ministry of Health as part of a multidonor effort to develop a national capability to make family planning services available to the rural areas (615-11-580-161).									52
Liberia:									
Demographic Household Survey. A 5-year project to develop demographic data by household surveys (669-11-570-109).		14	184	200	141	213	Completed		
Maternal Child Health/Family Health Training. Agreement with DHEW to provide a public health nurse and a nurse-midwife supervisor for the maternal and child health/family health program (669-11-580-110).			95	94	81	95	96	Completed	
Lofa County Rural Health. To restructure the health delivery system and family planning practices of rural health posts and health centers staffed by paramedical personnel and strategically located to serve rural populations (669-11-530-125).									110
Morocco:									
Population/Family Planning. Project provides equipment and supplies to maternal and child health/family planning program and health education, and also to provide services of a cartographer, a demographer, and a computer programmer (608-11-580-112).			156	170	90	14	310	270	200
Demographic Research Center. Established demographic research center to experiment with various methodologies for data gathering and information dissemination (608-11-570-109).						269	200	140	125
Population-Family Planning. Assists Government of Morocco with census and family planning program, especially with training of personnel (608-11-580-089).						134			
Nigeria:									
Nigerian Family Health Training. To increase receptivity for family planning through improving the delivery of maternal and child health/family planning services to the people of Nigeria. Emphasis is on providing training for teams of nurses from various states so they can set up state MCH/FP training centers (620-11-580-789).							830	225	560
Tanzania:									
Manpower Training Program for Maternal and Child Health Aides. To achieve institutional capability to provide comprehensive MCH/FP services to the rural population, as an integrated part of the Ministry of Health rural health program (621-11-580-121).							3,064	1,165	511
Tunisia:									
Family Planning. Jointly supported by the Government of Tunisia, Ford Foundation, Population Council, U.S. Public Health Service, and AID, this project is assigned to reduce population increase by									

AID PROJECTS IN POPULATION AND FAMILY PLANNING. FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects - Continued **AFRICA—Continued**	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
developing institutional capacity for family planning through a National Family Planning Bureau. The program includes family planning services utilizing all standard contraceptive techniques (664-11-580-224).		260	223	665	858	884	870	562	818
Program Assistance Grant. Grant helps support an International Development Authority loan for renovation and operating costs of maternal and child health/family planning centers.						3,000			
Uganda:									
Population Data. Agreement with the Bureau of the Census to provide a data processing specialist for 2 years (617-11-780-051).			73	25	32	Completed			
Maternal-Child Health Training. Contract with University of California at Berkeley to provide training of personnel in maternal and child health techniques and family planning at Makerere University for regional hospitals and rural family health centers (617-11-570-057).				375	68	125	125	Completed	
Zaire:									
Maternal Child Health/Family Planning. To develop Government of Zaire family planning delivery system by providing maternal and child health/family planning training and formalizing distribution network for family planning information and materials. (660-11-531-049).						610	301	336	328
Regional Projects									
Participation in IPPF Conferences. Support for participants to attend the International Planned Parenthood Federation conferences in Copenhagen in 1966 and in Santiago in 1967.	30	Completed							
Pathfinder Fund Activities. Support for family planning activities carried on by Pathfinder Fund in a number of African countries (698-11-580-189).		250	Completed						
Regional Population Support. Provides AID backstopping for field activities, translation of information materials, and regional population officers, covering all of Africa, stationed in Ghana (932-11-580-166).		9	24	151	297	421	435	Completed	
Regional Demographic Survey Workshop. Agreement with the Bureau of the Census to carry out demographic sampling survey workshops for training of African statisticans (698-11-570-337).			97	28	10		15	Completed	
Census Data Analysis. Contract with Northwestern University to analyze data obtained in census of Douala and Yaounde, Cameroon (625-11-570-512).			36	Completed Sept. 1969					
Regional Population Planning, Population Council. Grant to the Population Council to assist African programs in demography, census, and family planning programs (698-11-580-346).			300		600	275			
Population Census and Demographic Studies. Agreement with Bureau of the Census to assist African countries in carrying out demographic activities in coordination with Economic Commis-					16	Completed			

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Regional Projects - Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
AFRICA - Continued									
sion for Africa and United Nations Fund for Population Activities (698-11-570-361).									
University Teaching of Population Dynamics. Contract with University of North Carolina to assist in establishment of Population Centers in selected African Universities (698-11-570-360).					1,034				163
Maternal and Child Health Extension. Contracts with University of California Extension at Santa Cruz and American ORT Federation to improve maternal and child health services and to include child spacing activities in selected African countries (698-11-580-358).					1,414	1,163	685		863
Maternal and Child Health/Family Planning Training and Research Center Development. Grant to Meharry Medical College, Nashville, Tenn., to develop center to improve American competence to assist African countries in maternal and child health/family planning and provide training in it to African scholars (698-11-580-373).					2,231		796		63
Special Population Activities. Provides support for various population activities such as training, assistance to maternal and child health/family planning clinics, and the supply of vehicles or other equipment in 19 countries (698-11-580-500).					97	113	200	334	173
Labor Project. Grant to the African-American Labor Center for motivating and developing a program of African Trade Union involvement in family planning and maternal and child health activities. Four regional seminars and pilot projects involving six countries. First seminar held in the Gambia in September 1972 (698-11-490-363).						65	Completed		
Marketing Research - Population. Tests the effects of an intensive marketing campaign upon acceptance and use of nonmedical contraceptives in a selected rural area of Kenya and determines the potential role of the commercial/private sector in the promotion of family planning (698-11-570-374).						165	245		
Family Planning Courses in Health Training Institutes. Assists African Health Training Institutions to increase/improve their capacity for teaching family planning (698-11-580-359).						57	1,180		
Country projects—total	23	404	983	2,484	2,084	9,008	7,596	4,071	3,862
Regional projects—total	30	259	457	179	5,699	2,259	3,556	334	1,262
Africa—total	53	663	1,440	2,663	7,783	11,267	11,152	4,405	5,124
EAST ASIA									
Country Projects									
Indonesia:									
Family Planning Program. Supports a national family planning program by integrating family planning services into existing health facilities. Major organizations receiving support include the National Family Planning Institute, Armed Forces Medical Division, Indonesian Planned Parenthood Association, Muhammadijah Council of Churches, and the Ministry of Health (497-15-580-188).		270	1,500	430	1,759	2,686	5,829	1,767	1,682

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Korea:									
Health and Family Planning. Assists Korean family planning program by providing funds for direct hire of family planning technicians, consultants in vital statistics training, public school education, teaching methodology, commodities for training in public health, and participant training (489-11-580-649).	151	1,491	1,200	888	1,660	436	200	84	350
Laos:									
Maternal and Child Health/Family Planning. Assists the Lao Government in improving health care to mothers and infants and introduces family planning techniques. First phase of the program concentrated on developing trained medical personnel as a foundation for a nationwide maternal child care and family planning program. Other assistance has been in the form of providing family planning technicians, participant training, construction and renovation of facilities, and commodities (439-11-570-081).			990	1,112	925	500	780	385	349
Philippines:									
Reprints and travel.	60								
Population Planning. Funds family planning activities through the Asian Social Institute; City Health Departments in Angeles City, Davao City, and Manila; Project Office of Maternal and Child Health of the Department of Health; Philippine National Land Reform Council; Philippine Rural Reconstruction Movement; University of the Philippines (UP): Population Institute; U.P. College of Medicine; U.P. Institute of Hygiene; Institute of Maternal and Child Health; Silliman University Medical Center; and the Province of Laguna (492-11-570-220).	210	1,064	1,400	4,948	5,000	6,290	5,774	4,021	3,595
South Vietnam:									
Family Planning–Population Council. Financed Vietnam portion of the East Asia-Vietnam contract, enabling Population Council to expand its training, conference, and assistance programs in Vietnam (730-11-590-200; ea-8).	50	50							
Administration and Health. Provided funds to support various population/family planning activities in the following projects:									
(a) Statistical Services (730-11-780-341).						78			
(b) National Institute of Administration (730-11-770-345).						193			
(c) Public Health (730-11-530-347).						17			
(d) Public Health Services (730-11-530-348).						236			
(e) Health Logistic Support (730-11-590-350).						250			
Population/Family Planning. Assistance to the Ministry of Health (MOH) to extend family planning clinics to all districts; to supply information to Vietnamese officials to demonstrate the economic and health benefits of fertility reduction; to provide training programs for Vietnamese personnel; and to assist in carrying out public information programs (730-11-580-405).				180	238	334	546	704	116
Population Dynamics. To create population awareness through education by:									

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
EAST ASIA–South Vietnam–Continued									
1) modernization of the curricula for the national educational system to include population awareness information and materials;									
2) development of teaching resources and materials;							276		
3) development of university research. Project also supports administrative training and social and demographic research (730-11-590-416).									
Thailand:									
Family Planning Clinics. Provides equipment for 40 family planning research clinics in provincial hospitals.	25								
Family Planning. Provides family planning technicians, commodities, participant training, and improved and expanded family planning training. Family planning services are now offered to some extent in all 71 provinces (493-11-580-209).		650	1,298	1,295	1,395	1,600	1,789	1,010	528
Regional projects									
Family Planning Seminar. Grant to Economic Commission for Asia and Far East (ECAFE) for family planning seminar.	25								
Asian Family Planning Assistance. Assists the Population Council to expand its family planning program in East Asia and Vietnam (498-11-580-200).	325	325	525	600	800	800			
East-West Center Population Institute. Establishes in East-West Center, University of Hawaii, a program for Asians and Americans to study population dynamics in Asia and the Pacific area (932-11-580-200; ea-32).		1,000	1,083		1,000	750	1,047	([8])	
Colombo Plan. Provides a population advisor to the Colombo Plan and to support a population-family planning program consisting of seminars, workshops, and population educational services in member countries (932-11-580-200).				17	50	50	135	25	
Regional Development (RED). Finances a secretariat for nine Southeast Asia countries to develop regional population–family planning programs (498-11-580-200).				6	65	201	202	69	29
Seminars and Conferences. Promotes population concepts and programs and stimulates Asian institutional involvement in family planning.					27	25			
Seminar for Asia Trade Union Women on Labor and Population. To assist the Philippine Department of Labor to carry out a regional seminar for leading women trade unionists of 15 Asian countries to prepare them to assume a greater responsibility in alternative roles for women in society (932-11-570-609).							41	2	
Country projects–total	496	3,525	6,388	8,853	10,977	12,620	15,194	7,971	6,620
Regional projects–total	350	1,325	1,608	623	1,942	1,826	1,425	96	29
East Asia–total	846	4,850	7,996	9,476	12,919	14,446	16,619	8,067	6,649

[8] Funding transferred to Goal 1, Office of Population.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Regional Projects LATIN AMERICA	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Latin American Demographic Center. Grant to the Latin American Demographic Center (CELADE), Santiago, Chile, to strengthen demographic research in Latin American institutions, support field studies and research projects, and teach demography to Latin American trainees (598-15-570-459, AID/la-200, and AID/la-603).	240	294	361	316	300				
Demographic Research and Training. Grant to the University of California for research in demography and for improving the quality and increasing the quantity of demographic expertise (598-15-990-438, AID/la-247).	164 Completed								
Sociological Study of Family Structure. Grant to the University of Notre Dame to provide assistance to selected institutions in developing and conducting studies in population dynamics and family structures (598-15-570-455, AID/la-309).	417	96	Completed						
Assistance to Latin American Family Planning. Grant to the International Planned Parenthood Federation (IPPF) Western Hemisphere to support family planning organizations and programs in Latin America (598-15-580-457, AID/la-308, and AID/la-523).	346	500	1,964	1,750	2,000				
IPPF Conference. Grant to International Planned Parenthood Federation for partial costs of International Conference in Family Planning held in Chile, April 1967 (598-15-990-457, AID/la-468).	100	Completed							
Research and Analysis of Population Growth in Latin America. Grant to the Population Council to expand analytical activities relating to population growth problems and to sponsor research studies, pilot projects, consultation on problems of research design, and data collection and analysis (598-15-570-456, AID/la-286, AID/la-549, and AID/la-604).	400	300	993	1,115	891	1,884			
Assistance to Country and Regional Postpartum Projects. Grant to the Population Council to expand its support to hospitals providing postpartum family planning information and services (598-15-570-456, AID/la-550).		525	619	720					
Research Training in Population Dynamics with Relation to Public Health and Medical Care. Grant to the Pan American Health Organization (PAHO) to develop and carry out a program in population dynamics and its relationship to public health and medical care and support development (932-15-570-470, AID/la-430, AID/la-547, AID/la-551, and AID/la-552).	175		2,346	553	2,750		2,703		
Study of Family Size and Family Growth. Grant to the Latin American Center for Studies of Population and Family (CELAP) to conduct research in sociology, psychology, and anthropology focused on family size and population growth (598-15-570-460, AID/la-266).	560	200	230	350					
Research, Training and Production of Educational Audiovisual Materials. Grant to the Colombian Institute for Social Development (ICODES) for production of movie film and film strips on family planning in social development (598-15-990-438, and AID/la-298).	40	Completed							
Communications Techniques in Population Programs. Contract with Design Center, Washington,	2								

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Regional Projects—Continued									
LATIN AMERICA—Continued									
D.C., to report on communications as related to population program support (598-15-990-425, AID/la-232).									
Sociological Research in Rural Areas. Grant to the Federation of Institutes for Sociological Research of Latin America (FERES) for research in rural areas (598-15-990-438, AID/la-417).	140		Completed						
Advisory Services. Project provides for the development and evaluation of innovative family planning programs, especially in the field of education, information, and communication, and for consultants' services and seminars related to implementation of population programs (932-15-570-438, AID/la-672, LA(HA)17-69, AID/la-123).	34	29	53	153	784	1,412	1,434	1,698	1,026
Assistance for Regional Organization for Central America. Program for Health and Demographic Studies (596-15-570-023).	243	424	186	260	209				
Translation and Distribution of Population/Family Planning Information Materials. Allotment of funds to Regional Technical Aids Center (RTAC) to translate and distribute informational materials regionwide (598-15-580-477).		100	54	62	65	140	300	350	220
Assistance to Latin American Family Planning Services. Grant to The Pathfinder Fund to increase support to interested nonaffiliated institutions and individuals by making available small amounts of financial assistance and contraceptive supplies (598-15-570-471, AID/la-599).			300		800				
Demographic and Family Planning Training and Development of Audiovisual Materials. Grant to the Pan American Federation of Associations of Medical Schools to conduct seminars in the teaching of demography in medical schools (inclusive of family planning) throughout the region, to conduct workshops in teaching of family planning in obstretics and gynecology courses, and to develop audiovisual materials for teaching population dynamics and family planning in medical school curriculums. (932-15-580-479, AID/la-605).			150	241	362	475	456	300	150
MCH/FP Model Delivery System. Contracts with the Family Health Foundation, New Orleans, La., and with the University of Wisconsin to develop and test low cost/high coverage integrated health/family planning systems (932-11-580-610, CM/pha-C-73-35 and C-1038).							2,500	307	34
Country projects—total	1,539	5,457	3,071	5,437	7,085	7,223	6,230	4,792	4,238
Regional projects—total	2,861	2,468	7,256	5,520	8,161	3,911	7,393	2,655	1,430
Latin America—total	4,400	7,925	10,327	10,957	15,246	11,134	13,623	7,447	5,668
NEAR EAST AND SOUTH ASIA									
Country Projects									
Afghanistan:									
Population—Family Planning. Assistance in building a stronger base for strategy planning, decision making, and program implementation in population/family planning activities. A university team under a long-term contract will initiate this		10	87	130	1,740	275	1,144	1,517	479

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Country Projects–Continued									
NEAR EAST AND SOUTH ASIA–Afghanistan–Continued									
process by conducting, with Afghan assistance, a sample census survey of the population (306-11-570-110).									
Bangladesh:									
Population–Family Planning. Aids the Government of Bangladesh in reducing population growth rate through support in contraceptive supplies, family planning equipment, training, and advisory services (388-11-580-001).							1,524	38	
India:									
Population–Family Planning. Assists the Indian Government to accelerate its population–family planning program by providing a 19-man U.S. advisory staff, a training program in the United States and in other countries, local currency for key research and demonstration activities, and in fiscal 1970, granting $20 million for U.S. imports in order for the Indian Government to spend an equivalent amount for rupee local currency (386-51-580-332, 386-1642).	127	97,721	730	20,318	540	512	130		
Nepal:									
Population–Family Planning. Assists the Nepalese Government to develop and expand the organization necessary to initiate a nationwide population–family planning program by providing advisory services, training in the United States and in other countries, and selected equipment and supplies (367-11-580-096).		299	222	413	706	310	1,331	649	298
Pakistan:									
Population–Family Planning. Aids the population–family planning project through commodity support and by stengthening the government's program in training, evaluation and planning, and improvement of demographic statistics (391-11-580-256, -370, -384, and -393).	210	1,031	2,297	2,000	2,078	282	6,248	606	661
Turkey:									
Family Planning. A development loan to purchase U.S. vehicles for use by the Turkish family planning program in rural areas, and for vehicle maintenance and audiovisual equipment; technical assistance in demographic education (Loan 277-H-068; 277-11-580-595).	2,100				77		91	302	
								--	-
CENTO:									
Population–Family Planning. To finance training of leaders of family planning programs from Iran, Pakistan, and Turkey; also preparation for CENTO (Central Treaty Organization) workshops and seminars (290-11-580-250).			13	47	40	16	3	26	35
Regional Projects									
Family Planning Expansion. Grant to Pathfinder Fund to assist private organizations in countries in Near East and South Asia to expand family planning operations (298-15-580-010).		350	270			350			

[9]Includes $2.7 million loan to India for program vehicle parts.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Regional Projects–Continued									
NEAR EAST AND SOUTH ASIA–CENTO–Continued									
Postpartum Program in India. Grant to Population Council to support a postpartum family planning program in 150 hospitals (298-15-580-019).		100				100			
Family Planning Training. Grant to Planned Parenthood Association, Chicago, training program to provide training in Chicago to family planning professionals at varying levels of education and competence (298-13-995-015).		200							
Middle East Population Center Study. Grant to American University in Beirut to study possibility of a population center in the Middle East (298-13-995-015).		5							
Colombo Plan Advisor. To support a Population Advisor to the Colombo Plan countries (298-15-580-019).			30			40			
Family Planning and Health Services. A study by Johns Hopkins University on integration of family planning with rural health services in India. (298-15-590-019).			575		630	908			200
Middle East Survey. To survey demographic patterns, socioeconomic factors, and family planning policies in Middle East countries (298-15-590-019).			86		29				
Research Triangle Institute. Contract with Research Triangle Institute to undertake information and data synthesis and analysis as assistance to regional strategy planning (298-15-590-019).				277	480				
Regional Family Planning. Consultants.			2						
Population/Family Research in the Middle East. Grant to American University in Cairo to support a 3-year research program (932-15-570-109; nesa-547).					270		270	60	200
Introduction of Family Planning in Rural Health Clinics. Contract with Medical Assistance Programs, Inc., to integrate family planning into basic health services (298-15-580-110).						107			
Country projects–total	2,437	9,061	3,349	22,908	5,181	1,395	10,471	3,138	1,473
Regional projects–total		655	963	277	1,409	1,505	270	60	400
Near East and South Asia–total	2,437	9,716	4,312	23,185	6,590	2,900	10,741	3,198	1,873
Country and regional total	7,736	23,154	24,075	46,281	42,538	39,747	52,135	23,117	19,314
U.N. FUND FOR POPULATION ACTIVITIES									
The United States contribution covering its part of the support for the population programs of the United Nations.		500	2,500	4,000	14,000	29,040	9,000	18,000	20,000
AID OPERATING EXPENSES	524	435	1,084	1,469	1,893	2,414	3,929	12,300	10,000
GRAND TOTAL	10,471	34,750	45,444	74,572	95,868	123,265	125,554	112,445	109,975

NEW OBLIGATIONAL AUTHORITY AND OPERATING EXPENSE ALLOCATIONS

Mr. PASSMAN. Of the $154.1 million you are requesting for the population program in fiscal year 1977, how much will be new obligational authority and how much will be recoveries?

Dr. RAVENHOLT. Virtually all of this amount will be new obligational authority.

Mr. PASSMAN. Since the $154.1 million does not include operating expenses attributable to this program, could you please tell the committee how much will be used by the population planning program for operating expenses in fiscal year 1977?

Dr. RAVENHOLT. In fiscal year 1977, $30.6 million will be attributed to the population planning program for operating expenses.

Mr. PASSMAN. Could you tell the committee how this operating expense allocation compares to a percentage of the operating expenses for the other functional categories?

Dr. RAVENHOLT. The operating expenses are allocated proportionately among the categories.

PVO ACTIVITIES

Mr. PASSMAN. Would you please list for the record what private or voluntary organizations are presently receiving funds from AID for family planning projects, and indicate what amounts they have received through the current fiscal year and what you plan to allocate to them in fiscal year 1977?

Dr. RAVENHOLT. The allocation of population program assistance funds to private and voluntary organizations since the inception of the program in fiscal year 1965 through fiscal year 1975 and projections for fiscal year 1976, transition quarter and fiscal year 1977 is as follows:

POPULATION PROGRAM PROJECTS WITH NON-PROFIT ORGANIZATIONS
(In $ Millions and Alphabetical Order)

Project Numbers	Non-Profit Organization	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @ 133.4 million level	Proposed TQ @ 36.5 million level	Proposed FY 1977 @ 154.1 million level
985 & 953	Airlie Foundation, Warrenton, Virginia	Inter-American Dialogue Center; Training Films and Related Teaching Materials	4.570	1.000	--	--
363	African American Labor Center, Gambia, Africa	Labor Project (involving family planning and child health activities)	.065	--	--	--
608 & 616	American Association for Advancement of Science (AAAS), Washington, D.C.	Cultural Factors in Population Programs; Research on Fertility Determinants	.954	.400	--	.550
980 & 925	American Home Economics Association (AHEA), Washington, D.C,	Family Planning Through Home Economics	1.684	.300	.350	.200
877, 971 & 890	American Public Health Association (APHA), Washington, D.C.	Field Support Technical Assistance; DEIDS; Role of Voluntary Health Organizations	4.347	.840	.300	1.200
017	Asia Foundation, San Francisco, California	Communication Program Support in Asia	1.757	.300	.150	.300
212	Association of American Medical Colleges, Washington, D.C.	Medical Education-Association of American Medical Colleges	.093	--	--	--
968	Association for Voluntary Sterilization (AVS), New York, New York	Program for Voluntary Sterilization	4.976	1.500	.500	2.500

POPULATION PROGRAM PROJECTS WITH NON-PROFIT ORGANIZATIONS
(In $ Millions and Alphabetical Order)

Project Numbers	Non-Profit Organization	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @ 133.4 million level	Proposed TQ @ 36.5 million level	Proposed FY 1977 @ 154.1 million level
538, 618 & 943	Battelle Memorial Institute, Seattle, Washington	Surgical and Engineering Research on Means of Fertility Control; IUD Development; Accelerated Feedback	3.557	.470	.170	.575
438	Colombian Institute for Social Development, Colombia	Research, Training, and Production of Educational Audiovisual Materials	.040	--	--	--
862	Council on Social Work Education, New York, New York	Conference on Social Work Responsibility Relating to the Dynamics of Population and Family Planning	.160	--	--	--
610	Family Health Foundation, New Orleans, Louisiana	Maternal Child Health/Family Planning Model Delivery System	2.841	--	--	--
957	Family Health, Inc., New Orleans, Louisiana	International Development and Program Grant	1.365	--	--	--
955	Family Planning International Assistance Programs (FPIA), New York, New York	Family Planning International Assistance Programs	15.954	7.000	1.000	6.454
048 & 050	Government Affairs Institute of Washington, D.C.	Management of Population Programs; Population Impact on Technical Training Programs	.771	--	--	--
948	International Association of Schools of Social Work (IASSW), New York, New York	Development of Social Work Manpower	1.547	.300	--	--

POPULATION PROGRAM PROJECTS WITH NON-PROFIT ORGANIZATIONS
(In $ Millions and Alphabetical Order)

Project Numbers	Non-Profit Organization	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @ 133.4 million level	Proposed TQ @ 36.5 million level	Proposed FY 1977 @ 154.1 million level
947	International Confederation of Midwives (ICM), London, England	Family Planning through Midwives	.948	.350	--	.400
838 & other projects	International Planned Parenthood Federation (IPPF), London, England	Grant to International Planned Parenthood Federation	68.030	16.784	5.785	11.800
547	International Statistical Institute (ISI), London, England	World Fertility Survey	3.843	2.200	3.000	--
875	Margaret Sanger Research Bureau of New York City	Expansion of Margaret Sanger Research Bureau	1.145	--	--	--
110	Medical Assistance Programs, Inc., Wheaton, Illinois	Introduction of Family Planning in Rural Health Clinics	.107	--	--	--
817 & 976	National Academy of Sciences, Washington, D.C.	Rationale for Population Policies; International Seminars	.429	--	--	--
045	National Association of Foreign Student Advisors, Washington, D.C.	Family Planning Seminars	.135	--	--	--
898	New York Academy of Sciences, New York City	Third International Conference on Prostaglandins	.060	--	--	--
479	Pan American Federation of Association of Medical Schools (PAFAMS), Bogota, Colombia	Pan American Federation of Associations of Medical Schools	2.134	--	--	--

POPULATION PROGRAM PROJECTS WITH NON-PROFIT ORGANIZATIONS
(In $ Millions and Alphabetical Order)

Project Numbers	Non-Profit Organization	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @ 133.4 million level	Proposed TQ @ 36.5 million level	Proposed FY 1977 @ 154.1 million level
863 & other projects	Population Council, New York, New York	Programmatic Grant to Population Council	30.828	1.000	--	1.000
045 & 015	Planned Parenthood of Chicago, Illinois	Family Planning Seminars; Family Planning Training	.763	.050	--	.100
977	Planned Parenthood of Metropolitan Washington (PPMW), Washington, D.C.	Family Planning Activities	.346	.121	.070	.150
611 & 374	Population Services International (PSI), Chapel Hill, North Carolina	Commercial Contraceptive Marketing; Marketing Research - Populations	2.241	3.680	.800	6.600
019	Research Triangle Institute, North Carolina	Research Triangle Institute	.757	--	--	--
979 & 616	Smithsonian Institution, Washington, D.C.	Analysis and Evaluation of Population Policies/Dynamics; Research on Fertility Determinants	4.183	.100	--	--
521 & 607	Southwest Foundation for Research and Education, San Antonio, Texas	Research on Safety of Contraceptive Steriods; Research on Safety of Oral Contraceptives in Developing Countries	2.139	--	--	--
807 & other projects	The Pathfinder Fund, Boston, Massachusetts	Family Planning Services	27.665	5.335	--	5.100

POPULATION PROGRAM PROJECTS WITH NON-PROFIT ORGANIZATIONS
(In $ Millions and Alphabetical Order)

Project Numbers	Non-Profit Organization	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @ 133.4 million level	Proposed TQ @ 36.5 million level	Proposed FY 1977 @ 154.1 million level
493 & 520	Worcester Foundation for Experimental Biology, Inc., Shrewsbury, Massachusetts	Research for Development of a Once-a-month Birth Control Pill; Prostglandin and Other Contracaptive Development	3.188	--	--	--
850	World Assembly of Youth (WAY), Brussels, Belgium	Family Planning Through Youth Organizations	2.344	--	--	--
820	World Education, Inc., (WEI) New York, New York	Family Planning in Non-Formal Education	3.344	.400	.115	.200
	Subtotal		199.310	42.130	12.240	37.129

Mr. PASSMAN. Would you also list for the record the colleges and universities you presently have contracts with, indicating what amounts they have received through the current fiscal year, and what you plan to allocate to them in fiscal year 1977?

Dr. RAVENHOLT. The allocation of population program assistance funds to colleges and universities since the inception of the program in fiscal year 1965 through fiscal year 1975, and proposed allocations for fiscal year 1976, transition quarter, and fiscal year 1977 are as follows:

POPULATION PROGRAM PROJECTS WITH UNIVERSITIES
(in $ millions)

Project Number	University	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @133.4 mill level	Proposed TQ @36.5 mill level	Proposed FY 1977 @154.1 mill level
861	University of North Carolina Chapel Hill, North Carolina	Laboratories for Population Statistics	2.887	.650	.100	.600
956	University of North Carolina Chapel Hill, N.C.	Population Problem Solving - University Services Agreement	4.450	.450	.150	.600
857	University of North Carolina Chapel Hill, N.C.	Improvement of Population Libraries and Reference Services	.721	.150	--	.200
360	University of North Carolina Chapel Hill, N.C.	University Teaching of Population Dynamics - Ghana	1.197	.350	--	.350
359	University of North Carolina Chapel Hill, N.C.	Family Planning Courses in Health Training Institutions-Africa Regional	1.237	.420	--	.300
602	Singapore University Singapore	Demographic Research Center Research on Prostaglandins	.475	--	--	.150
880	Tufts University Medford, Massachusetts	Law and Population	1.116	.300	--	.160
055	Tulane University New Orleans, Louisiana	Colombia Health Delivery System Colombia	.090	.150	--	--
541	Washington University St. Louis, Missouri	Side Effects of Prostaglandins	.607	.201	.050	.200
619	University of Chicago Chicago, Illinois	Evaluation of Family Planning Effectiveness	1.069	.180	--	.250
604	Johns Hopkins University a/ Baltimore, Maryland	Advanced Technology Fertility Clinics	8.190	4.600	3.550	5.650

a/ Includes contracts with University of Pittsburgh, Pittsburgh, Pennsylvania; Washington University, St. Louis, Missouri; and American University, Beirut, Lebanon.

POPULATION PROGRAM PROJECTS WITH UNIVERSITIES
(in $ millions)

Project Number	University	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @133.4 mill level	Proposed TQ @36.5 mill level	Proposed FY 1977 @154.1 mill level
045	University of Connecticut Hartford, Connecticut	Training of Family Planning Trainers	.257	.150	--	.300
109	American University Cairo Cairo, Egypt	Laboratories for Population Studies	.800	.250	--	.300
055	University of California Los Angeles, California	Danfa Rural Health/Family Planning Ghana	3.305	.350	.088	.435
358	University of California Santa Cruz California	Maternal and Child Health Extension Africa Regional	4.125	.404	--	.350
096	University of California Berkeley, California	Family Planning, Nepal	.575	.043	.080	.238
858	California Institute of Technology, Pasadena, Cal.	Situation Reports on Population Problems	2.022	--	--	--
958	University of Chicago Chicago, Illinois	Graduate Training in Population Communications	.983	.300	--	.350
603	University of Colorado Denver, Colorado	Sterilization by Endometreal Abortion	.076	--	.175	--
855	Columbia University New York, New York	Methodology for Evaluating Family Planning Programs, Ecuador	2.156	.650	.150	.650
981	George Washington University Washington, D. C.	Rapid Diffusion of Population Research Findings	3.202	1.000	.500	2.100
891	Harvard University Cambridge, Massachusetts	Population Dynamics, Economics and Policy	1.688	.228	--	--
200	East/West Population Institute Honolulu, Hawaii	Population Dynamics in Asia and Pacific	6.606	.800	.200	.800

POPULATION PROGRAM PROJECTS WITH UNIVERSITIES
(in $ millions)

Project Number	University	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @133.4 mill level	Proposed TQ @36.5 mill level	Proposed FY 1977 @154.1 mill level
917	East/West Communications Inst. Honolulu, Hawaii	Communication Training and Program Assistance	2.206	.315	--	.300
620	University of Hawaii Honolulu, Hawaii	Institutional Development for Family Planning	2.030	.450	--	.400
188	University of Hawaii Honolulu, Hawaii	Family Planning, Indonesia	.145	.054	--	--
924	University of Illinois Urbana, Illinois	Computer Assisted Instruction in Population Dynamics	1.427	.465	.265	--
548	Johns Hopkins University Baltimore, Maryland	Simplified Techniques of Fertility Control	2.832	.300	.125	.350
916	Johns Hopkins University Baltimore, Md.	Population Problem Solving - University Services Agreement	2.321	.450	.150	.450
121	Loma Linda University Loma Linda, California	Manpower Training Program for MCH/FP Tanzania	.200	.114	.035	.196
373	Meharry College of Medicine Nashville, Tennessee	MCH/FP Training, Botswana	3.090	.200	--	.250
923	University of Michigan Ann Arbor, Michigan	Population Problem Solving - University Services Agreement	1.954	.450	.450	.150
959	University of Michigan Ann Arbor, Mich.	Advanced Training in Family Planning Social Work	.704	.300	--	--
918	State University of New York Downstate, Brooklyn, New York	Clinical Training of Nurses/Midwives in Population	1.697	.450	--	.600

POPULATION PROGRAM PROJECTS WITH UNIVERSITIES
(in $ millions)

Project Number	University	Project Title	Total FY 1965-FY 1975	Proposed FY 1976 @133.4 mill level	TQ @36.5 mill level	FY 1977 @154.1 mill level
546	Northwestern University Evanston, Illinois and University of Minnesota Minneapolis, Minnesota	Program for Applied Research on Fertility Regulation (PARFR)	3.350	.500	.250	.600
		TOTAL	69,790	15.674	6.318	17.279

ALLOCATIONS FOR POPULATION PLANNING IN FISCAL YEAR 1976 AND TRANSITION QUARTER

Mr. PASSMAN. Since the population planning and health category was reduced from the budget request in fiscal year 1976, could you tell the committee at this time how much you plan to allocate for population planning in fiscal year 1976 and the transition quarter?

Dr. RAVENHOLT. Until the fiscal year 1976 appropriation bill is enacted, we will not make any allocation for fiscal year 1976 or the transition quarter.

FUNDS DIRECTED TOWARD EDUCATION

Mr. PASSMAN. Could you please tell the committee how much of the $154.1 million requested for fiscal year 1977 will be directed toward education?

Dr. RAVENHOLT. Yes, sir. Within the population planning budget for fiscal year 1977, $19.5 million will be used for educational purposes. Of this total, $16.2 million will be applied to providing population and family planning information and education to family planning clients and the general public. The remaining $3.3 million will be used for training family planning counselors. These counselors will learn how to effectively communicate about family planning in the clinics where they work and in the community.

FISCAL PURCHASE OF CONTRACEPTIVES

Mr. PASSMAN. Would you also please tell the committee how much of the $154.1 million requested for fiscal year 1977 will be used to purchase contraceptives? Will these contraceptives be purchased in the United States?

Dr. RAVENHOLT. Of the $154.1 million requested for population-family planning in fiscal year 1977, we plan to use approximately $46 million for the purchase of contraceptives. All contraceptives will be purchased in the United States on bulk purchase contracts through GSA to obtain lowest possible cost. AID supplies U.S. bulk purchased contraceptives as inkind assistance to private voluntary and international organizations. In addition the UNFPA is expected to purchase approximately $5 million of contraceptives on the world market. U.S. AID contributed approximately 25 percent of UNFPA budget.

COMPLIANCE WITH ABORTION LEGISLATION

Mr. PASSMAN. I assume AID is complying with the current legislation that prevents AID from funding any programs that would be used for the performance of abortions?

Is AID confident that the U.S. contributions to international organizations or U.N. organizations are not used for abortion methods?

Dr. RAVENHOLT. AID has complied fully with the legislative prohibition on the support of abortion services as a method of family planning. AID has issued a comprehensive policy statement to provide guidance in this matter, and contracts and grants incorporate appropriate language to restrict use of title X funds for these purposes.

This prohibition has been extended to all funds provided to international organizations, with the exception of those provided the United Nations. According to U.S. policy, funds provided the United Nations are commingled with those of other donors and, therefore, decisions regarding their use are the responsibility of the United Nations alone.

OBLIGATION OF ALLOCATED FUNDS

Mr. PASSMAN. Do you plan to obligate the entire funds allocated for population planning in 1976 and the transition quarter?

Dr. RAVENHOLT. Yes, we plan to obligate every dollar allocated for population/family planning in fiscal year 1976 and the transition quarter.

UNEXPENDED POPULATION FUNDS

Mr. PASSMAN. Could you tell the committee how much you plan to have in unexpended funds to the credit of population control program as of September 30, 1976?

Dr. RAVENHOLT. Assuming a program of approximately $103 million in fiscal year 1976 and $25 million in the transition quarter, the population and family planning program will have approximately $169 million in unexpended funds by the end of September 1976. This represents about 164 percent of the annual appropriation—down from 181 percent at the end of fiscal year 1974.

Mr. PASSMAN. Are all these unexpended funds obligated?

Dr. RAVENHOLT. Yes.

UNDISTRIBUTED POPULATION FUNDS

Mr. PASSMAN. Of the $154.1 million you are requesting in fiscal year 1977, do you have any funds that are presently undistributed?

Dr. RAVENHOLT. No. Each dollar has been programed to meet a valid important requirement.

TOTAL ESTIMATED AMOUNT FOR POPULATION ASSISTANCE

Mr. PASSMAN. Do you have any idea what the total amount is that will be expended in fiscal year 1977 for family planning or population control, including all sources worldwide, and what the U.S. percentage is of this total?

Dr. RAVENHOLT. The total estimated amount for population assistance for fiscal year 1977 will be $300 million of which the U.S. would provide 50 percent if the requested $154 million is appropriated for fiscal year 1977.

FAMILY PLANNING RESEARCH BREAKTHROUGHS

Mr. PASSMAN. Have you had any breakthroughs in your research efforts in family planning techniques?

Dr. RAVENHOLT. The Agency's support of population research has resulted in a number of important advances and breakthroughs which have and will continue to result in efficiencies in population programs

worth many times the value of the original research. Application and utilization of research has been an important emphasis of AID's goal directed program.

In the field of social science research, AID sponsored programs are designed to channel support to qualified researchers in the developing countries. Moreover, the emphasis in these programs is on the application of previous research findings to current policy issues. Specifically:

A research team has assisted the Government of Pakistan in evaluating the demographic impact of its new development plan, resulting in a systematic revision of the plan to assure achievement of demographic objectives.

Three research teams are currently examining population policy issues in Colombia.

A new project is about to be contracted that will support clusters of policy-relevant research studies in up to six significant countries over the next 3 years.

In the area of contraceptive development research, AID-sponsored research programs have developed a number of new technologies which are now entering use in developing countries, including:

New methods of female sterilization which allow tubal closure with the use of clips and rings. These techniques and the minilaprotomy method now allow female sterilization to be carried out as a 10-minute outpatient procedure using local anesthesia and have resulted in sterilization being the single most widely used method of fertility control in the world with approximately 65 million couples using the method.

A new pregnancy test has been developed by AID researchers which will allow detection of pregnancy at the time of the missed menses.

A once-a-month contraceptive is close to becoming a practical reality. AID's 5-year support of prostaglandin research has contributed significantly to this breakthrough.

A clinical network to field test all new means of fertility control technologies is now available. It will continue to identify the best methods for use in LDC programs.

In the area of operational research, AID-sponsored studies have developed innovative household and village contraceptive distribution techniques which have proved to be a low-cost method for increasing contraceptive usage. For example:

In Egypt a household distribution project resulted in a 60-percent increase in contraceptive prevalence after a year.

In Bangladesh use of modern means of contraception increased from less than 1 percent to 16 percent after a single round of household distribution.

AID's research program is an applied program which has developed new methods and techniques now being used in population programs.

PERSONNEL INVOLVED IN POPULATION PROGRAMS

Mr. PASSMAN. How many people in AID are engaged in the administration of the population program?

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Dr. RAVENHOLT. AID's population program assistance effort is administered by the Office of Population staff of 81 which consists of 61 professionals and 20 clericals and by 32 population officers stationed overseas.

Mr. PASSMAN. Could you tell the committee how many people are involved in the population programs financed by AID when you include all the private voluntary organizations?

Dr. RAVENHOLT. The number of personnel employed in regional, interregional and bilateral projects funded by title X, including AID direct-hire personnel and those under PASA's, universities and private organizations, total about 1,400 U.S. nationals and 800 non-U.S. nationals.

FISCAL YEAR 1977 POPULATION GRANT/LOAN ALLOCATION

Mr. PASSMAN. Will the entire $154.1 million requested in fiscal year 1977 for population be provided on a grant basis?

Dr. RAVENHOLT. Of the $154.1 million requested for population/family planning assistance in fiscal year 1977, all will be provided on a grant basis except $7.3 million which will provide contraceptives to Indonesia on a loan basis.

POPULATION RESEARCH PROGRAM FUNDING

Mr. PASSMAN. Could you please tell the committee how much of the fiscal year 1977 request will be used to finance research?

Dr. RAVENHOLT. Our proposed population/family planning program for fiscal year 1977 provides $7 million for social science research, $9 million for biomedical research, and $4 million for operational research.

LDC AWARENESS OF POPULATION PROBLEM

Mr. PASSMAN. On page 1 you state that given current modest economic growth rates, the quality of life in most developing countries shows little improvement and may even deteriorate if the population continues to grow. With this bleak outlook, could you tell the committee if these countries are aware of the situation, and if they are making an effort to curb their population growth rates?

Dr. RAVENHOLT. Although the pressure of continued population growth is admittedly quite serious in many developing countries, there are some modest but real reasons to believe that the threats to development from population growth are beginning to diminish. Over 60 developing countries, representing more than 90 percent of the population in the developing world, now officially support family planning activities in some degree. Countries with official policies to reduce the population growth rate contain more than three out of every four persons in the developing world.

In general, acceptance of the need for family planning is nearly universal in Asia, the most populous region of the world. In Africa and Latin America, public acceptance is weaker but it is still signifi-

cant and growing. In short, the outlook is sobering; the degree of public commitment required is not yet adequate everywhere and, in order to achieve the needed decline in population growth rates, governments must hold fast to their expanded support for family planning for another decade or two. AID's continued and effective provision of family planning assistance is critical for the success of this process.

100 MILLION CYCLES IN FISCAL YEAR 1977

Mr. PASSMAN. On page 5 you indicate that 100 million cycles are scheduled to be delivered in fiscal year 1977 of oral contraceptives but even this would provide supplies for only a small minority of the 500 million women of childbearing age in developing countries. Could you tell the committee how many childbearing women these 100 million cycles will reach in fiscal year 1977?

Dr. RAVENHOLT. The 100 million cycles will protect 7.7 million women.

FAMILY PLANNING SERVICES EXPENDITURES

Mr. PASSMAN. On page 9, you indicate that you plan to allocate $35 million for family planning services. Could you please tell the committee what this item is, and provide a breakdown of the $35 million?

Dr. RAVENHOLT. Mr. Congressman, this component is in many ways the keystone of the population program, because it goes to the heart of delivering family planning services to the rural poor and their counterparts in urban slums. In essence, this effort is a three-pronged attack on developing, implementing, and improving the management and effectiveness of family planning delivery systems.

The first element budgets $26 million in fiscal and commodity support under grants to private, nonprofit organizations which develop and support projects in family planning education, management, motivation, and direct service to acceptors. In many instances, these private organizations are the only providers of family planning services in situations where host governments are reluctant to accept direct bilateral assistance. The second approach, and one complementary to both the bilateral and private nonprofit grant routes, relies on distributing information and contraceptives through existing commercial channels. Two contraceptive retail sales programs began last year. Several more are currently being developed. We see this as a very useful way of reaching couples who do not feel comfortable in securing contraceptives via medical clinics, or as a way to extend the reach of the program beyond the health infrastructure. Furthermore, the funds generated by these commercial sales are put back into the program, thereby giving it the potential for becoming wholly or partially self-sustaining. Contraceptive retail sales are programed at $6.7 million.

In order to improve management information for use by host country and AID family planning program officials, and in order to specifically improve weak parts in the operation of these systems, we

are requesting $2.4 million for management and evaluation support. This component of family planning delivery systems allows us to send technical expertise in such fields as medicine, pharmacology, logistics, communications, management, and delivery systems designs, to host country governments and organizations.

PROPOSED FUNDING FOR UNFPA

Mr. PASSMAN. Let us look briefly at the U.N. fund for population activities for which you plan to provide $25 million in fiscal year 1977. I note in fiscal year 1976 you provided only $21 million to the fund, and in fiscal year 1977 you are planning to provide $25 million and on page 201 you have an additional program requirement sheet that indicates that a possible additional $5 million may be provided to the fund in fiscal year 1977. Could you please tell the committee why you are planning to increase the contribution by about $9 million over 1976?

Dr. RAVENHOLT. The total contribution for calendar 1976 is proposed to be $25 million. This will be provided by combining $21 million from fiscal year 1976 appropriations and $4 million from interim quarter. Thus our proposal for fiscal year 1977—$25 million—is the same as we proposed to provide in 1976. The $5 million additional program requirement arises from the fact that during the past 2 years we have been unable to provide the total contribution we believe appropriate for the UNFPA. Thus if the Congress appropriates the funds requested in 1977, we would increase our contribution to $30 million. If this occurs, the increase over 1976 will be $5 million not $9 million.

COUNTRIES CONTRIBUTING TO UNFPA IN 1975

Mr. PASSMAN. Could you please provide for the record a table showing which countries are contributing to the organization during the last year, and indicate the amounts and what percentage this represents of the total?

Dr. RAVENHOLT. Yes, sir.

[The information follows:]

	Amount	Percent
Australia	544,572	(1)
Austria	20,000	(1)
Barbados	2,000	(1)
Belgium	385,551	(1)
Botswana	1,453	(1)
Burma	8,013	(1)
Canada	3,431,373	5.0
Colombia	15,384	(1)
Denmark	1,967,889	3
Egypt	255,558	(1)
El Salvador	3,000	(1)
Finland	374,640	(1)
France	100,000	(1)
Germany, Federal Republic of	7,494,387	12
Ghana	21,739	(1)
Guyana	408	(1)
Hungary	4,016	(1)
India	215,517	(1)
Indonesia	125,000	(1)

See footnotes at end of table.

	Amount	Percent
Iraq	14,000	(1)
Japan	7,000,000	11
Lesotho	500	(1)
Liberia	4,000	(1)
Libyan Arab Republic	10,000	(1)
Luxembourg	5,400	(1)
Madagascar	416	(1)
Malaysi	6,667	(1)
Malta	270	(1)
Morocco	4,000	(1)
Nepal	2,367	(1)
Netherlands	7,159,193	11.0
New Zealand	372,960	(1)
Nigeria	32,520	(1)
Norway	4,046,628	(1)
Republic of Korea	10,000	(1)
Republic of South Vietnam	1,000	(1)
Saudi Arabia	30,000	(1)
Somalia	1,605	(1)
Sri Lanka	7,485	(1)
Sweden	5,747,126	9.0
Switzerland	187,441	(1)
Syrian Arab Republic	1,000	(1)
Thailand	40,000	(1)
Togo	1,111	(1)
Tunisia	5,000	(1)
Turkey	2,000	(1)
Uganda	500	(1)
United Kingdom	3,528,967	5.5
Yugoslavia	3,000	(1)
United States	20,000,000	37.0
Total contributions	62,478,574	

[1] Less than 1 percent.

Note: Total donors—50.

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Mr. PASSMAN. Why is the United States contributing to this Fund when we could use this $25 million or $30 million to fund bilateral population programs?

Dr. RAVENHOLT. Population is a global problem that is as sensitive as it is acute in some countries. Its complexity, scope, and political dimension, demand international cooperation in search of solutions and international coordination on implementation of solutions found. Multilateral-sponsored programs may be invited where no bilateral assistance would be acceptable. The expertise which the UNFPA can call upon is truly international.

Assistance through UNFPA increasingly multiplies each country contribution, as follows: In 1973, each $1 from the United States led to $2.33 in UNFPA assistance; in 1974, each $1 from the United States led to $2.70 in UNFPA assistance; in 1975 each $1 from the United States led to $3.15 in UNFPA assistance.

ORGANIZATIONS INVOLVED IN POPULATION ASSISTANCE PROGRAMS

Mr. PASSMAN. Could you provide a list for the record showing what international, multilateral, U.N., or any other similar type of organizations are presently involved in population control programs?

Dr. RAVENHOLT. Yes, sir.

[The information follows:]

United Nations organizations:
- United Nations Fund for Population Activities (UNFPA);
- United Nations Population Division;
- United Nations Regional Economic Commissions;
- United Nations Children's Fund (UNICEF);
- World Health Organization (WHO);
- Food and Agriculture Association (FAO);
- United Nations Educational, Scientific and Cultural Organization (UNESCO);
- International Bank for Reconstruction and Development (IBRD); and
- International Labor Organization (ILO);

Nongovernmental organizations:
- American for Rehabilitation Through Training Federation;
- American Public Health Association (APHA);
- The Asia Foundation;
- Association for Voluntary Sterilization (AVS);
- Cooperative for American Relief Everywhere, Inc. (CARE);
- Church World Service;
- The Thomas A. Dooley Foundation, Inc.;
- Family Planning International Assistance (FPIA);
- The Ford Foundation;
- Interdisciplinary Communications Programme, Smithsonian Institution;
- International Association of Schools of Social Work (IASSW);
- International Educational Development (IED);
- International Planned Parenthood Federation (IPPF);
- Japanese Organization for International Cooperation in Family Planning Inc. (JOICFP);
- Mennonite Central Committee (MCC);
- Oxfam;
- The Pathfinder Fund;
- The Population Council;
- Population Reference Bureau (PRB);
- Population Services International (PSI);
- The Rockefeller Foundation;
- Tinker Foundation;
- Unitarian Universalist Service Committee (UUSC);
- World Assembly of Youth (WAY);
- World Education; and
- World Neighbors.

POPULATION PROGRAM EVALUATION

Mr. PASSMAN. In an Inspector General's report dated August 21, 1975, it was indicated that the population planning bureau had no systematic procedure to assure that AID's evaluation of the bilateral population programs take place, that the evaluations address operational concerns, and that the findings are used to improve project design, assure efficiency and effectiveness, and contribute to the accomplishment of U.S. objectives. Could you please tell the committee what the Bureau has done to implement the evaluation systems mentioned here?

Dr. RAVENHOLT. Since the Inspector General report of August 1975, the PHA Bureau has, in collaboration with the Geographic

Bureaus and AID Missions, established a procedure for the annual evaluation of bilateral population programs. Under the new procedure, the AID Mission indicates in its annual budget submission—ABS—the schedule of its annual evaluation of projects, including population/family planning projects. In AID/Washington the PHA Bureau evaluation officer and the Office of Population Area Divisions maintain surveillance over the performance of the timing and type of evaluation, extend assistance to the missions in the conduct of these evaluations and reviews copies of the mission's annual project assessment report—PAR. The Office of Population, the Bureau's program review staff and the Geographic Bureaus use these evaluations—PAR's—in their periodic review of projects during the year to improve project design, assure efficiency and effectiveness, and contribute to the accomplishment of U.S. objectives.

CONTRACEPTIVE STORAGE TIME STUDY RESULTS

Mr. PASSMAN. According to information received by the committee I note that AID has entered into a contract with the National Bureau of Standards for $2,000 to test the storage time of rubber condoms. Could you tell the committee if this study has been completed and what the results were.

Dr. RAVENHOLT. The study, completed January 31, 1975, determined that U.S. manufactured condoms resist deterioration for several years if packed in hermetically sealed packets and stored at room temperature—20° C. or 68° F.)—in the absence of sunlight.

Under varying temperature conditions, the approximate shelf life was projected as follows:

Storage temperature		*Approximate shelf life years*
Centigrade	*Fahrenheit*	
23° C.	(73.4° F.)	20
30° C.	(86° F.)	13
35° C.	(95° F.)	8
40° C.	(104° F.)	5
45° C.	(113° F.)	3
50° C.	(122° F.)	1.5

PRIVATE VOLUNTARY ORGANIZATIONS SUPPORTED BY AID

Mr. PASSMAN. Let us turn briefly to the private and voluntary organizations.

Would you please provide a list for the record showing what private voluntary organizations AID plans to support in fiscal year 1977, and indicate the amounts proposed to be provided to these organizations separately?

Mr. FURMAN. The Office of Private and Voluntary Cooperation plans to support the following private and voluntary organizations in fiscal year 1977.

In addition other bureaus will provide in fiscal year 1977 an estimated $16.8 million for "Operational program grants" and $65.7 million for other grants and contracts. It is not possible, however, to give a detailed breakdown of these grants and contracts at the present time.

[The information follows:]

PVOs RECEIVING SUPPORT IN FY 1977
(Thousands U.S. Dollars)

Development Program Grants (DPGs)

American ORT Federation	250
ACCION International, AITEC Division	100
Agricultural Cooperative Dev. Int'l.	215
Catholic Relief Service	400
Christian Medical Commission	100
Community Development Foundation	400
Cooperative League of the U.S.A.	270
Coordination in Development	165
Credit Union National Association	300
Direct Relief Foundation	187
Foundation for Cooperative Housing	200
Goodwill Industries of America	122
International Eye Foundation	137
Meals for Millions	177
Medical Assistance Programs, Inc.	285
National Council of Negro Women	229
National Rural Elec. Cooperative Assoc.	195
Planning Assistance, Inc.	300
Project Concern	200
TECHNOSERVE, Inc.	390
U.S. Foundation f/Int'l. Scouting	300
Volunteer Development Corps	75
World Education, Inc.	225
World Vision Relief Organization	204
Young Men's Christian Association	400

General Program Support

Agricultural Cooperative Dev. Int'l.	275
Cooperative League of the USA T.O. 1	295
Credit Union National Assoc. (CRC)	100
Credit Union National Assoc. T.O. 1	
Institute for Int'l. Development	150
International Exec. Service Corps	4,140
International Voluntary Service	350
National Rural Electric Cooperative Association T.O. 1	270
Private Agencies Collaborating Together	1,000
The Asia Foundation	4,000
Volunteer Development Corps	200
Volunteers in Technical Assistance	220

Education and Human Resources

Opportunities Industrialization Centers International	1,000

Special Activities

Technical Assistance Clearing House	300

Mr. PASSMAN. What is the total amount AID plans to provide to these organizations in fiscal year 1977, and how does this compare to fiscal year 1976?

Mr. FURMAN. AID plans to provide these organizations approximately $102.3 million in grants and contracts in fiscal year 1977. This compares with an estimated $90.4 million in fiscal year 1976.

Mr. PASSMAN. Would you please tell the committee what type of support AID provides to these organizations?

Mr. FURMAN. Additionally AID provides these agencies with reimbursement for Public Law 480 ocean freight costs, estimated at $78 million in fiscal year 1977, as well as ocean freight for other commodities, estimated at $10.5 million in fiscal year 1977; excess property acquisition costs, estimated at $8.5 million; and Public Law 480 title II food commodities, estimated at $174 million in fiscal year 1977.

Mr. PASSMAN. Could you please tell the committee what areas these private and voluntary organizations are primarily interested in?

Mr. FURMAN. A small number of private and voluntary agencies are interested in disaster relief assistance (approximately 5 in fiscal year 1975), in Public Law 480 title II food (approximately 7 in fiscal year 1975) and in excess property (approximately 14 in fiscal year 1975); a larger group is involved in the ocean freight reimbursement program (approximately 33 in fiscal year 1975), and the great majority receive grants and contracts (approximately 107 in fiscal year 1975).

FUNDING FROM ACCOUNTS OTHER THAN POPULATION PLANNING AND HEALTH

Mr. PASSMAN. What amount of funds do you plan to use for population planning in fiscal year 1976, the transition period, and fiscal year 1977 from accounts other than population planning and health, development assistance?

Dr. RAVENHOLT. At the moment, we have no specific plans, but we expect a program could emerge from discussions now being held on the Egyptian family planning effort. Supporting assistance funds would be used in this instance.

Mr. PASSMAN. Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

TOTAL POPULATION PROGRAM APPROPRIATIONS

How much have we appropriated for population programs since the inception of this?

Dr. RAVENHOLT. From the inception of the program in 1965 through fiscal 1975, $732 million has been obligated for the population program.

Now, in fiscal year 1976 we have been operating under a continuing resolution authority and as you know we are just getting the appropriation now and it is apparently going to be at about the $103 million level in addition to the $732 million.

Mr. SHRIVER. Maybe, if we ever pass that appropriation.

Dr. RAVENHOLT. Maybe.

POLITICAL AND RELIGIOUS PROBLEMS

Mr. SHRIVER. There have been political and religious problems in some countries concerning the population control program. I wonder if you would comment on the present situation, especially in serious-problem countries at this time?

Dr. RAVENHOLT. Sir, I am heartened by the changes which have occurred in the last few years. Indeed, back in the 1960's and the first few years in the 1970's there were quite a number of countries that were sensitive with respect to population family planning assistance, countries such as Brazil, Mexico, Burma, and many of the African countries.

But there is a very perceptible change for the better, particularly since the World Population Conference at Bucharest. Much of the noise has gone out of the system. These countries have now moved substantially toward the concept that their poor people as well as their rich people should have access to family planning services. This includes Brazil.

LDC SELF-HELP

Mr. SHRIVER. The summary book states that these developing countries are spending less than $3 per capita for all population, health, and nutrition services for their own people.

In those poor countries, that low expenditure certainly doesn't convince me that they place a very high priority on these services. In what ways will these funds you are requesting today be used specifically to encourage more self-help by these countries?

Dr. RAVENHOLT. We are very sensitive to that, sir. Keep in mind, of course, that $100 million, which is approximately our current budget level, divided by the 2 billion people who are in the developing countries that we are concerned with comes to only 5 cents per capita per annum.

The omission of India therefrom increases the amount available for the other developing countries by several cents but we still have less than 10 cents per capita per annum available for population planning. Whereas, you mentioned $3——

Mr. SHRIVER. That includes all health and nutrition services as well as population.

Dr. RAVENHOLT. Right, for that complex, but I point to the fact that the funds available for family planning are a very small amount relative to the magnitude of the problem we are trying to solve.

Mr. SHRIVER. Yes, if you consider it is our responsibility to do that. What I am asking you is, what are we doing to encourage them to do more themselves?

Dr. RAVENHOLT. One was the world population year, the World Population Conference aimed at modifying country policies, many of which were set against birth control until recently. Policy modification has been an important forward step and much has happened.

In many countries their initial actions do depend upon assistance from us. For example, in the Philippines, Indonesia, and Korea it was only when assistance was available from another source they were able to begin to work with this problem.

When as they get trained personnel and become familiar with the kinds of activities that are required for solution, there comes a time when it becomes acceptable in these countries politically to vote moneys for the program.

This has happened in Indonesia, Korea, the Philippines, and many other countries.

Mr. SHRIVER. Indonesia, Korea, and Philippines?

Dr. RAVENHOLT. Indonesia, Korea, and Philippines, for example are three countries. Thailand also, where in the last few years substantial indigenous moneys have been made available for family planning.

Without our initial assistance this would not have occurred.

Mr. SHRIVER. How much have those three countries contributed?

Dr. RAVENHOLT. I have here a detailed analysis of our inputs, their inputs, and so forth. This was prepared for the Inspector General of Foreign Assistance, and I would be happy to make this available.

Mr. SHRIVER. I don't want the whole package.

Mr. FURMAN. Just for those countries.

Mr. SHRIVER. OK. Put that in the record, if you would then.

[The information follows:]

Population Program Assistance to Indonesia, Korea, and the Philippines – Estimates for the Inspector General of Foreign Assistance in 1975

POPULATION PROGRAM ASSISTANCE, 1965-1975 Country: INDONESIA

A. USAID Title X Bilateral Assistance by Fiscal Year ($ in thousands) *

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
-	-	-	234	1,236	323	1,229	2,182	5,142	1,474	4,701	16,521	7,801

*Includes funds for contraceptives obligated by AID/W

B. Assistance by Organizations Receiving AID Title X Support ($ in thousands)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
UNFPA	——cumulative through 1971 ——→						404	438	1,347	3,169	15	5,375	n/a
IPPF	-	-	-	-	-	-	542	1,128	918	1,500	1,500	5,588	n/a
Pathfinder	-	-	-	-	-	-	84	140	197	223	234	878	186
Pop Council	-	-	-	-	-	-	324	296	106	n/a	n/a	726	n/a
FPIA	-	-	-	-	-	-	30	75	90	n/a	n/a	195	n/a
AVS	-	-	-	-	-	-	-	-	-	-	-	-	-

C. Assistance by Other Countries and Organizations Not Receiving AID Title X Support ($ in thousands)

Japan	-	-	-	-	41	131	37	55	27	n/a	n/a	291	n/a
Netherlands	-	-	-	-	-	136	84	150	150	n/a	n/a	520	n/a
Norway	-	-	-	-	-	-	6	105	27	n/a	n/a	138	n/a
Ford	-	-	-	-	245	37	92	83	40	n/a	n/a	497	n/a
IBRD	-	-	-	-	-	-	400	220	1,467	n/a	n/a	2,087	n/a

D. Host Government Inputs to Family Planning ($ in thousands)

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
-	-	-	75	300	1,323	5,212	9,734	14,437	12,000	15,000	58,081	n/a

COMBINED INPUTS

-	-	-	309	1,822	1,950	8,444	14,606	23,948	18,366	21,450	90,895	7,987

POPULATION PROGRAM ASSISTANCE, 1965-1975 Country: KOREA

A. USAID Title X Bilateral Assistance by Fiscal Year ($ in thousands)*

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
-	52	99	1,491	1,200	888	1,660	436	688	1,336	350	8,200	0

*Includes funds for contraceptives obligated by AID/W

B. Assistance by Organizations Receiving AID Title X Support ($ in thousands)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
UNFPA	cumulative through 1970→					192	13	18	74	1,543	1,600	3,640	1,744
IPPF	13	56	88	243	242	278	770	502	486	607	604	3,889	n/a
Pathfinder	-	-	-	-	-	-	-	-	-	-	-	-	-
Pop Council	101	317	565	626	649	493	419	431	588	30	70	4,289	n/a
FPIA	-	-	-	-	-	-	-	44	n/a	n/a	102	146	n/a
AVS	-	-	-	-	-	-	-	-	-	-	75	75	90
Asia Found.	-	-	-	-	-	-	-	-	99	45	48	192	n/a

C. Assistance by Other Countries and Organizations Not Receiving AID Title X Support ($ in thousands)

Canada	-	-	-	-	-	-	-	10	n/a	n/a	n/a	10	n/a
Japan	-	-	-	-	16	51	n/a	n/a	n/a	n/a	n/a	67	n/a
Sweden	-	-	-	425	416	329	657	563	511	714	35	3,650	n/a
OXFAM	34	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34	n/a
Rockefeller	-	-	-	-	-	-	15	14	n/a	n/a	n/a	29	n/a

D. Host Government Inputs to Family Planning ($ in thousands)

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
cumulative ——→		6,930	2,060	2,680	3,190	2,620	3,390	3,860	4,010	4,260	33,000	n/a

COMBINED INPUTS

348	425	7,682	4,845	5,203	5,421	6,154	5,408	6,306	8,285	7,344	57,221	1,834

POPULATION PROGRAM ASSISTANCE, 1965-1975 Country: PHILIPPINES

A. USAID Title X Bilateral Assistance by Fiscal Year ($ in thousands)*

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
35	25	210	1,064	1,400	4,948	5,000	6,290	5,774	5,694	5,615	36,055	7,288

*Includes funds for contraceptives obligated by AID/W

B. Assistance by Organizations Receiving AID Title X Support ($ in thousands)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
UNFPA	——— cumulative through 1971 ——→						357	522	609	237	519	2,244	n/a
IPPF	-	-	-	164	226	363	565	900	585	700	n/a	5,503	n/a
Pathfinder	-	-	-	-	8	25	26	130	43	282	349	863	161
Pop Council	-	-	-	103	77	139	21	78	0	0	0	418	n/a
FPIA	-	-	-	-	-	-	-	89	264	170	79	602	n/a
AVS	-	-	-	-	-	-	-	-	-	-	191	191	43

C. Assistance by Other Countries and Organizations Not Receiving AID Title X Support ($ in thousands)

Canada	-	-	-	-	-	-	-	40	n/a	n/a	n/a	40	n/a
Japan	-	-	-	-	-	-	-	n/a	53	n/a	n/a	53	n/a
Ford	134	82	102	102	102	131	0	122	n/a	n/a	n/a	775	n/a
Rockefeller	-	4	n/a	n/a	n/a	n/a	15	44	n/a	n/a	n/a	63	n/a

D. Host Government Inputs to Family Planning ($ in thousands)

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Total	Proposed 1976
-	-	-	-	-	-	1,266	1,267	1,267	4,200	6,300	14,300	n/a

COMBINED INPUTS	169	111	312	1,433	1,813	5,606	7,250	9,482	8,595	11,283	13,053	59,107	7,492

LINE ITEM FOR PVO'S

Mr. SHRIVER. You are also testifying on the private and voluntary organizations item which is funded in a separate account. It is a not line item. The Agency has grouped all of these under your jurisdiction?

Mr. FURMAN. Under our Bureau's jurisdiction.

Mr. SHRIVER. Do you favor a similar grouping in our appropriations bill?

Mr. FURMAN. This is something we have discussed, Mr. Shriver. There is real merit in grouping the funding this way not only from the point of view of the community of private organizations but also from the management point of view of the Agency.

But I would like to give you just a little background as to why we are where we are now. It was only a couple of years ago that AID really began to work to expand the role of the voluntary agencies working with the Agency. At that time it was important that the regional bureaus and the country missions assume a share of this responsibility. So up to now we have programed the funds through the country missions. As a result, our program has increased very substantially.

It may be that in the next 2 years beginning, say, in fiscal year 1978 that we should seriously consider consolidating these funds into the same appropriation.

Mr. SHRIVER. Would that require authorizing legislation?

Mr. FURMAN. Right.

THAILAND PROGRAM

Mr. SHRIVER. You mentioned, Thailand, Doctor. What has happened there?

Dr. RAVENHOLT. We commenced our assistance to Thailand with a very small input beginning in 1967, $25,000 that year, for initial policy changes and activity.

Then our assistance increased for a number of years. Through fiscal 1975, which is the last figure I have, we had provided $11 million of bilateral assistance to Thailand. Additionally, other organizations, some multilateral, such as United Nations Fund and the IPPF have provided assistance, also the Pathfinder Fund, Population Council, and several others that we provide assistance to.

Japan and one or two other countries have provided some assistance to Thailand, plus some assistance from the Rockefeller Foundation.

The Thai Government is credited with having provided just about the same amount of assistance since 1969 through 1975 as we have, roughly $11 million, from their own sources. So that the total combined inputs to the Thai family planning program during the last decade, actually the last 8 years, is about $26 million. Now we find our efforts are being picked up in substantial measure by the Thai Government.

I pass these to you. You can look at just the face sheet for those four countries and you can see the balance between AID bilateral input, the input by other donor countries, as well as the multilateral agencies and the countries themselves.

STATUS OF WOMEN

Mr. SHRIVER. There is a direct connection between these population programs and the status of women in some of these countries. Would you comment on that, and tell us what these funds will do to alleviate the situation?

Are you getting cooperation from the individual governments in this regard?

Dr. RAVENHOLT. Population funds support family planning programs which enable women to control their own fertility, a major factor in their lives, and one which greatly affects their status in most societies.

Social science research to measure the precise relationship between fertility and female status is being carried out by LDC scholars with the assistance of the American Association for the Advancement of Science under AID contract. Field sites are Mexico, Philippines, and Kenya.

AID-financed studies in Bolivia, Colombia, Peru, Jamaica, Nigeria, Pakistan, Indonesia, Korea, and elsewhere are concerned with measuring changing female roles with special reference to the impact of female education and labor force participation upon fertility

In all of these instances, LDC governments concur in the initial project design and are the recipients of study findings.

SAFETY OF ORAL CONTRACEPTIVES

Mr. SHRIVER. What efforts are made under this appropriation to insure the safety of oral contraceptives?

Dr. RAVENHOLT. We have taken a number of actions to assess and insure the safety of oral contraceptives; among them are the following: (*a*) Since fiscal year 1970, we have provided $2.1 million to support studies of the metabolic, nutritional, and health effects of oral contraceptives; (*b*) we have conducted field studies of different preparations of oral contraceptives to determine their side effects and allow choice of the best preparations; (*c*) we maintain an active surveillance of research carried out by others in the field and liaison with other concerned agencies such as NIH, CDC, and FDA to allow up-to-date assessment of any newly discovered potentially deleterious health effects; (*d*) data on the current status of oral contraceptives is provided to the field through direct information and through the population information program; (*e*) only oral contraceptives approved by the FDA for marketing in the United States are purchased and provided as commodity support overseas; and (*f*) our population officers in the field keep us informed of any problems relating to oral contraceptives in developing countries.

To date we are impressed that oral contraceptives offer safe, effective contraception in developing countries, with overall risks comparable to other means of fertility control and considerably less than the risk of death in childbirth, especially in developing countries.

APPROXIMATE PERCENTAGE OF WORLDWIDE DEMAND FOR CONTRACEPTIVES BEING MET BY FOREIGN AID

Mr. SHRIVER. The summary book states: "It is evident that the growing worldwide demand for contraceptives cannot be fully met by foreign aid programs." Approximately what percent of this demand is being met by foreign aid?

Dr. RAVENHOLT. Fiscal year 1977 funds will provide enough oral contraceptives and condoms to protect approximately 20 million couples of reproductive age—which is approximately 10 percent of the couples in the developing world in need of contraception. To date USAID has been the principal source of contraceptives for developing countries.

BALANCE OF POPULATION, HEALTH, AND NUTRITION PROGRAMS

Mr. SHRIVER. You are giving increased attention to finding the appropriate balance among efforts to reduce fertility, decrease mortality, and improve nutrition, according to the book. Would you explain that?

Dr. RAVENHOLT. The fundamental problem facing the LDC's and AID is how to provide needed population, health, and nutrition services for the majority of LDC people with very limited financial resources, skilled personnel, and facilities. On the average, less than $3 per capita is spent for all population, health, and nutrition services in the public sector, and unfortunately most of this is actually spent on a small minority in urban areas. One of the ways that AID is attempting to assure a balanced population, health, and nutrition program is through the integration of the planning and delivery of these services as is deemed most appropriate under the local conditions. AID is defining integration in two senses: Narrowly, as integrated delivery of basic health, nutrition, and family planning services through one infrastructure, and more comprehensively, as integrated planning or coordination of all programs in whatever fields which have a major impact on health, fertility, or nutrition. AID is devising low cost integrated village based outreach systems staffed by paramedical personnel delivering culturally acceptable health care to the rural poor. It will still take work and time before these new low cost integrated systems are fully developed.

In our population program we realize that there may not be enough time or money to depend entirely upon health delivery systems to reach the 60-percent population needed for population programs to have adequate effect in reducing rapid population growth. For this reason, we have and will continue to try to provide integrated health and population services through all existing health service delivery systems, but we will also go beyond these systems, where sensible, through commercial contraceptive sales programs, household distribution schemes, measures which affect the age of marriage and first pregnancy, education and information programs, and all other avenues open to us.

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HEALTH CARE RESOURCES

Mr. SHRIVER. You are also encouraging governments to look at the private resources available for health care since, on the average, individuals spend more on their own health care than governments spend for them. Tell us about these efforts to encourage these governments.

Mr. FURMAN. The governments of most developing nations have not received substantial loan assistance for health in contrast to the major investments made in the agricultural sector in the past decade. As a result, there was little pressure to undertake a thorough health sector analysis. In the last severa years, the Agency has encouraged governments to make detailed analyses of their public and private resources in order to determine the total financial and personnel resources available for health purposes. To introduce governments to this concept the Office of Health in the Technical Assistance Bureau, in cooperation with HEW, has prepared an analytical profile of each country based upon literature available in the United States. These studies have attempted to illustrate the available resources in both the public and the private sector and the relationship of these resources to other developmental sectors. For example, the identification of irrigation developments and dam building could often be associated with the spread of such diseases as malaria or schistosomiasis. Though less accurate than studies done in the countries themselves, they have helped to inform U.S. officials in AID missions and, through them, officials of the host government. As a consequence of this effort, assistance in various aspects of health planning has been provided to Liberia, Chad, Senegal, El Salvador, Panama, Paraguay, Thailand, Bangladesh, Tunisia, Morocco, Egypt, and Syria. During fiscal year 1976, additional health planning projects are proposed for Ghana, Kenya, Lesotho, Swaziland, Colombia, Guatemala, Nicaragua, Bolivia, Dominican Republic, Brazil, Haiti, Korea, Indonesia, Nepal, and Afghanistan.

HEALTH SECTOR ANALYSES

Mr. SHRIVER. Have any of the country health plans or analyses been completed? If so, give us some examples of such plans, and tell us what they might entail in terms of future U.S. aid.

Mr. FURMAN. Full scale detailed health sector analyses have only been carried out in a limited number of countries. These countries include Panama, Colombia, Nicaragua, Bolivia, Dominican Republic and Guatemala. The implications for future U.S. aid are twofold: The first of these is that a precise definition for external assistance can be defined. Such definition includes the proper role of a nation to support its own health system. Consequently, assistance based on a thorough health sector analysis provides the most economical framework for determining alternatives. The second implication is that it is an easier international task to invite collaboration of other multilateral and bilateral donors when a thorough sector analysis has been carried out. Effective planning therefore implies more of a collaborative style in which the United States only plays a part in a consortium of donor assistance to developing countries.

WATER SYSTEM IN THE YEMEN ARAB REPUBLIC

Mr. SHRIVER. You apparently have a program under this account to train personnel to operate the water system in the Yemen Arab Republic. Is that the project we heard about the other day when the regional people were here?

Mr. FURMAN. Yes, I believe Mr. White described the project in his statement.

The AID program is financing technical advisors and equipment to bring clean water to 15 to 20 rural village centers each year. The people of the villages contribute their labor; the program is also supported by Yemen's Arab neighbors and the UNDP. AID also will finance feasibility studies and final design for the water systems of rural towns whose populations range between 5,000 and 30,000 and will train staff members of the National Water and Survey Authority to evaluate similar feasibility studies in the future and monitor the design and construction of simple water systems. The ultimate objective of this pilot effort is to bring the Yemen Government to the point where it can evaluate studies carried out by others, get foreign donors to provide funds for more work of this kind, and be ready to run the water systems when they are built. Finally, AID will finance the construction of an expanded water system for the growing city of Taiz; this project also will be training Yemeni to operate the expanded system, and will help design a rate structure which will make the system more self-supporting while assuring availability of water to the poor.

OPERATING EXPENSES

Mr. SHRIVER. Fifteen percent of your program proposal is for operating expenses. How does that compare with prior years?

Mr. FURMAN. In fiscal 1976, Mr. Shriver, we estimate that operating expenses will account for 16 percent of the functional programs. In fiscal 1975, the basis for attributing operating expenses was somewhat different, as we still had a separate account of $43.1 million for AID administrative expenses; but the total of administrative and operating expenses attributable to the functional accounts was about 17 percent.

Mr. SHRIVER. Can that be lowered, or is that about the best you can do in this area?

Mr. FURMAN. The estimates we have given you for fiscal 1977 are about as low as we can get. It is quite probable that the support of our increased programs in the Middle East and Africa will in fact cause our total operating expenses to be greater than those we proposed when we prepared this presentation.

OCEAN FREIGHT REIMBURSEMENT FOR VOLUNTARY AGENCIES

Mr. SHRIVER. You are requesting $10.5 million for ocean freight reimbursement for voluntary agencies. Is that lower than the amounts used in fiscal 1975 and 1976?

Mr. FURMAN. The authorizing legislation requires that $30 million be allocated for ocean freight during a 27-month period. While the $10.5 million sought for fiscal year 1977 is less than the $14 million

planned for fiscal year 1976 it exceeds the $7.5 million obligated in fiscal year 1975. The transition quarter provides $4.5 million for this program—thus some $16 million is available for the 15 month period. The $30 million represents the estimate made by the voluntary agencies.

The Senate Foreign Relations Committee in hearings last year urged AID and the voluntary agencies to develop a matching formula which would have as its purpose the establishment of an absolute ceiling on the amount of government funds used for ocean freight reimbursement. A group of agencies has taken on the task of preparing recommendations which it intends to circulate among ocean freight users. It should be submitted to AID in June.

POTENTIAL OF AID'S DISASTER ASSISTANCE FUND

Mr. SHRIVER. I have asked for this before, but perhaps you might add to the potential uses of the $25 million disaster assistance fund, for which you are testifying.

Mr. FURMAN. The bulk of the $25 million will be used for U.S. emergency relief provided to other nations stricken by natural or man-made disasters. The U.S. Government responds to 30 to 50 disasters each year. While it is difficult, if not impossible, to predict the nature and numbers of the disasters to which the United States Government will respond, it may be helpful to offer a disaster assistance "forecast." The funds requested will be used to meet the needs of those victimized by both natural and man-made disasters.

From October through November, such disaster-prone countries as Bangladesh and Pakistan will be entering the peak of their flood season. The huge concentrations of people in Bangladesh living in the lowlands and throughout flood plains create a situation which almost insures displacement and death caused by flooding. In Pakistan, a country prone to not only flooding, but to earthquakes, there is the disaster-probable combination of an unstable geologic condition combined with the severe flooding which occurs not only in the Indus Basin but also in the mountainous regions. During the same period, Latin American nations enter their storm and flood season.

Special note should be given to the high level disasters caused by civil strife in recent months. The situations in Lebanon and Angola, for which disaster relief funds have been used, are prime examples of man-made disasters which affect literally hundreds of thousands of people. We will also continue to provide some financial support to the process of strengthening the United Nations Disaster Relief Office (UNDRO) in Geneva.

Mr. SHRIVER. Thank you.

Thank you, Mr. Chairman.

Mr. PASSMAN. Before yielding to Mr. Long, a couple or three questions.

USE OF SUPPORTING ASSISTANCE FUNDS

Doctor, do you get any money for your program out of this supporting assistance fund coming into your shop for allocation and supervision?

Dr. RAVENHOLT. We have not in the past, sir.

I think that, depending somewhat upon the final appropriations bill——

Mr. PASSMAN. I mean under the law that we operate by you could transfer funds from the supporting assistance to your shop, could you not?

Mr. FURMAN. Mr. Chairman, we wouldn't transfer funds from the supporting assistance account but we would use those funds for population assistance activity.

Mr. PASSMAN. That is part of the whole program, you understand. There are certain things in the program where you could take money out of supporting assistance, where if you had a line item appropriation that met your request you would not have to go to the supporting assistance for those funds.

Dr. RAVENHOLT. This is a very important point, whether the funds appropriated for population per se constitute a floor or ceiling. If it were a ceiling there wouldn't be any advantage to the population program to use funds from supporting assistance for the population program because we would lose it from the appropriation.

Mr. PASSMAN. In effect, the sky is the limit.

Dr. RAVENHOLT. If it is a floor, then, indeed, the law permits the use of supporting assistance.

Mr. PASSMAN. We gave you a floor, so the sky is the limit until we run out of funds. Isn't that really it if you just wanted to take it to the ultimate?

Dr. RAVENHOLT. I hope that we will be able to——

Mr. PASSMAN. I hope you don't spend much either, but have I made a statement of fact?

Dr. RAVENHOLT. In Egypt this becomes a real possibility.

Mr. PASSMAN. You haven't answered my question. You and I are supposed to be friends. The sky is the limit.

Dr. RAVENHOLT. Thank you!

Mr. PASSMAN. You know that. Of course, I am yielding blindly to your wisdom, Mr. Furman and Dr. Ravenholt, because I believe in family planning and I have to have faith in the people who administer this program. But under the legislation and cooperating to make this program work, we have been very, very considerate of your position in fiscal year 1976 and the record shows that, but in reality if you pick up some parts of the overall program and fund them out of supporting assistance you could continue doing that until they run out of money, couldn't you?

Dr. RAVENHOLT. Certainly I look forward to being able to use some of those moneys for the population program.

Mr. PASSMAN. That is the most evasive answer I ever had.

CONGRESSIONAL INTEREST IN PROJECTS

I believe our Founding Fathers in framing the Constitution said this Government should be divided into three branches, that you would have the legislative branch to draft, to write, and to pass laws, and after we passed laws that we thought were good for America, then we would turn them over to the executive branch to administer them, isn't that correct?

Dr. RAVENHOLT. Yes.

Mr. PASSMAN. Then if there should be any misunderstanding or conflict, it had to go to court, and then the final word would be for the Supreme Court to interpret those laws as to whether there is a conflict with the Constitution.

Dr. RAVENHOLT. Yes.

Mr. PASSMAN. Do you know of any law that a Member of Congress violates if he called up, let us say, your shop to make recommendations or ask questions about a particular project, because we did make the law making it possible for you to have the money to carry out these programs?

Now, I want to turn this committee over to the vice chairman. If you will, Dr. Long, I am going to ask you to chair the committee.

Mr. LONG. Thank you, Mr. Chairman.

POPULATION PROBLEM

Doctor, I consider the population explosion in the world to be the most serious problem that faces the world with the exception of a possible nuclear war.

Nuclear war could blow us all up at once. If the population continues it is going to make the planet uninhabitable in the long run. If I thought population planning could accomplish the goal of holding down the population increase I personally would be willing to vote the entire sum of money we are now giving to all foreign aid, military and economic. I think that would be the best investment we could make.

Unless we accomplish some kind of restriction on population I am afraid that the rest of our foreign aid programs are an exercise in futility, to say nothing of presenting a very heavy burden on American taxpayers and reducing the supply of capital and causing most of the problems that face us today.

QUESTION OF EFFECTIVENESS

The qualms I have about your program are that there is very little evidence that it is working and much evidence that it is not working. You can see this with your naked eye. You don't have to be a scholar.

I know when we go to India and we go through their population planning offices with charts all over the place, the delegation of Congressmen is besieged by kids.

As far as the eye can see there are kids stretching their necks to see you, reaching in through the door, the windows, and so on. It is clear that whatever we have been doing in India it has not resulted in any noticeable restriction of the population.

Now, we seem to have a battery of statistics here.

KINGSLEY DAVIS STATEMENT

I have a statement here by Kingsley Davis, whom I know as a very distinguished demographer, and here is his statement:

> The Federal Fovernment is spending millions of dollars under the illusion that it is getting population control. All it is getting is bad advice.

Kingsley Davis is not a man to use words recklessly. He has no interest in trying to make this statement; on the contrary, he and all of his friends are demographers who are strongly interested in bringing the world population under control.

We asked for his advice in getting some people before the special hearings we had. Mr. Conte and I held some special hearings for a day. The kind of people that Dr. Davis recommended certainly didn't indicate any bias on his part against population planning.

U.N. SELECTED WORLD INDICATORS

I am sure you know by this time that many criticisms have been made. Let me give you some of the statistics here indicating that population planning is supposed to have some effect, at least some modest effect, on reducing the rate of population growth.

We just want to keep it down a little bit. I have a list of the top 10 recipients of population planning money—the Philippines, Indonesia, Pakistan, Thailand, Tunisia, Korea, Afghanistan, Ecuador, and Ghana.

And only one country, Ecuador, shows any decrease in the population growth rate from 1965–70 to 1970–75. We are not taking a single year because this would be——

Dr. RAVENHOLT. Sir, what is the source of the figures you are citing?

Mr. LONG. United Nations Secretariat, Population Division, selected world indicators.

All right?

Dr. RAVENHOLT. And for which years?

Mr. LONG. 1965–70 as the base 5 years, 1970–75. So you have a 10-year period over there and you are taking the first half of the 10 years and comparing it with the second half of the 10 years.

The Philippines shows a population growth rate average of 3.2 in the first 5 years to 3.3 in the second. India, no increase.

Dr. RAVENHOLT. What are the figures?

Mr. LONG. 2.4, 2.4. Indonesia, 2.6, 2.6; no decline.

Pakistan, 2.9, 3.1. That is up 0.2 percent.

Thailand, 3.1, 3.3; Tunisia, 2.1, 2.3; Korea, 2.1 to 2.3; Afghanistan, 2.4 to 2.5; Ghana, 2.2 to 2.7; only Ecuador shows a decline, from 3.4 to 3.2.

Dr. RAVENHOLT. Sir, may I comment upon that?

Mr. LONG. Does that impress you?

INACCURACY OF ESTIMATES

Dr. RAVENHOLT. Not particularly, sir, for the reason that these are some figures that some of the Doomsday Sayers, particularly Environmental Fund, have been citing and they have these defects.

One, as indicated, these are 5-year estimates, 1965–70, 1970–75.

Dr. LONG. What do you want, Doctor?

Dr. RAVENHOLT. Let me just elaborate on that.

I point out, first of all, there are no data for 1975 from any of the countries available yet. These are not real data. These are estimates. They are also inaccurate estimates in view of certain data which are available for years before 1975.

I would make also one general comment.

BIRTH AND DEATH FACTORS

What you are citing are population growth figures—the difference between birth and death figures. During this decade there has been a rapid fall in the death rate in quite a few of these countries, so even to hold the growth rate even is sometimes a substantial achievement in terms of a commensurate fall in the birth rate.

But, also, the figures cited are inaccurate for some countries.

For example, the Philippines, where you cite a population growth figure for 1965 to 1970 of 3.2, and a figure of 3.3 for the most recent period, the Philippine Government performed a census in May of 1975 and just recently issued their estimate that the growth rate has fallen to 2.6 percent.

There has been a very sharp and very substantial decrease——

Mr. LONG. If we don't believe the figures when they show a rise in the growth rate, why should we believe them when they show a decrease?

Dr. RAVENHOLT. As I point out, the figures you cited are not actual country figures. They were produced by the Environmental Fund to serve their purposes. They are not accurate in many instances.

Mr. LONG. These are certainly not put out by an agency that is trying to destroy population planning. That is the United Nations Secretariat Population Division. The source of the figures are not anti-AID propagandists.

Dr. RAVENHOLT. The Environmental Fund I am speaking of now, as far as the U.N. figures, they suffer certain inherent defects——

Mr. LONG. Where else are you going to get data?

Dr. RAVENHOLT. The U.N. figures lag very substantially behind the evolution of the latest data in many countries for the reason that they are dependent upon official figures from those countries.

CENSUS DATA

Mr. LONG. I have studied census data for many years. I think I know a little about them. I know even when you have census data they are a long way from being accurate. Every census in the United States has reached an undercount—which the Census will repeatedly deny but is nevertheless there; I would say there has been at least a 3-percent undercount in the United States every census whe have ever had—and if you compare one census with another you are just comparing one undercount with another undercount.

Censuses are conducted in an extremely sloppy way and the miracle to me, considering how badly censuses are conducted, is that you get anything at all that you can work with. It is amazing that you do get some sort of regularity in the system that comes out of it.

The point is where are the data that you can come up with that show that the population program has done us any good? When you go out and look all over the world you see the place crawling with people and here is the United Nations Secretariat data which certainly don't add any comfort to your position. You cannot show us, in other words, any really good results.

Dr. RAVENHOLT. Yes, we can. Here are the latest age specific-fertility data for 120 countries, which include United Nations data as well as data from the Bureau of Census.

More data are beginning to come in and some have become available since last October. We are beginning to get data from the World Fertility Survey. Where these data are available for two time periods they are so shown, for approximately 1960 and the most recent data.

CASE OF PAKISTAN

Again, coming back to the list you just read, let us take the case of Pakistan. The only data upon which the United Nations can base their estimates is the census of 1962 for Pakistan, which then included Bangladesh as well. There are no more recent census or survey data for Pakistan so their estimate of a growth rate of 3.1, for example, in the more recent time period of 1970–75 is somehow derived from the census of 1962, which antedated by a considerable number of years our family planning program assistance in Pakistan.

To cite a projection from data from the early 1960's as evidence of a lack of impact of a family planning program which only began in the late 1960's and operated in the 1970's is hardly valid.

Mr. LONG. You don't mind presenting data where it suits your purpose.

Dr. RAVENHOLT. I present them as accurately as I can.

DATA ACCURACY

Mr. LONG. You have given us here data which are enough to scare most country Congressmen to death.

Dr. RAVENHOLT. You are very familiar with demographic data and these are the best——

Mr. LONG. As familiar as I am with demographic data, I am supposed to look at this thing and sort of get some impression from it? I can tell you this. Without some study I wouldn't be able to tell very much.

I know if you take every one of them, Algeria, Chad, Congo, Ivory Coast, Ethiopia, Egypt, and took a look at these population curves which are for various years, selected rather unevenly, I would have to say that whatever you have here as demographic data are worthless the way you are talking about them.

They have to be worthless for most of these countries here, too.

Dr. RAVENHOLT. I am not saying that all demographic data are worthless. Obviously, many are very valuable.

Mr. LONG. When they show what you want to show.

Dr. RAVENHOLT. Sir, I am trying my best to provide the most accurate view of fertility that we can obtain.

Mr. LONG. With the data for Ghana and places like that, where you draw very lovely curves by age group and everything else and you have only taken individual years, which are, of course, subject to tremendous fluctuations or fluctuations depending on how well the census was conducted; somehow I am supposed to take these data as being

worth something. But here I have other data—far more modest results I might point out—which show average growth rates for a 5-year period, so that you do have at least the ironing out of year-to-year differences within each of those 5 years. You are showing me data which you picture to be far more statistically precise and I am supposed to be impressed with your data and not impressed with the data we have here?

Dr. RAVENHOLT. On my chart I only show data for 1962 for Pakistan and Bangladesh, which was derived from that census.

Mr. LONG. Why did you even put it in here?

Dr. RAVENHOLT. Because they are the only demographic data available for those two countries.

Mr. LONG. You can't show anything because you have no comparison.

Dr. RAVENHOLT. There is currently underway in——

Mr. LONG. Why bother to put that in at all?

Dr. RAVENHOLT. Because these data show the birth rates for Pakistan and Bangladesh before implementation of the family planning programs. There is now underway in both Bangladesh and Pakistan world fertility surveys, national representative sample surveys, aimed at getting up to date data; then we will be able to show fertility changes against the 1962 backdrop figures shown here. We will be able to show what changes have occurred, if any.

Mr. LONG. So that is going to be useful some other time, not now.

Dr. RAVENHOLT. For many countries, useful now. More recent data are presented for many countries.

Mr. LONG. But to make this very impressive you have a great many countries here in which you have no comparison at all. You have just given me a blank, and there is no other year to compare it with. That is thrown at me and it looks impressive as the devil until I get a chance to look at it.

PHILIPPINES EXAMPLE

Mr. FURMAN. Mr. Long, I think your point with regard to the data——

Mr. LONG. I think this is an attempt to snow us and I don't like it at all.

Mr. FURMAN [continuing]. Is well taken and I am not objecting at all to the comments you are making. I am serious about this. I think if we go back for a moment to the Philippines, which is where we started, what I would like to point out is that we are spending a good bit of time and effort in cooperation with the U.N. Fund for Population Activity and other organizations—mutinational as well as bilateral programs—to try to correct this information. In the instance of the Philippines where we have substantial program input we are now trying to measure the impact of this program.

Clearly this is imperative if we are going to be able to demonstrate to you and other people who are very, very concerned about the importance of this whole problem. We cannot defend our budget request unless we can show the impact of these programs.

I think in the case of the Philippines there is at least an indication that the program is beginning to have an impact. I wouldn't ask that you use that as the basis for the indication, but rather going back

to the data that were collected as a result of the census last spring. Going from there we can——

Dr. RAVENHOLT. You will notice for the Philippines it shows two points: the age-specific fertility pattern for 1958–62 and another one for 1968–72. Those were the best available when we published this last October.

Mr. LONG. Are you going to try to tell me that the data I have here for the Philippines which show growth rates of 3.2 in 1965–70 and 3.3 in 1970–75 are worthless but that the data you have here are accurate.

Dr. RAVENHOLT. I cannot vouch for the source of your data.

Mr. LONG. These are from the United Nations population division. I don't know how they are gotten because I know they don't get a census taken every year because they don't get it here. My guess is that the data come from approximately the same source in either case.

BASIS FOR ESTIMATES

Dr. RAVENHOLT. The two recent fixes on the Philippines fertility.

Mr. LONG. Basically registration figures, aren't they?

Dr. RAVENHOLT. No; these are sample survey figures. These are not registration data.

Mr. LONG. You don't estimate something with nothing. What materials do the estimates come from?

Dr. RAVENHOLT. The data that are available from the Philippines comes from two sources, in the last several years, from a national demographic survey done in the Philippines a couple of years ago, which give the 1968 to 1972 fix on fertility.

But more recent data which have been made available in the last month from the census that the Philippines did in May of 1975 show that the population growth rate has fallen from the previous high, which indeed was in the order of 3.5 to about 2.6 percent.

CENSUS COMPARISONS

Mr. LONG. If you can't trust one census, why can you trust the other one? You are comparing one census with the other. You have the problem that one census may be an overcount. The other census may be an undercount, and God has not told you which of those two censuses is the correct figure.

Dr. RAVENHOLT. I spoke of the census for 1975. I didn't speak of another census for the Philippines.

Mr. LONG. How can you tell from one census which way the population is moving?

Dr. RAVENHOLT. Ordinarily by comparison.

Mr. LONG. With the previous census?

Dr. RAVENHOLT. Right.

Mr. LONG. But how do you know which one is correct, the one you choose?

Dr. RAVENHOLT. Ordinarily they are serial; they may be done 5 or 10 years apart as the U.S. census. Now, we agree the U.S. census has some defects, but it's still a remarkable, powerful instrument for the measurement of U.S. demography and it is the main benchmark used

for understanding demographic trends in the United States. Censuses are not perfect, but they are still one of the most powerful demographic instruments, as you know.

Mr. LONG. That I am not arguing with. I am going to turn this over to Mr. Coughlin with my apologies for using up more than my 5 minutes, and then I will come back when he gets through.

Go ahead.

POSITIVE COMMENTS ON PROGRAM

Mr. COUGHLIN. Thank you very much, Mr. Chairman.

I share the chairman's belief, that until we are successful in the effort to control population, the whole rest of our foreign aid program doesn't make much sense. And I must say, in the few instances where we had the opportunity to observe our efforts firsthand in other countries, I think it's a remarkable program.

It's pretty remarkable to go into remote villages and the poorer areas of cities in other countries and see that there is actually an outreach program that is going on in population planning.

I tip my hat to the people who work in the program because it's not easy.

Dr. RAVENHOLT. Thank you, sir.

POPULATION AND HEALTH

Mr. COUGHLIN. I am confused about one thing. In the overall justification, you have grouped population planning and health, and yet what we are addressing now is population planning only. So, therefore, I don't understand why in your program summary and planning justification these two groups are not separated so that it is easier for us to understand.

Mr. FURMAN. As far as the agency structure is concerned, the population program is the only one that is centralized in terms of a single management unit. So, it is possible for us to come before you and testify on that population program, both in terms of the interregional efforts that we monitor and the regional programs in each country. The health program, however, is administered on a decentralized basis and scattered throughout the agency.

BUDGET REQUEST

Mr. COUGHLIN. Of the $154.1 million you are requesting for population planning——

Mr. FURMAN. That covers all of the agency's activities.

Mr. COUGHLIN. How does that compare with last year?

Mr. FURMAN. In fiscal year 1976, the budget request was $133.4 million. The Congress recently set a floor of $103 million and the program will be somewhere in that ball park.

In fiscal year 1975 it was $100 million.

Mr. COUGHLIN. Comparing the request, $154 million to roughly $103 million for last fiscal year.

Mr. FURMAN. That is correct—fiscal year 1977 versus fiscal year 1977.

TRAINING PROGRAMS

Mr. COUGHLIN. Second, you indicate in your statement that you will be devoting $2.7 million of the request to education information, and $8.4 million to manpower and institutional development, and that appears to overlap.

Are these funds all for training people in other countries or are they for training people in this country? And do the programs overlap?

Mr. FURMAN. These two sums you have just mentioned are a part of the interregional programs that are administered by the Office of Population.

In some instances there are contracts with organizations that carry out training programs overseas, in other instances we bring the people to the United States.

This particularly is true for highly specialized training efforts in gynecology and that sort of thing.

I had this checked out yesterday, as a matter of fact. In the total program there is approximately $19.5 million that is devoted to training of people who are involved in some way or another in family planning programs.

This ranges from paramedical training up to an OB/GYN specialist.

TRAINING DOCTORS

Mr. COUGHLIN. Some of this money then is used to train doctors as such?

Mr. FURMAN. Yes, sir.

Dr. RAVENHOLT. We have a very powerful training program in advanced techniques for fertility control. Johns Hopkins University is the fountainhead of this kind of training at the present time. During the past 5 years we have brought more than 400 selected clinicians from these countries to the United States and trained them in the latest surgical techniques and provided them equipment. This includes, as mentioned, more than 70 such physicians from India. In this way we have been able to seed the latest technology into many countries. We have provided training to personnel from 53 countries in advanced techniques of fertility control.

TRAINING PARAMEDICS

Mr. COUGHLIN. My hope is somewhat in the opposite direction. To train and put physicians all over the world is almost a drop in the budget compared to the training of paramedical personnel and people who can, on the lower skill level, outreach much further.

Dr. RAVENHOLT. The program has undergone quite rapid modification in the last few years in response to some of the technical improvements which have occurred.

A decade ago much of the training was centered around the IUD insertion by paramedicals as well as medical personnel mainly in MCH clinics.

More recently we have bifurcated the program into two actions: Moving to make the nonsurgical means, oral contraceptives, and condoms, generally available at the village and household level in developing countries.

Obviously for condoms no particular training is needed, but paramedical personnel are trained to distribute oral contraceptives and answer the questions of women.

Surgical means now center on surgical contraception for women, using the latest techniques, tubal occlusion, which can now be done as an outpatient procedure under local anethesia. Here are a couple of publications which detail this. The training of surgical personnel has become very important in the last few years, because the demand for female surgical contraception is far beyond these services in all developing countries.

Also, because of the intensity of the demand, this training has great multiplier value. We train a physician, for example, at Johns Hopkins, and provide the equipment. He ordinarily goes back and rather rapidly trains his colleagues and soon many are providing this service.

For example, in Colombia one doctor was trained at Johns Hopkins and now there are 72 doctors in Colombia competent to provide this service.

FEMALE STERILIZATION COSTS

Mr. COUGHLIN. This leads me to two other questions then.

You indicated female sterilization has become a relatively inexpensive procedure to be done on an outpatient basis. What cost are we speaking of?

Dr. RAVENHOLT. It varies somewhat. But this is a procedure which can be done on the average in less than 15 minutes. So, the ordinary surgeon can do at least 20 cases in a day, and in the developing countries, of course, the wage scales vary, but it's a procedure which can be made available for a few dollars per woman.

ACCEPTANCE OF SURGICAL CONTRACEPTION AND STERILIZATION

This is a rather surprising development, the acceptability and the widespread use of voluntary surgical contraception or sterilization.

According to the latest information available, we estimate there are now in the world close to 65 million couples depending upon sterilization for control of fertility and it is now the leading means of fertility control. There are probably about 55 million couples depending on oral contraceptives, 30 million dependent on condoms, and 15 million depending upon IUD's.

In 1950, there were probably only about 3 million couples in the world depending on sterilization. In 1960 it was something like 5 million, 1970, 15 million, 1975, 65 million. It has gone up very rapidly.

IUD VERSUS ORAL

Mr. COUGHLIN. So I don't take up too much of my time here, it would seem to me that the problem with the oral contraceptives is

that one month's slippage can negate the whole effort. I don't quite understand why you have gone from IUD to oral rather than the reverse direction?

Dr. RAVENHOLT. The problem with the IUD is that although one can, indeed, train paramedical personnel to insert the IUD, the big problem with the IUD is that a proportion of the women have difficulties with bleeding and discomfort, and the aftercare requirements are large. Whereas with oral contraceptives, experience has demonstrated that once women have learned to use them they can continue to use them with relatively little aftercare supervision and support from clinical personnel.

So it is really a matter of ongoing personnel requirements, which are actually less with oral contraceptives than with the IUD.

FERTILITY CONTROL RESEARCH

Mr. COUGHLIN. You request $1.3 million for fertility control research. Who does that research, AID?

Dr. RAVENHOLT. We have a small research division, but our key action is the allocation of resources to the research institutions that do this.

For example, Johns Hopkins is one.

Mr. COUGHLIN. You contract it out?

Dr. RAVENHOLT. Yes.

Mr. COUGHLIN. This doesn't duplicate research to be undertaken by the National Institutes of Health?

Dr. RAVENHOLT. No. Ours is actually a fairly small research program, as you mentioned, $1[illegible] million, whereas the NICHD has a budget of about $50 million a year. Their's encompasses a great deal of basic research, ours is virtually entirely focused on very directed or applied research.

For example, we discovered a need for clips instead of electrocautery for tubal occlusion. We then made contracts with Johns Hopkins and the University of North Carolina to develop such clips. Now these are used in many countries.

PROHIBITION ON ABORTIONS

Mr. COUGHLIN. One final question and just a yes or no answer. I take it that none of the funding in the request is directed toward either training or equipment for abortions.

Dr. RAVENHOLT. The amendment to the Foreign Assistance Act limits us in providing equipment: it does not entirely limit our capacity to train. And for providing comprehensive obstetrics and gynecological training, as you can imagine, for any such specialist, he must be competent to complete a spontaneous abortion, so, I cannot actually give you a complete yes or no answer to that.

Mr. FURMAN. But the point is, under the law no funds are spent for the purposes of motivating women to undergo abortions, nor are any of the funds appropriated used to pay a doctor for performing an abortion.

Mr. COUGHLIN. I think it's important to have that in the record because I am sure it will come up on the floor.

Mr. FURMAN. Obviously we observe that very closely. We have no intention under any circumstances to violate that.

GROWTH AND DECLINE RATES

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. LONG. You are very welcome.

What I would like to do is to take all of the countries for which a population comparison is possible over the last decade and give us a list of them, with their population growth rates or decline.

I think it would be simplest if they were lined up in some order that makes it easy, let's say the order of increase in population or something like that—the one with the largest population growth rate decline, the next most, and so on down to the biggest decline. Then put alongside that the sums of money which have gone into those countries for population planning over a period which would be relevant to the comparison.

Can you do that?

Dr. RAVENHOLT. Yes: we will do that, sir.

[The information follows:]

VITAL DATA FOR 28 DEVELOPING COUNTRIES CURRENTLY RECEIVING USAID POPULATION PROGRAM ASSISTANCE THROUGH BILATERAL AGREEMENTS

Country	Midyear 1974 population (thousands)	Total population funds fiscal years 1965–73 (thousands)	Crude birth rates		
			1965	1974 or most recent year	Percent change
Total	544,958	123,959	46	41	−10.9
Indonesia	129,207	15,869	46	38	−17.4
Bangladesh	72,195	1,943	50	47	−6.0
Pakistan	68,413	14,285	48	44	−8.3
Philippines	41,556	26,966	44	38	−13.6
Thailand	41,263	9,037	44	36	−18.2
Zaire	24,292	919	47	45	−4.3
Colombia	21,582	2,403	46	32	−30.4
Afghanistan [1]	18,751	3,386	43	43	----------
Morocco	16,864	1,622	49	46	−6.1
Peru	15,073	1,695	43	41	−4.7
Tanzania	14,749	3,064	50	50	----------
Kenya	12,924	1,071	49	49	----------
Nepal	12,308	3,365	45	43	−4.4
Ghana	9,607	3,422	50	49	−2.0
Cameroon	6,285	2,580	42	40	−4.8
Tunisia	5,635	6,775	44	34	−22.7
Bolivia	5,470	1,422	44	44	----------
Guatemala	5,359	3,685	45	42	−6.7
Haiti [1]	4,484	----------	42	42	----------
El Salvador	3,972	2,717	44	40	−9.1
Honduras	2,654	3,231	51	49	−3.9
Paraguay	2,470	1,983	42	40	−4.8
Nicaragua	2,102	2,424	49	48	−2.0
Jamaica	2,004	3,308	39	31	−20.5
Costa Rica	1,923	2,159	41	28	−31.7
Panama	1,631	2,905	38	31	−18.4
Liberia [1]	1,523	1,213	50	50	----------
Botswana	662	510	46	46	----------

[1] The Office of Population doubts that there has been a significant change in fertility in Afghanistan, Haiti, and Liberia between 1965 and 1974.

Source: Latest estimates from United Nations and country reports.

FERTILITY MEASUREMENT

Dr. RAVENHOLT. I would like to acquaint you with where we think we are at in this matter of fertility measurement, and so forth. As you have indicated, there are indeed large difficulties in gaining an accurate knowledge of fertility in each country of the world.

The data are not available for many countries.

Mr. LONG. That doesn't keep you from making up that sophisticated chart.

Dr. RAVENHOLT. Excuse me, these are real data which are available from censuses and sample surveys and so forth from the United Nations mainly and the Bureau of the Census. I did not make up these data.

Mr. LONG. I didn't make up the others either. They were from the United Nations.

Dr. RAVENHOLT. Some of those were obsolete estimates, not real country data, this is what I was speaking to.

This one table will show you the distinction between countries where there is actually registration data of births and deaths which gives us the most accurate figures as opposed to countries where the data are simply estimates.

This is laid out in that comprehensive table showing births and deaths for every country in the world.

I mentioned that there is a substantial data lag which to some extent is inescapable because of the collection and analysis of such data.

Mr. LONG. I understand.

IMPROVEMENT EFFORTS

Dr. RAVENHOLT. Beginning back in the 1960's, we did take action to improve this. We have provided very substantial support to the U.S. Bureau of the Census throughout the time this program has been operative, so they could work with countries to improve data.

Incidentally, I have a map here which shows the countries for which there are censuses and the countries for which there are no censuses for the whole world. You can see there are still some countries in the world, particularly Africa, that have never had a census.

Mr. LONG. Name one.

Dr. RAVENHOLT. The color code is there, and you have the advantage on me because you are looking at it. But quite a few of those countries do not have.

You should not attempt to relate the age—specific fertility figures on that chart to the census data because the one is not derivative of the other. They are largely derivative from surveys in those countries.

We did take a specific initiative beginning about 5 years ago to greatly improve the demographic data for the developing countries establishing a World Fertility Survey, which was established along with the help of the United Nations in the International Statistical Institute, which is headquartered at The Hague. The operational headquarters of the World Fertility Survey is in London. They have developed standardized data collection instruments or questionnaires

which are comprehensive, and will provide a lot of data with respect to economics also, which I know is a particular interest of yours, as well as for many other variables in these countries.

Surveys were completed in four countries through 1975. They have been underway in a quite a few additional countries in recent months. We expect to get data for about a dozen more countries in 1976. Some of the countries are important countries, such as Thailand, Indonesia, Pakistan, Bangladesh, and Colombia.

Mr. LONG. Well now, I am a little puzzled here. For example, Chad, you have a population curve here for 1964, but you have down here a census scheduled for 1975 or 1976, but you don't have——

Dr. RAVENHOLT. I reiterate, sir, that the map shows the status of the world countries with respect to censuses, when they were taken, if at all, and also somewhat with respect to what is planned.

The chart to which you refer, "World Fertility Patterns"——

Mr. LONG. Well, I know, but how can this chart put down population curve for Chad.

Dr. RAVENHOLT. Because——

Mr. LONG. When the chart says that censuses scheduled for 1975–76, that is the same as saying it didn't happen.

Dr. RAVENHOLT. Because, as I pointed out, the map shows the status of the censuses. The World Fertility Patterns chart shows age specific fertility patterns mainly derived from surveys, not from censuses, so these two do not necessarily relate.

The census map is concerned with censuses only, not with surveys.

Mr. LONG. So this is based on surveys?

Dr. RAVENHOLT. Many of the country silhouettes are based upon suveys. In the case of European countries and the United States and so forth, of course, registratoin data are the main source.

INDIA DATA

Mr. LONG. I would be just very interested to know what kind of a survey you would get from India.

Dr. RAVENHOLT. I have here a chart you can see, in the back of this one report showing age specific fertility patterns for a dozen Indian States.

Mr. LONG. India would have a better chance of getting it then somewhere else because India inherited the British census system.

Dr. RAVENHOLT. They obtain most of their data from sample censuses or sample registration. Here you can see sample registration age-specific fertility patterns for the 12 Indian states.

USE OF SAMPLE CENSUSES

Mr. LONG. Well now, when you are taking a sample, one of the most important things to know is how big the sample is in relation to the population that it is sampling; right?

Dr. RAVENHOLT. Certainly, we want a sample which is adequate.

Mr. LONG. And then when you get to individual age categories, of course, you need a large sample because the errors for each of those

subgroups can be absolutely enormous, even though the figure, the size of the sample for the overall total would be satisfactory.

Dr. RAVENHOLT. Of course, for more detailed analysis of the sample surveys. One needs larger samples——

Mr. LONG. I am being asked, in other words, to take your statement here that these data show an improvement in the ages that would be relevant to what population planning might have had an impact on.

Dr. RAVENHOLT. Let me say, sir——

Mr. LONG. And yet you don't really know, and you can't really tell me very much about how those data were collected, how big the samples are.

Dr. RAVENHOLT. Yes; we have very comprehensive information on this.

Mr. LONG. But you don't have it here?

Dr. RAVENHOLT. No; I can't present that to you in a few moments. But the Bureau of Census has compiled this and has extensive knowledge, of course, of the surveys which have been performed.

Mr. LONG. By the time we have gone through all of the work of analyzing the accuracy of those various surveys it would take a long while, and we might very well discover, might we not, that these were some things wrong with the surveys, the size of the sample, the ways in which they were taken and so on, that your results here wouldn't be worth very much?

Dr. RAVENHOLT. Sir, we did discover this, as we sought to gain this information, particularly in the late 1960's, around 1970, that there had been many surveys done, and we contracted through the Bureau of the Census with the Roper establishment to correct all of the surveys that had been done, what was sound, and what was used; and we found, indeed, they were such heterogeneous surveys that is was very difficult to make solid comparisons.

Mr. LONG. I would think so.

Dr. RAVENHOLT. Between them.

Mr. LONG. It seems to me what you have done here is to force your data.

Dr. RAVENHOLT. No; these are the available data.

Mr. LONG. You have taken the only data available and drawn some conclusions from it that may or may not have been warranted.

Dr. RAVENHOLT. To solve that problem we established the World Fertility Survey which uses comparable techniques and will obtain the data in a comparable fashion.

DIFFERING COMPARISONS

Mr. LONG. From now on—but we are trying to find out how valuable your population planning program has been so far.

Dr. RAVENHOLT. Let me speak to that a little bit.

Mr. LONG. You deprecate the data which at least one organization—the U.N.—came up with, which certainly doesn't reflect very credibly on your program. But on the other hand, you come forth with a whole bunch of other stuff, which is——

Dr. RAVENHOLT. These are the data provided by Bureau of Census.

Mr. LONG. They aren't the U.S. census now. Don't tell me——

Dr. RAVENHOLT. Only for the United States. The data for the other 119 countries were compiled by the Bureau of Census.

Mr. LONG. We are not disputing the United States, we are talking about the other countries and I am trying to find out. They might be the only data there are, but that doesn't mean they are good enough to show what you want to show.

Dr. RAVENHOLT. Well, many of these, of course, do not show everything that I would like to show, for example, as I mentioned, for Pakistan and Bangladesh it simply shows the only data available from 1962, which is before family planning programs were started there.

Mr. LONG. So, you have no comparison, so it doesn't even belong on the chart.

Dr. RAVENHOLT. Yes; it is still a backdrop against which——

Mr. LONG. How many things are in there for which there are no 2-year comparisons?

Dr. RAVENHOLT. These are backdrops against which we will place the data which emerges.

Mr. LONG. I think you should have left the section blank.

Dr. RAVENHOLT. We have another one from last year which showed data for only 72 countries.

Mr. LONG. Hereafter, please, when you are showing something to me, leave it blank if you don't have anything to show, because what you are doing may be good showmanship, but it doesn't stand up very well, you know, when you are being asked questions.

There are 27 of those boxes for which you have no comparison at all, boxes which should have been left blank.

Dr. RAVENHOLT. Sir, the other chart provides data for a lesser number of countries, but we are trying to provide as comprehensive a view of what is available for each country as possible, and in those countries where data are available only for 1 year we are moving to get additional survey data and then we will show the second one.

Mr. LONG. Then when you want to show the second one, then come forth with the box filled in, but, please don't give me something which pretends at first glance to give me some results when it is worthless.

Dr. RAVENHOLT. That does not pretend to give any results. Obviously when we only show one survey, it cannot document the impact of the family planning program.

Mr. LONG. Then why did you give it to me?

Dr. RAVENHOLT. It permits you to see the available data, and indeed, how poor the data are for many countries. I am not trying to pretend we have good data for every country. We simply don't. We do have fairly good data——

Mr. LONG. I wish you had been a little more modest about the data when you first brought them out to overturn the comparison I gave you.

Dr. RAVENHOLT. I didn't use those data to overturn the comparison.

Mr. LONG. What did you bring that comparison out for?

Dr. RAVENHOLT. To give you a comprehensive view of the data available for these 120 countries.

Mr. LONG. Which you undertook to tell me indicated that population planning had been effective.

Dr. RAVENHOLT. Yes, I say that. Now, let me just say why.

We have fairly good data for small countries——

REQUEST FOR TABLE

Mr. LONG. Before we get launched in on this, are you going to be able to give me what I asked for?

Dr. RAVENHOLT. Yes, we will give you that.

Mr. LONG. Data which will show the population growth rate increase or decrease. We don't want absolute population growth increase or growth decrease. Along with——

Dr. RAVENHOLT. Birth and death rates. We will provide you the data you have requested to the best of our ability.

Mr. LONG. I think we ought to have the birth rate, the death rate, and the net result.

Dr. RAVENHOLT. Fine.

Mr. LONG. Along with the amount of money that you have put into that country. And then I think we should have this for other countries where you have put no money at all for control.

Dr. RAVENHOLT. Yes, sir.

[The information follows:]

[AID was unable to provide the information in time for it to be placed in print (April 27, 1976). The information was subsequently provided.]

Dr. RAVENHOLT. Sir, there will be published very soon a comprehensive report of what has happened during the last decade. This is being published by the Population Reference Bureau.

Mr. LONG. Give me that later. Let's first get to the thing I am asking you to do.

Dr. RAVENHOLT. Yes; but these data are already available in the publication of which I am speaking.

Mr. LONG. Put what you can get into the record.

Dr. RAVENHOLT. We will, thank you.

Mr. LONG. But tailored to the request I am making.

Dr. RAVENHOLT. Very good, sir.

Mr. LONG. Which is to show me for all of the countries, not just the ones that show what you would like to show, but for all of the countries what the death rate, what the population growth rate——

Dr. RAVENHOLT. This is the table you have at your right hand there, sir, which shows the birth and death rates for every country in the world, whether they are actually data derived from registration figures or whether they are estimates and these are the estimates of the Population Reference Bureau.

Mr. LONG. Now, I would like them ordered, according to decline in their birth rate and alongside of that the sums of money spent on population planning in that country.

You can put the AID contribution and what moneys the country has spent if you think that is helpful.

Dr. RAVENHOLT. We will provide that, sir.

Mr. LONG. And then if somebody wants to do something fancy and give me a regression, I should welcome that.

Dr. RAVENHOLT. We will try to give it to you in a way that will be most pleasing to you.

[The information follows:]

[AID was unable to provide the information in time for it to be placed in print (April 27, 1976). The information was subsequently provided.]

Mr. LONG. I suspect what you are going to find is not a very orderly regression.

Dr. RAVENHOLT. Let me just say——

Mr. LONG. You know, such tremendous deviations, it won't look very much like a good picture in some countries. It will look like the population planning helped and in other countries it won't look like that at all.

ENVIRONMENTAL FUND VIEW

Dr. RAVENHOLT. The figures that you were citing are figures which have been put together by the Environmental Fund, which is, indeed, trying to support their belief that it is "too late." That the population growth is continuing at its maximal level without any important change in recent years and so forth.

I would like to have the opportunity to give you my view of where we think we are in the matter of world fertility and growth changes.

Mr. LONG. Well, I would quarrel with the statement it was too late. I don't believe that is true or I don't believe we can afford to believe it is true.

Dr. RAVENHOLT. I agree.

Mr. LONG. But, it would seem to me that what we have to ask ourselves is are you doing it in an effective way?

Dr. RAVENHOLT. We ask ourselves that constantly, sir.

POPULATION PLANNING CONCEPT

Mr. LONG. It has been pointed out, and I am sure you know this, that the whole idea of population planning in itself may be wrong, that people may want families that are entirely inconsistent with what we want to achieve, which is some sort of a stable population growth.

We want to hold the population to somewhere near population growth zero. We have got to do it or this Earth won't hold the people that it will have in another 100 or 200 years.

Dr. RAVENHOLT. Sir, I share your sentiments that the population problem is the first order of importance.

Mr. LONG. So it has to be something other than population planning, namely population control.

Dr. RAVENHOLT. By one mechanism or another.

Mr. LONG. Right.

DATA FROM LARGER COUNTRIES

Dr. RAVENHOLT. You are familiar with the background of the current problems. A decade ago, as indicated in that table, the data that are available to us indicate that the world population was about 3.2 billion in 1965. The average world birth rate then was about 34, the average death rate 14, and the difference yielded a 2-percent per annum population growth rate. In 1965 the world's population grew about 66 million people that year.

Many changes have occurred since then not only in those countries assisted by AID but also very importantly the People's Republic of China as well.

You have data for small countries like Singapore, Hong Kong, Taiwan, and so forth.

Mr. LONG. Have you put any money in Singapore and Hong Kong?

Dr. RAVENHOLT. Indirectly through multilateral agencies, IPPF and so forth.

Mr. LONG. But not you.

Dr. RAVENHOLT. Not bilaterally.

Mr. LONG. They do show the best improvement.

Dr. RAVENHOLT. Yes; until recently most of the data we had showing fertility change relative to family planning programs was from smaller countries like Singapore, Hong Kong, like Costa Rica, Barbados, and so forth.

The important change this year as compared with last year is we are finally beginning to get some real data from some of the larger, more important countries as far as our assistance is concerned. I speak of the Philippines with the census data from last spring indicating a substantial drop in the growth rate to around 2.6 percent from the earlier higher level.

We have just received data in the last 2 weeks indicating a substantial drop in fertility in Colombia. We have data on Colombia for 1973, showing the birth rate being in the low 30's which is down about 10 points from where it was a decade ago. We also have data in from Indonesia indicating substantial fertility decrease.

Mr. Long. You are picking countries in which you put money?

Dr. RAVENHOLT. Right. Thailand, Indonesia.

Mr. LONG. But I want the whole thing. I would like to see all of the countries.

Now I am not even sure that statistics are very useful as a tool here, because they come too late and they are too inaccurate. Even if the U.S. Census Bureau had conducted those surveys in those other countries, I wouldn't be too happy about them because I can tell you the U.S. Census Bureau is conducted in ways which are almost incredible in their sloppiness.

For example, the U.S. Census Bureau doesn't hesitate at all when a family isn't home to get the information from the neighbor about a whole long range of information.

It's only when you add up a vast amount of data that somehow all of these monstrosities cancel out and get lost.

Anyway, the long delay in getting data, the inaccuracies of the data, the biases of all kinds means we have to approach it in a somewhat more immediate way, if we are going to find out what works.

Dr. RAVENHOLT. This is what the World Fertility Survey is about.

NEED FOR MORE IMMEDIATE RESULTS

Mr. LONG. I suppose there isn't a more highly respected demographer anywhere than Kingsley Davis. There may be one or two, there are others I know that are men who are respected, but he certainly is way up there, and when he says your program isn't working I think you have to pay attention.

Dr. RAVENHOLT. I know Kingsley Davis. I met with him last summer in California.

Mr. LONG. I try to use my eyes. And I have worked with data enough written seven books using statistics, and what that does is to learn all the things that can be wrong with statistics. In the end the best thing first to do is use your mind and eyes, and I think on the basis of simple of your population program, the results of it have not been terribly reassuring. We don't have time gradually to correct the deficiencies in your population program. You have got to move in some new direction much more drastically than you have been doing in the past.

Dr. RAVENHOLT. Well, sir, we are moving——

Mr. LONG. Would you agree with that?

IMPROVEMENTS IN CONTRACEPTIVES DISTRIBUTION

Dr. RAVENHOLT. We are trying to move with greater and greater speed, and in fact, one of the most important actions we have taken in the last couple of years, and we are doing this in Egypt, in Taiwan, Korea, Bangladesh, and Tunisia, is household delivery of contraceptives, and we are finding these feasible, and when we do this there is rapid increase in utilization of contraceptives and also impact on fertility.

The first one we did was in Egypt beginning a year and a half ago when the American University of Cairo demonstrated that oral contraceptives could be delivered directly into households in the district in the Delta. A very rapid increase from 15 percent using oral contraceptives to 26 percent using them occurred during the subsequent year. From the first visit to the second there was a 21-percent decrease in the pregnancy rate.

Mr. LONG. Please, Doctor, don't tell me 21 percent. Why don't you say a one-fifth decrease?

Dr. RAVENHOLT. Fine.

Mr. LONG. You know it doesn't serve a useful purpose to give us these spuriously precise data, no one in this world can measure data so that you would come out with a 21-percent figure.

Dr. RAVENHOLT. Well, this was the way they measured it.

I am happy to use one-fifth, but a one-fifth drop in the pregnancy rate in a rural population in 1 year I would submit is indicative——

DEMOGRAPHIC PROJECTIONS

Mr. LONG. If it were true, yes. But keep in mind this: We have had many wide fluctuations in birth rates, by crude birth rates and net birth rates, and population growth changes in the past in developed countries were projected to do very impressive things in the future.

For example, in the 1930's in this country our net reproduction rate was below one, isn't that true?

Dr. RAVENHOLT. Approximately one. It may have been below one for 1936.

Mr. LONG. In Britain and France and most of Europe it was well below one.

The Bureau of the Census of the United States was making projections of population to reach a peak of around 160 million before now, and then it was going to decline after that.

Do you remember those data? And you remember a whole body of economics grew up under Alvin Hansen and others which indicated the great difficulties the country was going to have with the stagnant growth rate, which didn't offer any opportunities for investment, and consequently you couldn't keep a capitalist system functioning.

Now, that is how seriously the data were taken. All of that went whoosh when economic conditions changed.

Be honest with yourselves, as I always try to do. And ask yourself whether something is really working.

HOUSEHOLD DELIVERY OF CONTRACEPTIVES

Dr. RAVENHOLT. We are doing this, sir. In Bangladesh where, indeed, there is a tremendous amount to be done, we launched an operations research action there last fall delivering contraceptives into the households in Matlab Thana where less than 1 percent were using oral contraceptives at the time it started. They succeeded in delivering oral contraceptives to 70 percent of the households where there was an eligible woman, which was 56 percent of the total households and very impressively, the proportion of women using oral contraceptives moved in less than 3 months from almost zero to 16 percent.

This is an initiative we have taken now in many countries seeking to telescope the time factor and move more rapidly.

SURGICAL CONTRACEPTION

Likewise, with the surgical means, there is tremendous demand for surgical contraception wherever this is offered, and we are pushing that just as strongly as we can.

INDIA'S PROGRAM

Mr. LONG. What is India doing now? I see that in India now, having gone on the way to become a totalitarian country, undertaking or pretending to use very drastic measures to reduce fertility. Could you give us an indication what is really going on?

Dr. RAVENHOLT. They have not made all of the effective means of fertility control available. For example, they have omitted the oral contraceptives from their program.

Mr. LONG. This is a newly announced program.

Dr. RAVENHOLT. They just omitted it, they have not made oral contraceptives available.

Mr. LONG. I am talking about the new program.

Dr. RAVENHOLT. You are perhaps speaking of the recent newspaper accounts of proposed compulsory sterilization. Because their IUD program did not go very well they have relied largely on sterilization. I spoke with some of the Indians in Tunisia 2 months ago. They reported their best estimate is India has done a total of about 19.5 million sterilizations since the mid-1950's.

About 11 million of those are male sterilizations, and 8½ million female.

Mr. LONG. Doctor, you reduce your credibility when you say 19.5 million. Why don't you say around 20 million?

Dr. RAVENHOLT. OK, 20 million.

Mr. LONG. You could help yourself a lot with me, because I know spurious accuracy when I see it.

Dr. RAVENHOLT. Well, these are the figures as I received them. But fine, let's round it to 20 million. There are about 110 million women of reproductive age in India.

Mr. LONG. Roughly 20 million out of 110 million, that is a very impressive number of sterilizations, it would seem.

Dr. RAVENHOLT. It is an impressive number. The number couples protected is somewhat less because some of them have moved beyond the fecund age, but India is moving very strongly on sterilization. They found that to be one of the means they seemed to be able to do best because it has almost no after care requirements.

They are moving increasingly to provide female sterilization now that it's feasible as an out-patient procedure under local anesthesia.

VOLUNTARY STERILIZATION

Mr. LONG. To what extent is this feasible to other countries? Won't a lot of poor people consent to be sterilized, if you offer them a certain amount of money?

Dr. RAVEHOLT. We have found we don't need to do that, that the motivation for voluntary sterilization is tremendous in each of these countries where services have been made available.

Mr. LONG. Give us some statistics on how many people have been sterilized in these other countries?

Dr. RAVENHOLT. Yes. You have a couple of reports, one on the dissemination of training and technology and the other on sterilization trends.

Mr. LONG. Give me the numbers and percentages.

Dr. RAVENHOLT. Fine.

Mr. LONG. So we have some feeling how effective this is.

Dr. RAVENHOLT. I will submit these to the record and to you.

[The information follows:]

WORLD EPIDEMIOLOGY AND POTENTIAL FERTILITY IMPACT OF VOLUNTARY STERILIZATION SERVICES BY R. T. RAVENHOLT, M.D., M.P.H., DIRECTOR, OFFICE OF POPULATION, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, D.C.

For Presentation to the Third International Conference on Voluntary Sterilization, Tunis, February 2, 1976

Table 1

ESTIMATED NUMBER COUPLES CONTROLLING FERTILITY
BY VOLUNTARY SURGICAL STERILIZATION
BY COUNTRY AND CONTINENT
December 31, 1975*

United States	8 million
Canada	1 million
Latin America	2 million
Africa	0.5 million
Europe	4.5 million
India	17 million
China	30 million
Asia, other	2 million
World Total	65 million

*Estimates by author on basis of Family Planning Service Statistics (9) and discussions with colleagues.

Voluntary surgical sterilization, a twentieth century phenomenon, rapidly increased during the last decade, is now the foremost means of fertility control in the world, and will become extensively available and used in virtually every country during the next decade. (1-3)

Vasectomy, introduced experimentally during the 19th Century, and used in a limited fashion mainly for eugenic reasons during the first half of the twentiety century, became a popular means of fertility control in a number of countries during the 1960's and 1970's. (4)

Female sterilization, usually accomplished by hysterectomy during earlier decades, gradually gained popularity as a postpartum and interval method after introduction of tubal ligation (5).

But availability and use of both male and female voluntary surgical sterilization services remained a private and often furtive matter throughout the first half of the twentiety century, with a few exceptions, most notably Puerto Rico.

Puerto Rico

Beginning in the 1930's and forging ahead in the 1940's, 1950's and 1960's, Puerto Rico became the world leader in the use of voluntary surgical sterilization, especially tubal ligation, as a foremost means of fertility control. (6)

Serial surveys documented the extraordinarily rapid increase in the number of Puerto Rican couples depending upon sterilization -- 6.6% in 1947-48, 16.5% in 1953-54, 32% of evermarried women 20-49 years in 1965 and 35% in 1970. (2,6)

Similar rapidly increasing use of voluntary surgical sterilization in many countries during the last decade suggests that Puerto Rican acceptance of sterilization during the 1950's and 1960's presages world acceptance of sterilization during the 1970's and 1980's; that the levels of sterilization acceptance achieved in Puerto Rico, although extraordinary in the past, will likely be matched and even exceeded by many countries during the next decade.

Although the facts underlying Puerto Rico's leadership in the surgical sterilization field are already somewhat obscured by time, it seems clear that this phenomenon was not due to greater need for sterilization by Puerto Rican women than by women in many other lands. Rather, it can perhaps best be ascribed to the confluence of several main factors which operated to make surgical sterilization services much more available and acceptable in Puerto Rico than elsewhere:

In 1934 President Franklin Roosevelt appointed Dr. Ernest Gruening Governor of Puerto Rico. Dr. Gruening, an extraordinarily capable and dedicated man and already an outspoken advocate of

birth control during two decades, initiated a family planning program in Puerto Rico, and backed it with the considerable power of the Governor's office. (7) Likewise, Governor Munoz extended official support for family planning activities during subsequent years. (8)

Within this unusually favorable political setting, offsetting to a considerable extent negative religious pressures, a growing cadre of gynecologic surgeons provided surgical sterilization services to Puerto Rican women who increasingly favored this method as they learned of its advantages from relatives and friends.

India

After Puerto Rico, the next country to take the lead in the use of voluntary surgical sterilization as a means of fertility control on a national scale was India. Beginning in the 1950's with a few thousand sterilizations per annum (approximately equally distributed between males and females) the number of sterilizations performed per annum gradually rose -- from 64,000 in 1960, to half a million in 1965, to 1-1/2 million in 1970, and to more than three million in 1972. (9) After the peak performance in 1972, mainly vasectomies performed in camp settings (10), performance dropped to about the million level in 1973 and 1974.

But the growing availability and popularity of advanced techniques of female sterilization has lifted the 1975 performance to more than three million sterilizations, more than half of which

were female and through 1975 India had performed approximately 19.5 million sterilizations (8 million female and 11.5 million male); and aporoximately 17 million couples are reckoned to be currently depending upon this method of fertility control. (11)

United States

With greatly increased public awareness of population and environmental polution problems, and with strong leadership from the Association for Voluntary Sterilization, surgical sterilization has rapidly become a popular means of fertility control in the United States during recent years.

The proportion of married couples depending upon this means of fertility control increased from approximately 10% in 1960, to 18% in 1970, and to approximately 25% in 1975. (1-3,12)

During the first five years of the 1970's, sterilizations in the United States were being performed at the rate of approximately 1 million per annum, with roughly equal numbers of male and female procedures. The number of U. S. couples depending upon sterilization for control of fertility now exceeds 8 million (12), and the proportion of couples using this method (approximately one-fourth) is probably the highest rate for any major country, except perhaps the People's Republic of China.

Recent trends indicate that the number of U. S. couples depending upon sterilization will continue to increase for some additional years; and that within two years, sterilization will

forge ahead of oral contraceptives as the foremost means of fertility control in the U. S. Within several years the level of sterilization in the entire United States should be similar to that already achieved in Puerto Rico, with more than one-third of couples depending upon this method.

People's Republic of China

With its huge population, estimated at 876 million in mid-1975, (13) (22% of the world's total) and its powerful planned birth program with particular emphasis upon surgical sterilization (14) the People's Republic of China necessarily dominates the world sterilization scene. No general report of the achievements of its family planning program has been made by the PRC to international agencies. But the combination of performance data from scattered localities and municipalities (14,15) with knowledge of population and program structures, policy directives and the general and ready availability of surgical sterilization at the Commune hospital level, gives some basis for the ballpark estimate that at least 30 million Chinese couples now depend upon sterilization for control of their fertility.

World Distribution of Sterilization

With leadership from the People's Republic of China, India, and the United States, voluntary sterilization has during the last several years become the foremost means of fertility control in the world, with roughly 65 million couples depending on this method at

at the beginning of 1976. The approximate distribution of these sterilizations by country and continent is presented in Table 1.

From a continental point of view, it is clear that the great majority of the world's sterilizations -- more than 50 million -- have been performed in Asia, and that this action is only beginning in Africa. A large degree of uncertainty exists concerning the number of couples depending upon sterilization in Europe and Russia, where sterilization is still a very sensitive subject, especially in France and Germany, but where sterilizing gynecologic surgery is frequently performed.

The number of couples depending upon sterilization is compared with those depending upon other means in Table 2. It is noteworthy that the IUD, which was envisioned by many a decade ago as the likely leading means of fertility control in developing countries is now fourth (last) among principal contraceptive methods. Even the lowly condom, aided by lubrication, coloring and attractive packaging, remains far ahead of the IUD. Indeed it is now clear that the one-time motivation rationale for IUD use, which was predicted but not found due to bleeding discomfort and drop outs, is being accomplished much more surely with surgical sterilization.

The Potential of Sterilization

The experience of a number of countries in the vanguard of the world sterilization movement -- China, India, United States, Thailand, and Sri Lanka, clearly indicates that the potential

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of voluntary sterilization as a means offertility control is enormous; that the stage is set for this means to forge far ahead as the foremost means of fertility control in virtually every country. The crescendo trend in number of couples using sterilization during recent decades is shown in Table 3. It is foreseeable that the number of sterilizations performed during the next five years will substantially exceed the 50 million performed during the last five years and that by 1985 more than 200 million couples will be using this method. No doubt, because of great advances in female sterilization (16-21) the great majority of sterilizations in the future future will be of females. Male sterilization remains a useful procedure, but it necessarily constitutes an indirect way of controlling fertility, and its value diminishes with increasing sexual freedom of women.

Intense demand for female sterilization wherever good quality services have been made available on an initial basis -- in Nepal, Pakistan, Bangladesh, India, Thailand, Korea, Philippines, Tunisia, Egypt, Costa Rica, El Salvador, Colombia, Jamaica, and so forth -- indicates tremendous pent-up demand for these services and urgent need for extension of such services throughout the developing world. (1,3)

The magnitude of the service task before us is indicated by the size and distribution of the world population (Table 4). Of the four billion people in the world, half (2 billion) live in developing

countries, not including the People's Republic of China. Approximately one-fifth of these, 400 million, are women of reproductive age. And it is likely that more than 100 million additional couples in the developing countries will accept sterilization during the next decade if these services are made fully available.

What numbers of trained personnel and surgical facilities will be needed for this task?

Fortunately, the number required is rather less than might initially be thought necessary. A well run surgical clinic should be able to average at least 10 sterilizations per surgical session and at least 2,000 sterilizations per annum. Five such surgical service clinics should be able to perform 10,000 sterilizations per annum and in five years provide the 50,000 sterilizations needed to reach the level of 25% prevalence among the 200,000 women of reproductive age in a general population of one million.

Application of this formula to the developing world indicates that a total of approximately 10,000 surgical service clinics are needed -- 1,500 in Latin America, 2,000 in Africa and 6,500 in Asia.

Also, Surgical Training Centers are needed in the ratio of approximately one STC per 5 million general population, i.e., 400 in the developing world.

Actually many of these Training Centers and Service Clinics are already operational. During the last four years, through the Association for Voluntary Sterilization and the Johns Hopkins Program for International Education in Gynecology and Obstetrics (JHPIEGO), A.I.D. has trained hundreds of surgical leaders and provided laparoscopes and related equipment to their institutions (Table 5). Now a concerted effort must be made to seed the knowledge and means for Advanced Techniques of Fertility Management into every country, especially into every medical school.

The task is substantially advanced, but more than 200 additional Surgical Training Centers and 5,000 additional Surgical Service Clinics must be established. On the basis of experience to date it is estimated that at least $50 million will be needed during the next five years to establish these Training Centers and Service Clinics; plus arranging to somehow handle the recurring costs.

Impact of Sterilization on Fertility

Each means of fertility control necessarily interplays with other possible methods and so it is exceedingly difficult and usually impossible to measure the exact impact of any chosen method. Nevertheless, consideration of age-specific fertility patterns (Figure 1) in the light of age, parity and prevalence patterns now emerging for sterilization, suggests that full availability of sterilization to populations in developing

countries would reduce fertility among women over age 30 in these countries to approximately the Japanese and Taiwanese levels.

In many countries, full application of voluntary surgical sterilization would reduce fertility more than 25 percent; which would be a mighty contribution toward solution of the myriad problems generated by excessive reproduction within developing countries.

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Table 2

ESTIMATED NUMBER COUPLES CONTROLLING FERTILITY
WITH EACH CONTRACEPTIVE MEANS*
December 31, 1975

Sterilization	65 million
Oral contraceptives	55 million
Condoms	30 million
Intra Uterine Devices	15 million
	165 million

* In addition, it is estimated that roughly 30 million abortions were performed during 1975.

Table 3

ESTIMATED NUMBER COUPLES DEPENDING UPON SURGICAL STERILIZATION FOR CONTROL OF FERTILITY*

Year	Million Couples
1950	3
1960	5
1970	15
1975	65
1980	130
1985	200+

* Includes hysterectomies

Table 4

DEMOGRAPHIC ESTIMATES FOR THE WORLD AND ITS REGIONS, 1974*

Geographic Region	Midyear 1974 Population (thousands)	Estimated Crude Birth Rate	Approximate Number of Births	Estimated Crude Death Rate	Approximate Number of Deaths	Natural Rate	Increase Number
World	3,881,342	28.1	109,259,611	11.8	45,956,272	1.63	63,303,339
North America	235,095	15	3,507,556	9	2,092,142	0.6	1,415,414
Latin America	282,157	38	10,717,866	9	2,586,465	2.9	8,131,401
Caribbean Islands	26,221	31	807,378	9	229,229	2.2	578,149
Europe	714,516	16	11,647,888	10	6,982,888	0.6	4,665,000
Africa	353,744	47	16,654,034	20	7,274,631	2.6	9,379,403
Near East	159,356	40	6,332,638	13	2,029,231	2.7	4,303,407
South Asia	782,485	39	30,227,273	16	12,986,442	2.2	17,240,831
South East Asia	312,028	35	10,965,421	15	4,614,795	2.0	6,330,626
East Asia	994,833	18	17,926,974	7	6,969,557	1.1	10,957,417
Oceania	20,907	23	472,583	9	190,892	1.3	281,691

*Inescapably, a lag of more than a year ordinarily occurs in the collection and analysis of world demographic data. Estimates by the Office of Population, U.S. Agency for International Development

January 1976

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Table 5

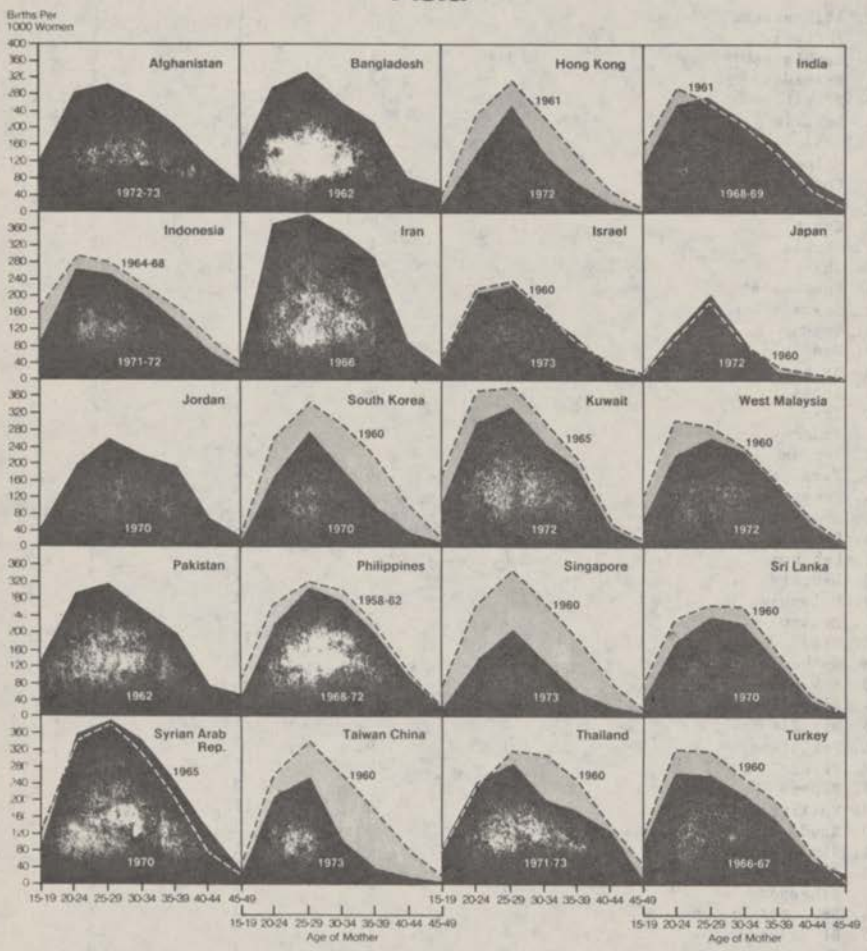
AID FUNDED LAPAROSCOPE PLACEMENTS BY YEAR

Country	1972	1973	1974	1975	Total
1. Afghanistan				1	1
2. Antigua				1	1
3. Bangladesh		1	3		4
4. Barbados			2		2
5. Brazil		2		6	8
6. Bolivia				3	3
7. Chile		2	3	1	6
8. Colombia		5	23	2	30
9. Costa Rica	2	3	13		18
10. Ecuador	1	2			3
11. Egypt			6	1	7
12. Gambia			1	1	2
13. Ghana				1	1
14. Guatemala		4	3	6	13
15. Grenada				1	1
16. Guyana			1		1
17. Honduras		1		3	4
18. Haiti				2	2
19. India	3	6	14	5	28
20. Iran		2		2	4
21. Indonesia		1	3	2	6
22. Jordan			1	1	2
23. Jamaica		4	7	4	15
24. Kenya			2		2
25. Kymer Republic			1		1
26. Korea		4	3	50	67
27. Lebanon		1		2	3
28. Liberia			1	1	2
29. Malaysia	1	1	4	2	8
30. Mexico		1	2	1	4
31. Nepal	1	1	3	13	18
32. Netherland Antilles			1	1	2
33. New Guinea			1		1
34. Nicaragua				5	5
35. Nigeria				5	5
36. Pakistan		1	6	7	14
37. Peru		1	5	2	8
38. Panama	1	1		3	5
39. Philippines		7	36	12	55
40. Saudi Arabia				1	1
41. Santa Lucia				1	1
42. Senegal				1	1
43. Singapore		2	3		5
44. St.Kitts				1	1
45. El Salvador	3	4	1	9	17
46. Taiwan		2	6	1	9
47. Thailand	1	3	19	15	38
48. Trinidad			3	1	4
49. Turkey		2	7		9
50. Venezuela			1	1	2
51. Vietnam			1		1
52. Zaire			1	1	2
53. Sudan				2	2
	13	64	187	191	455

FIGURE 1

AGE-SPECIFIC FERTILITY RATES BY COUNTRY AND TIME

Asia



Fertility silhouettes depict graphically the number of live births per 1000 women in each five year age group throughout reproductive life (ages 15-49). In this overview of available age-specific fertility patterns in five continents, the paucity of recent data for many countries, mainly in the developing regions, is apparent. But available data do show important fertility changes in many countries and differences among countries and continents.

RESEARCH ON CONTRACEPTION METHODS

Mr. LONG. Are you fostering any kind of research to get a better system of birth control, aside from this very unreliable pill, and very irritating IUD, and other methods?

Dr. RAVENHOLT. We have done much of this.

Mr. LONG. Can you give a woman a vaccination that would be effective for a year or two, I think that is what we would all like to have.

Dr. RAVENHOLT. The closest thing to what you are speaking of are the prostaglandins, a once a month method a woman could apply herself. It has looked promising for some years, and recent data do not diminish the view that prostaglandin may be the substance women could administer themselves to regulate menses.

It is produced by the Upjohn Co. Some of the most revealing studies have been done at the Karolinska Institute in Sweden.

Mr. LONG. How much money are you putting into the research program?

Dr. RAVENHOLT. $10 million in research is the approximate level. That does not all go for development of new methods, it goes also for operations research, household delivery research, and so forth.

But, we are trying to put those moneys into research that we feel are really needed. We don't compete for the NIH in terms of basic research, nondirected research, but when we see a research action we think would be highly contributive, we do put moneys on that. We have put $46 million into new and improved means during the last decade, through fiscal 1975.

Mr. LONG. Out of how much?

Dr RAVENHOLT. Out of $732 million, $46 million went for the development of new and improved means.

Mr. LONG. Not a very large part of the total.

Dr. RAVENHOLT. We can give you a complete report on just how that was used. I believe there has been very important improvement, particularly in sterilization, and also in uterine aspiration equipment. The prostaglandin remains, promising, but, as you know, it takes time to overcome the reservations of the Food and Drug Administration and obtain approval of the licensing of any chemical agents.

But the technology is actually quite strong.

STATISTICAL DISPARITIES

Mr. LONG. You have data here which say the world population growth rate dropped from 2 percent a year to 1.6 percent a year over the last decade.

Now, the United Nations again doesn't seem to agree with that. I have your current estimate of world population growth rate 1.9, U.S. census 1.8. Population Reference Bureau 1.9.

Dr. RAVENHOLT. There is great disparity in the views of various organizations with respect to where the demographic data are at because of the different vantage points they view it from, and the perceptions they have, and because the data for many countries are not very good. There is considerable difference of opinion, and it will take some years before this settles to a solid consensus.

Mr. LONG. I hope you will not take too much comfort from your statistics.

Dr. RAVENHOLT. I don't.

Mr. LONG. Karl Marx said that religion was the opium of the people. Statistics can be the opium of the bureaucrat. Don't let yourself be overwhelmed by them.

Dr. RAVENHOLT. Well, we seek the best knowledge we can get of just where the programs are at. We have the general problem, of course, of a substantial timelag from the time a program is launched until the statistics are in, so we can measure the impact of the program. This takes a half dozen years ordinarily.

We are now beginning to emerge from some of those problems in certain countries where data are finally becoming available. Particularly in the last few months we have received data which begin to permit us to see what is happening in the Philippines and Indonesia, and in Colombia and Thailand. The data for these countries are now much better than a year or two ago.

But still, not as good as they should be in a few more years. We are all looking at this intensely. We have put substantial funds into the improvement of these data. I trust we will be able to satisfy you more completely on a subsequent occasion.

MISUSE OF STATISTICS

Mr. LONG. Listening to you, Doctor, to be quite frank, I don't think you have the foggiest idea about statistics. I think you use them with an air of overpreciseness. You strain them. You try to make cases with them that you aren't justified in making. You would be much more effective if you were more modest with the use of them.

Dr. RAVENHOLT. Sir, I am thoroughly trained in statistical methods and epidemiology. I have been at this work for 24 years, and I think I know my statistics.

Mr. LONG. You don't present them as a man who has had that background.

Dr. RAVENHOLT. I trust you won't just take some environmental fund statistics and use them as though they had any particular validity to them.

Mr. LONG. Well, I ask you——

Dr. RAVENHOLT. And I told you that some of those are obviously inaccurate.

Mr. LONG. You give data that aren't worth a damn.

Dr. RAVENHOLT. Some are good and some are not.

Mr. LONG. You present the "not good" and the "good" without offering us a means of determining which is which, your charts seem designed to snow people. This has not been a very satisfactory presentation to me. And on the basis of what you have presented to me, I would be inclined to cut your budget. I would like to insert here population data published by Dr. Ravenholt and comments thereon.

[The information follows:]

FIGURE 1

RAVENHOLT'S FERTILITY DIAGRAM

Of the 35 most successful countries, 12 have had bilateral AID population support, according to his own figures. Another two have had support from organizations which receive AID funds. The other 30 have had no support.

Of the 35, 31 are irrelevant: 16 have populations less than D.C., 11 are developed, and 4 are small islands.

FIGURE 1

COUNTRIES RECEIVING AID POPULATION ASSISTANCE

Of the 82 countries listed only 11 have received bilateral population assistance from AID, and in the case of Taiwan, the assistance ended in 1965. As with Costa Rica and South Korea, birth rates in Taiwan were dropping before any population programs were started.

FIGURE 2

DEVELOPED COUNTRIES

Of the 82 countries listed, 40 are developed countries, and in nearly all of these the birth rates fell long before modern contraception was invented. They have, of course, received no attention from AID.

FIGURE 3

SMALL ISLANDS OR ENCLAVES

Of the 82 countries listed, 24 are small islands or enclaves; whose populations are likely to be self-limiting.

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FIGURE 4

COUNTRIES WITH POPULATION LESS THAN DISTRICT OF COLUMBIA

Of the 82 countries listed, 30 have populations less than the District of Columbia.

A RELATIVELY NEW INITIATIVE

Mr. FURMAN. Mr. Long, if I could just make a closing comment and say that we are mindful of this committee's concern and your very real interest in the importance of this program. I would like to suggest that the data that we are talking about are indicators of what we hope is happening. Hope, I underline "hope". If we are to have any success at all, we have got to continue this program as a strong and well-funded program.

Mr. LONG. But do you have to continue it in the way you are doing it? We have been moving now in certain directions for many years flying various flags, and it doesn't seem to me the method has been working, or at least not working rapidly enough. We ought to try something different.

Mr. FURMAN. I think, sir, if you consider the fact this whole initiative is only a decade old, and the world has only become mindful in the last few years——

Mr. LONG. How much has the population of the world grown in that time?

Dr. RAVENHOLT. About three-quarters of a billion.

Mr. LONG. And it is going to continue to grow. In 14 more years, if I hear the radio correctly, it will grow by another billion people.

Mr. FURMAN. The point is that until there is strong and continuing support for a program, the United States——

Mr. LONG. I want a program, but I want a program that undertakes to do something, not one that just is being done in the name of population restraint.

Mr. FURMAN. I couldn't agree more.

Dr. RAVENHOLT. We share the belief this is a momentous action. It necessarily is taking quite a few years to accomplish. It took quite a few years for the problem to develop. We have been working toward a solution for a decade, and I believe we will need a strong program for at least another decade to get the bulk of the essential international assistance accomplished.

POPULATION CONTROL VERSUS PLANNING

Mr. LONG. Why don't you come in with a different orientation? There are other people who feel that you are not moving in the right direction. I mean I didn't invent this criticism, as you well know.

Dr. RAVENHOLT. Sir, I think we have a balanced program. You might just look at how we have used the funds during the past decade. I am not quite sure what you speak of as far as the "new directions."

Mr. LONG. Well, population control for example, not population planning.

Dr. RAVENHOLT. This, of course, has to be a sovereign decision by each country.

Mr. LONG. Right, but why should we put money into a country that doesn't really want to control its population?

It's a big world, and whatever amount of money we spend, it will not be effective to do the job. Why not put our money into the most fertile ground, into the areas where it would have the greatest effect, instead of giving it to countries that don't even want to control their population? We know there are countries like that.

Dr. RAVENHOLT. We are concerned with both categories, both countries that are already committed and wish to control it, where we are providing assistance, indeed, that makes the assistance more valuable, but we also have to wory about the countries that have not yet changed their policies, we have to try to help them to help themselves to change their policies so they can implement a population program.

Mr. FURMAN. I would hope when you do go on a trip in the future you will look at the population program and we will welcome any criticism.

Mr. LONG. I have been to India twice. I visited their program in 1963 and I visited again last year.

Mr. FURMAN. I am very mindful of that.

Mr. LONG. They have the walls lined with statistics. Outside kids are crawling all over themselves as far as the eye can reach, children, children, children.

Dr. RAVENHOLT. We share your concern about that. India, indeed, is a worrisome problem and a country we currently are not able to provide assistance to.

Mr. LONG. Maybe India's new Government, as far as population control is concerned, has the right idea, I don't know. But there is something wrong with what we are doing, and I would hope that you would be learning some lessons from the past and not merely insisting on carrying on the way you have been carrying on in trying to prove by statistics that it's been working.

ALLOCATION OF POPULATION PROGRAM FUNDS FISCAL YEAR 1965—FISCAL YEAR 1975

Mr. LONG. Please list for the record the allocations of population program assistance funds by country over the last 10 years.

Dr. RAVENHOLT. The allocation of population program assistance to countries through bilateral agreements between fiscal year 1965 and 1975, and proposed for fiscal year 1976, interim quarter and fiscal year 1977 is as follows:

Population Fund Allocations To Country Bilateral Programs (In thousands of dollars)

Country	Total FY 1965-1975	Proposed FY 1976 @ $133.4 million level	Proposed TQ @ $36.5 million level	Proposed FY 1977 @ $154.1 million level
Africa				
Botswana	$ 799	$ 200	-	$ 250
Cameroon	2,580	265	-	443
Central African Republic	-	-	-	100
Ethiopia	111	-	-	-
Ghana	5,600	909	232	1,285
Kenya	1,712	1,009	195	760
Liberia	1,356	99	25	200
Lesotho	-	-	-	320
Mali	-	-	-	200
Nigeria	1,615	-	-	-
Senegal	-	-	-	200
Swaziland	16	-	-	240
Tanzania	4,740	958	240	1,455
Uganda	823	-	-	-
Zaire	1,588	593	-	500
Subtotal	$20,940	$4,033	$692	$5,953

Population Fund Allocations
To Country Bilateral Programs
(In thousands of dollars)

Country	Total FY 1965-1975	Proposed FY 1976 @ $133.4 million level	Proposed TQ @ $36.5 million level	Proposed FY 1977 @ $154.1 million level
Latin America				
Bolivia	$ 1,787	$ 250	$ -	$ 350
Chile	1,987	-	-	-
Colombia	3,309	240	60	240
Costa Rica	2,929	275	69	332
Dominican Republic	869	-	-	-
Ecuador	5,601	-	-	-
El Salvador	3,643	820	111	614
Guatemala	4,858	520	-	380
Haiti	144	300	51	700
Honduras	4,625	260	65	360
Jamaica	4,220	591	89	687
Nicaragua	3,379	850	131	550
Panama	3,764	510	128	565
Paraguay	2,646	363	92	371
Peru	1,887	350	88	330
Uraguay	191	-	-	-
Venezuela	576	-	-	-
Subtotal	$46,415	$5,329	$884	$5,479

Population Fund Allocations
To Country Bilateral Programs
(In thousands of dollars)

Country	Total FY 1965-1975	Proposed FY 1976 @ $133.4 million level	Proposed TQ @ $36.5 million level	Proposed FY 1977 @ $154.1 million level
Asia				
Indonesia	$26,507	$ 7,801	$1,950	$10,205
Korea	6,956	-	-	-
Laos	5,073	-	-	-
Philippines	38,335	4,759	1,263	6,391
Thailand	11,839	3,187	562	1,230
Vietnam	3,624	-	-	-
Subtotal	$92,334	$15,747	$3,775	$17,826
Near East				
Afghanistan	$ 5,514	$ 317	$ 80	$ 455
Bangladesh	5,409	4,600	765	8,290
India	30,078	-	-	-
Morocco	2,628	533	90	620
Nepal	4,990	1,050	220	1,775
Pakistan	24,095	8,858	2,040	13,921
Tunisia	8,284	1,697	205	1,750
Turkey	2,709	-	-	-
Subtotal	$83,707	$17,055	$3,400	$26,811
Grand Total	$243,396	$42,164	$8,751	$56,069

POLICIES OF MAJOR RECIPIENTS

Mr. LONG. For the 15 countries that have received the largest amount of population aid from AID, please list evidence of commitment by these countries to population control.

Dr. RAVENHOLT. The most comprehensive information on population policies in the developing countries is prepared annually by the Population Council and is published as a "factbook" on population and family planning programs. I am submitting the most recent edition of this factbook for your consideration. For purposes of policy comparison, countries are sorted into four categories: (A) official policy to reduce the population growth rate; (B) official support of family planning activities for other than demographic reasons; (U) government position unknown; and (C) countries with neutral or pronatalist policies. All of the 15 countries that have received the largest amount of population assistance from the title X program have policies rated as A or B—indicating explicit public commitment to support for family planning and, in varying degrees of explicitness, to the control of population growth as well. The following list shows those countries that have received the largest amounts of bilateral title X assistance and their policy status—using the categories described above.

[The Population Council factbook was provided to the committee.]

BILATERAL TITLE X ASSISTANCE, FISCAL YEARS 1965–76 (ESTIMATE)

Country	Policy status	Cumulative assistance (thousands)
Philippines	A	$43,094
India	A	30,078
Indonesia	A	34,308
Pakistan	A	32,953
Thailand	A	15,026
Tunisia	A	9,981
Afghanistan	B	5,831
Ghana	A	6,509
Korea	A	6,956
Tanzania	B	5,698
Ecuador	B	5,601
Guatemala	A	5,378
Bangladesh	A	10,009
Colombia	A	3,549
Nepal	A	6,040

POPULATION PROGRAMS

Mr. LONG. Please describe the sources and methods of collection of AID population figures. AID uses the full range of available sources and methods of collecting data. Data are obtained from host country institutions, both government and private. Depending upon the circumstances in the country and the type of data needed, censuses, surveys, registration systems, and administrative data are used. Most countries take a census each decade which collects a wide range of data on the structure of the population and some data on fertility. Recent methodological developments have greatly expanded census potential for providing detailed fertility data. Systems for the complete registration of births and deaths would, of course, provide the soundest bases for

measuring fertility and mortality. Complete registration systems also provide detailed data for small areas. However, at present only about 20 LDC's have complete registration of births.

While AID and others are working to improve registration data in a number of LDC's where improvement is practical, other means must be used until registration systems are capable of producing sound data and in those countries where registration is not practiced. Thus, sample registration and/or sample surveys are used to collect national, regional, or local data, although, because of the cost and complexity of large surveys, the number of different areas for which data can be collected is small. Surveys are used for a number of purposes, including the collection of more indepth information on the interrelationships between fertility and other factors. They may also be used to measure the level of family planning practice, the source of supply of family planning services, the characteristics of family planners, and much more information. Administrative data such as that collected through family planning programs provide additional information. Through its missions, contractors, and personal contacts, AID assembles the data obtained through the various methods referred to above and evaluates them to see if they are reliable. We look at the methods used to collect the data, whether they are consistent with other information we have, and whether the data make sense. We call upon various contractors to help us with this evaluation. We are interested in obtaining the best information we can about fertility and population growth, because we strongly believe that the world population problem is a serious one and that time is critical to solving the problem. Thus, we must know for our own needs whether programs are working and how well.

POPULATION FUNDS TO VARIOUS INTERMEDIARY ORGANIZATIONS

Mr. LONG. Please provide a complete list of the organizations that have received AID population funds over the last 10 years with the total of funds received.

Dr. RAVENHOLT. A listing of each organization which has received population program assistance funding, fiscal year 1965–75, is as follows. A total of $732.3 million has been obligated for population program assistance in that period.

See attachment.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional:	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 1: Development of Adequate Demographic and Social Data									
Development of Methodology for Estimating Birth and Death Rates and Population Changes from Interview Data. Research PASA[1] with National Center for Health Statistics, U.S. Public Health Service. Project 931-17-570-450; RA-1-66.	64 Completed Aug. 1967								
Demographic Studies. PASA[1] with U.S. Bureau of the Census to prepare a report on the population of Pakistan. Project 946-11-590-735; TCR-3-65.	27 Completed Jan. 1965								
Demographic Methods Handbook. PASA[1] with the U.S. Bureau of the Census to prepare a book on statistical methods which will fill demand by demographers and statisticians and serve as a basic text for training foreign demographers. Project 931-11-570-802; WOH(CA)-7-67.	28	58		8	8	(2)			
Demographic Services. PASA[1] with International Demographic Statistical Center, Bureau of the Census, to store, retrieve, tabulate, analyze, and project data, so that analyses of the socioeconomic implications of alternative demographic policies will be based on more accurate projections of available data. Project 931-11-570-810, WOH(CA)-10-68.		17	393	557	766	(2)			
New Florencia Workshop. PASA[1] with Bureau of the Census to improve censuses and surveys in less-developed countries (LDC) for the 1970's. Procedural models have been devised for developing countries. These models are used in a worldwide workshop training program to facilitate their incorporation in national programs. Project 931-11-570-808; WOH(CA)-9-68.		15	158	129	204	(2)			
Correspondence Training in Household Sample Surveys. PASA[1] with the Bureau of the Census to develop and implement correspondence training courses in specialized fields of statistical operations. Project 931-11-570-881; PASA TA(CA)-6-70.				22	134	(2)			
Laboratories for Population Studies—Phase I. Contract with University of North Carolina to prepare detailed proposals for establishing two or more population studies laboratories overseas to test population measurement instruments and obtain information under controlled population conditions. Project 931-11-570-825; csd-2161.		61 Phase I Completed							
Laboratories for Population Studies—Phase II. Task order with the University of North Carolina to establish laboratories for population studies in collaboration with academic and research institutions overseas to be administered by local nationals. The laboratories will collect population data and experiment with data collection techniques. Project 932-11-570-861; csd-2495.			353	208	424	366	58	658	
To establish the Moroccan Demographic Research Center (CERED) in Rabat. PROAG. 608-70-10.				200					

[1]Participating Agency Service Agreement.

[2]Consolidated into Population Data Systems project for fiscal 1972.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 1—Cont'd.									
Laboratories for Population Statistics—Phase III. Contract with the University of North Carolina to develop in selected LDC's (worldwide) the institutional capabilities and manpower resources for the application of improved demographic methodology in the collection and analysis of fertility statistics and other demographic data. Project 932-11-570-861; C-1114.									759
Population Data Systems. PASA[1] with U.S. Bureau of the Census to support development of adequate demographic and social data by training and advisory services to build LDC data infrastructure; also to provide adequate demographic services to AID's population program. 932-11-570-966; PASA TA/(CA)-6-72.						2,001	2,456	2,864	2,635
World Fertility Survey. Research grant to the International Statistical Institute at the Hague, Netherlands, in support of a program of comparative research to be conducted in conjunction with the 1974 World Population Year. Project 932-17-570-547; csd-3606.						1,043		1,000	1,800
Disease and Demography Survey. PASA[1] with the U.S. Center for Disease Control, Atlanta, Ga., to develop and test a survey methodology to combine collection of both vital events and incidence of disease in rural areas of countries where health and demographic data collection methods are inadequate. Project 932-11-570-601; PHA(HA)-5-73.							300	352	455
African Data for Decision Making. Contract with National Data Use and Access Laboratories to demonstrate through application of user-oriented computer software the uses of demographic data for decision making and development planning in African countries. Project 932-11-570-606; CM-pha-C-73-18.							795		165
Population Dynamics in Asia and the Pacific. Grant with the East-West Population Institute, University of Hawaii, to establish capabilities within priority Asia and Pacific Basin countries to plan and develop policies and programs to cope with population problems and to reduce fertility. Project 932-11-570-200; AID/pha-G-1058 (prior year funding in East Asia Regional projects, contract ta-32).								925	800
Evaluation of Family Planning Effectiveness. Contract with the Community and Family Study Center of the University of Chicago to insure the availability of demographic and program data to relevent LDC organizations and to AID for evaluating the effectiveness of family planning programs. Project 932-11-570-619; AID/pha-C-1108.									140
OFFICE OF POPULATION **Goal 2: Development of Adequate Population Policy and Understanding of Population Dynamics**									
Study of the Effect of Population Growth on AID Goals. Contract with the University of Pittsburgh to prepare a report on the impact of alternative foreseeable population trends upon economic development prospects and assistance needs of less developed countries, utilizing data for Pakistan. Project 946-11-590-735; csd-751.	11 Completed Jan. 1965								

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 2—Cont'd.									
Conference on Population Dynamics. Contract with Johns Hopkins University to orient selected AID personnel in population dynamics. Project 946-11-590-735; csd-833.	13 Completed June 1965								
Multivariate Factors Influencing Fertility. Contract with Harvard University to develop and pretest a questionnaire schedule designed to evaluate the interrelationships of the level of living, fertility behavior, and mortality for use in research project. Project 931-13-570-818; csd-2153.		61		Completed March 1970					
Rationale for Population Policies. Contract with National Academy of Sciences to conduct symposia to explore and define interactions between population change and economic and social development as a basis for developing a comprehensive rationale for appropriate population policies applicable to individual country situations. Project 931-11-570-817; csd-1925.		72	40		Completed July 1971				
Development Center Population Project. Grant to the Organization for Economic Cooperation and Development (OECD) to help support the operation of the Population Center at the OECD Development Center. Project 932-11-570-827; csd-2166; csd-2782.		109		100			100	50	
Population/Economic Growth Analysis. Contract with General Electric Co. to formulate suitable analytical models to assist AID Missions and host country organizations to analyze consequences of birthrates and other demographic rates. Project 932-11-570-016; csd-1936; csd-2611.		110	24					215	767
To provide revision and extension of the basic models and analytical materials. (Task Order No. 1.)				147	Completed Dec. 1971				
To assist Mission in Chile in the application of analytical materials. (Task Order No. 2.)				60	Completed Nov. 1970				
To assist five LDC expert teams in country applications. (Task Order No. 3.)					239	404	195	Completed Oct. 1974	
To carry out in-depth studies on issues raised by model applications. (Task Order No. 4.)					155	Completed Oct. 1972			
To carry out detailed studies to demonstrate the advantages of lower fertility rates. (Task Order No. 5.)						265	Completed Aug. 1973		
To assist six LDC country teams in the application of the model, and to carry out in-depth studies of related issues. (Task Order No. 6.)							429	Completed Nov. 1974	
Human Fertility Patterns—Determinants and Consequences. Research contract with Rand Corporation to analyze determinants and consequences of human fertility patterns, for use in formation of AID policy. Project 932-17-570-824; csd-2151.		143							

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 2—Cont'd.									
Improvement of Population Program and Policy Design. Contract with the University of North Carolina to analyze and evaluate current systems of delivering family planning services and to test alternative approaches in order to more effectively reach rural populations not yet receiving conventional services. Project 932-11-570-856; csd-2507.			435	1,174			Completed Dec. 1973		
Situation Reports on Population Problems, Policies, and Programs. Contract with the California Institute of Technology to establish regional observers and compare the economic and social context of population policies and family planning programs as a sequel to the Rationale for Population Policies contract with the National Academy of Sciences. Project 932-11-570-858; csd-2515.			405	398	411		582		226
International Union for Scientific Study of Population. Grant in support of the general conference of the International Union for Scientific Study of Population held at the School of Economics, London, in September 1969. Project 931-11-570-839; csd-2258.			10	Completed May 1970					
The Epidemiology of Outcome of Pregnancy in Diverse Cultures in Selected Countries. Research contract with Johns Hopkins University to conduct epidemiological studies in several countries to ascertain the epidemiology of induced abortions and its relationship to health, fertility levels, fertility control measures, demographic and socioeconomic variables. Project 932-17-570-496; csd-2246.			194			31	Completed Dec. 1973		
Determinants of Family Planning Attitudes and Practices. Research contract with Harvard University to conduct studies of the determinants of fertility patterns and family planning practices as a basis for the formulation and evaluation of policy and program planning. Project 932-17-570-497; csd-2478.			106			15	Completed Sept. 1973		
Utilization of Family Planning Services. Research contract with the Bowman Gray School of Medicine, Wake Forest University, to ascertain and evaluate factors contributing significantly towards participation in fertility limitation, and those contributing to indifference and to strong resistance to family planning; and to experiment with nonclinical health-oriented models for family planning programs. Project 932-17-580-510; csd-2512.			262		101		1	Completed Sept. 1974	
Law and Population Program. Contract with the Fletcher School, Tufts University, to establish a reporting network on legal data, for subsequent publication and distribution, and to undertake studies and seminars that will provide a better understanding of the living law and legal changes as related to several countries. Project 932-11-570-880; csd-2810.				640		326			150
Determinants of Fertility. Research contract with Rand Corporation to develop a general theoretical statement of knowledge of the determinants of fertility, and a set of associated papers that explore elements of the theory from various conceptual, empirical, and policy points of view. Project 932-17-570-517; csd-2533.				326			Completed Dec. 1973		

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional Continued **OFFICE OF POPULATION–Goal 2–Cont'd.**	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
A Study of Fertility Rates and Earning Capacity of Rural Migrants in Latin America. Research contract with the Land Tenure Center, University of Wisconsin, to determine differential fertility rates and earning capacities before and after migration, and between migrants and nonmigrants, the study to be conducted in two Latin American countries. Project 932-17-570-528; csd-2863.					223		77	38	Completed Sept. 1975
Cross-Cultural Research in Fertility Behavior. Research contract with American Institutes for Research to establish an International Reference Center to collect data on pregnancy termination and to conduct studies into behavioral factors associated with acceptance of new fertility control methods. Project 932-17-580-539; csd-3155.					842				
International Seminars on Population Policy Analysis. Task Order issued to the National Academy of Sciences, Washington, D.C., under a Basic Ordering Agreement, to organize approximately six international conferences and produce a book on the subject of population policy analysis. Project 932-11-570-976; csd-3600.						317		Completed March 1974	
Analysis and Evaluation of Population Policies and Dynamics. Contract with the Smithsonian Institution, Washington, D.C., to administer grants to individual analysts in United States and LDC's for nonbiomedical, noncontraceptive analyses and evaluation. Project 932-11-570-979; csd-3598.						3,930			
Statistical Research on Population Policies. Research contract with the Rand Corporation to develop specific and well designed research plans and budgets for country survey research studies. Project 932-17-570-554; csd-3690.						88			Completed March 1975
Cultural Factors in Population Programs. Contract with the American Association for the Advancement of Science, Washington, D.C., to organize working groups of U.S. and LDC anthropologists and other experts to (a) provide LDC policy makers with continuous policy-relevant information concerning the consequences of rapid population growth; and (b) assist family planning program administrators in identifying and modifying cultural factors associated with expansion and improvement of f/p delivery systems. Project 932-11-550-608; CM-pha-C-73-25.							828		
Survey of Economic and Demographic Family Behavior. Research contract with the Rand Corporation to determine the relationship of fertility with biomedical, institutional, and socioeconomic factors in Malaysia. Project 932-17-570-615; AID/pha-C-1057.								250	221
Research on Fertility Determinants. Contracts with the Smithsonian Institution and with the American Association for the Advancement of Science to develop stronger empirical basis for the formulation of national population policies in family planning and other action programs. Project 932-17-570-616; C-1127 and C-73-25.									379

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional—Continued									
OFFICE OF POPULATION									
Goal 3: Development of Adequate Means of Fertility Control									
Research on Family Planning—Pathfinder Fund. Contract to carry out collaborative international field studies of IUD performance patterns in 40 countries and to carry out research to develop and study other means of fertility control. Project 932-17-580-478; csd-1573.	194		1,289						
Research for Development of a Once-a-Month Birth Control Pill. Research contract with the Worcester Foundation for Experimental Biology to study uterine luteolytic substances and factors which control corpus luteum function. Project 932-17-580-493; csd-2169.		109			99				
Contraceptive Development: A Method to Prevent Pregnancy by Direct or Indirect Antiprogestational Activity. Research contract with the Population Council for research in order to develop "a nontoxic and completely effective substance or method that when self-administered on a single occasion would ensure the nonpregnant state at completion of one monthly cycle." Project 932-17-580-512; csd-2491.			3,000						
Research into the Corpus Luteum Function. Research PASA[1] with the Center for Population Research, National Institute of Child Health and Human Development, Department of Health, Education, and Welfare (DHEW), to study ways of controlling the function of the corpus luteum leading towards the development of an effective and safe once-a-month contraceptive. Five major areas of study are being covered in 28 separate activities. These areas include such factors as (1) development of methods, (2) the role of female sex hormones in the initiation and maintenance of early pregnancy, (3) specific areas of control of corpus luteum function, (4) target effects of products of the corpus luteum, and (5) the quantitative description of the menstrual cycle. Project 932-17-580-509; RA(HA)8-69.			[3]1,540	53					
Operation Research for Family Planning Programs. Contract with Columbia University to develop a framework for family planning program evaluation, methods, and indices for components of family planning programs, for application by evaluation units to be established within host country programs upon their request. Project 932-11-580-855; csd-2479; C-1107.			88	182	1,381		241		264
Research on Reversible Sterilization. Research contract with the University of North Carolina to explore simpler and more reversible sterilization procedures by (1) undertaking studies on the biologic effects of vasectomy, (2) by developing vasocclusion devices and evaluating them preclinically, and (3) conducting preclinical studies in female tubal occlusion. Project 932-17-580-498; csd-2504.			79		135				
6th World Congress of Gynecology and Obstetrics. Grant in partial support of the 6th World Congress of Gynecology and Obstetrics held in New York in April 1970. Project 931-11-580-870; csd-2577.				94 Completed					

[3]Includes $30,000 deobligated in FY 1970.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional—Continued OFFICE OF POPULATION—Goal 3—Cont'd.									
Development of Releasing Factor Inhibitors as Contraceptive Agents. Research contract with the Salk Institute of San Diego, Calif., to develop a new contraceptive based on the characterization of gonadotrophin-releasing factors and development of substances which interfere with their function. Project 932-17-570-518; csd-2785.				2,255			2,150		
Development of a Combined Agent for Disease Prophylaxis and Contraception. Research contract with the University of Pittsburgh to develop an intravaginal agent, or combination of agents, which will be effective as a contraceptive as well as a prophylactic against infectious diseases. Project 932-17-570-526; csd-2822.				581			138		
Prostaglandin and Other Contraceptive Development Research. Research contract with the Worcester Foundation for Experimental Biology, Inc., Shrewsbury, Mass., to develop prostaglandins as contraceptives; to study the effects of progestins and antiestrogens on fertility, and the development of agents which inhibit the corpus luteum function. Project 932-17-580-520; csd-2837.				2,980					
Research on the Safety of Contraceptive Steroids. Research contract with Southwest Foundation for Research and Education, San Antonio, Tex., to test the safety in long-term use of contraceptive steroid hormones in a variety of populations. Project 932-17-570-521; csd-2821.				913					
Development of IUD and Controled-Release Contraceptives. Research contract with the Pacific Northwest Laboratories, Battelle Memorial Institute, Richland, Wash., to develop an improved intrauterine device which is effective and will not cause bleeding, pain, or other side effects. Project 932-17-570-527; csd-2819.				150	495		873		
Third International Conference on Prostaglandins. Grant to New York Academy of Sciences in support of an international conference on prostaglandins held in New York City, Sept. 17-19, 1970. Project 931-11-570-898; csd-2867.					60 Completed				
Studies on the Synthesis of Prostaglandins. Research contract with University of Wisconsin to develop a simplified synthesis of prostaglandins using microorganisms to simplify and reduce the cost of prostaglandin synthesis. Project 932-17-570-532; csd-2965.					227				
International Fertility Research Program. Research contract with the University of North Carolina to establish an international network of field trial centers to evaluate new methods of fertility control on a comparative basis in a spectrum of countries and cultures. Project 932-17-580-537; csd-2979.					3,106	1,800		1,500	2,695
A Study on Side Effects and Mechanism of Action of Prostaglandins. Research contract with Washington University of St. Louis, Mo., to carry out controlled clinical trials on human subjects using prostaglandins as a means of fertility control and to study mechanisms of action of prostaglandins. Project 932-17-570-541; csd-3160.					293			128	186
Surgical and Engineering Research on Means of Fertility Control. Research contract with Battelle Memorial Institute to develop simplified tech-					830	198		392	291

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued OFFICE OF POPULATION—Goal 3—Cont'd.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
niques for male and female sterilization and improved and simplified techniques and equipment for other means of fertility control. Project 932-17-570-538; csd-3152.									
Research on Prostaglandins in Relation to Human Reproduction. Research contract with Makerere University, Kampala, Uganda, to further test and develop prostaglandins as a means of fertility control. Project 932-17-570-540; csd-3300.					821		Terminated April 1973		
Program for Applied Research on Fertility Regulation. Research contract with the University of Minnesota to develop and administer a small grants program for new and improved means of applied fertility research to be carried out by subcontracts in U.S. and overseas institutions. Project 932-17-570-546; csd-3608.						3,350			
Simplified Techniques of Fertility Control. Research contract with the John Hopkins Hospital and School of Medicine, Johns Hopkins University, to establish a research program for development and evaluation of simplified fertility control techniques suitable for use in LDC's. Project 932-17-580-548; csd-3627. (See also Goal 6.)						2,674	158		
Rapid Diffusion of Population Research Findings. Contract with George Washington University to provide a service of analysis of population information and rapid diffusion of population research findings to individuals working in population programs, particularly in LDC's. Project 932-11-570-981; csd-3643.						1,801		897	504
Research on Prostaglandins in Relation to Human Reproduction. Research contract with the University of Singapore to further test and develop prostaglandins as a means of fertility control. Project 932-17-570-602; CM-pha-C-73-36.							475		
Sterilization by Endometrial Ablation. Research contract with the University of Colorado to investigate in subhuman primates the potential of cryosurgical ablation of the endometrium as a method of female sterilization. Project 932-17-570-603; CM-pha-C-73-27.							76		
Research on the Safety of Oral Contraceptics in Developing Countries. Research contract with the Southwest Foundation for Research and Education, San Antonio, Texas, to investigate the health effects, metabolism and side effects of contraceptive steroids in LDC populations. Project 932-17-570-607; CM-pha-73-32.							1,226		
Matlab Contraceptive Study. Research contract with the Cholera Research Laboratory of Dacca, Bangladesh, to assess a household delivery of contraceptives in rural Bangladesh by comparing acceptor data, periodic estimations of prevalence of contraceptive use, and age-specific fertility rates. Project 932-17-570-617; C-1105.									99
Research on Development of Improved and New IUD's. Research contract with the International Fertility Research Program, Inc., Chapel Hill, N.C., to develop IUD's with improved performance, particularly regarding side effects in the early months of use. Project 932-11-570-618; AID/pha-C-1111.									210

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 4: Development of Adequate Systems for Delivery of Family Planning Services									
Support to Regional Conference. Grant to International Planned Parenthood Federation (IPPF) to assist in supporting the Western Pacific Regional Conference held in Korea, May 1965. Project 946-41-590-735; csd-825.	2 Completed June 1965								
Training Resources for Nurses and Midwives. PASA[1] with Children's Bureau, Welfare Administration, DHEW, to develop and administer a training program for foreign nurses, nurse midwives, and professional midwives. Project 915-11-990-039; TCR-12-65.	40 Completed June 1966								
Evaluation of Family Planning Programs. Contract with Population Council to produce a series of manuals for evaluation of family planning programs. Project 931-11-580-815; csd-1185.	329				Completed Feb. 1971				
Evaluation Studies of an International Postpartum Family Planning Program. Research contract with the Population Council to test, through a large-scale experimental project, the effectiveness of the Council's international postpartum family planning program of providing family planning education and techniques to mothers following childbirth in large hospitals. Project 931-17-580-479; csd-1565.	300		300		Completed Aug. 1971				
Population Technical Support. Support for purchases of technical films and publications; for consultant and other backstopping costs; for establishment of technical library; and for publication of Annual Report of the Office of Population. Project 932-11-570-002.		42	13	173	113	198	482	673	614
Participating Agency Support. Support for technicians and consultants through the National Center for Health Statistics, DHEW, and the Bureau of the Census, Department of Commerce. FY 1975 funding in Project 002. Project 929-11-570-641.			347	463	643	851	796	100	133
International Planned Parenthood Federation. Worldwide grant to strengthen IPPF's support of family planning associations and affiliates in less developed countries and to provide contraceptives, medical supplies, vehicles, and audiovisual and office equipment. Project 932-11-580-838; csd-1837.		3,500	4,000	5,550	3,000	8,000	11,404	10,000	9,263
Family Planning Services—Pathfinder Fund. Grant to augment Pathfinder's capacity to make small grants in selected countries to initiate and support family planning activities including contraceptives and related equipment. Project 932-11-580-807; csd-1870.		700	2,500		2,266	4,000	6,035	3,500	2,985
Cost-Benefit Analysis of Pilot Family Planning Programs. Contract with Pennsylvania State University to undertake an empirical study of actual costs and benefits of family planning in terms of service statistics and demographic implications to learn how the effectiveness and efficiency of various technical and administrative approaches vary in different cultural, economic, and demographic contexts. Project 931-11-570-806; csd-1884.		92	6	111	14 Completed June 1971				
Expansion of Postpartum Family Planning Program. Grant to Population Council to support the		500	750		956	607	1,080		

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional–Continued OFFICE OF POPULATION–Goal 4–Cont'd.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
rapid expansion of postpartum family planning to more large maternity hospitals in less-developed countries. Project 932-11-580-812; csd-2155.									
Conference on Social Work Responsibility Relating to the Dynamics of Population and **Family Planning.** Contract with the Council on Social Work Education, New York City, to plan, organize, and conduct a 4-day international conference in the United States in March 1970 on the role of the social worker in population and family planning. Project 931-11-580-862; csd-2483.			160		Completed March 1971				
Accelerated Feedback for Family Planning Programs. PASA[1] with the National Communicable Disease Center, U.S. Public Health Service, to generate an experimental system to accelerate the feedback of service statistics to guide decision making by the staff of family planning programs. Project 931-11-570-853; WOH(HA)-7-69.			[4]10 Completed June 1969						
Rapid Feedback for Family Planning Improvement. Contract with the Community and Family Study Center, University of Chicago, to design improved evaluation systems in selected countries, develop new computer programs to assist evaluators, and conduct short-term workshops. Project 932-11-580-842; csd-2251.			175	98	399		257		
Programmatic Grant to the Population Council. Project to make use of the experience and competence of the Population Council in population/family planning to assist AID to develop and implement approved programs in such fields as: Institutional development; MCH/family planning; public information and communication activities; insight into socioeconomic factors in determining population polices; effects of population growth on economic planning and educational goals; and meeting need for additional and better trained specialists in population/family planning programs. Project 932-11-570-863; csd-2508; csd-2897.			1,000		1,000	1,000	6,200		750
Field Support Technical Services. Contract with the American Public Health Association to provide technical and professional personnel for consultation to the Missions and their host countries. Project 932-11-570-877; csd-2604.				522		350	179	328	350
Development of Family Planning Programs. A grant to the Planned Parenthood Federation of America to develop and improve family planning programs, assisted by Church World Service and other charitable organizations. Project 932-11-580-955; csd-3289.					3,800	4,000		2,950	2,750
Accelerated Feedback for Guidance of Family Planning Programs. Project to improve the collection, processing, and utilization of family planning services statistics. Project 932-11-570-943. Implemented jointly through:									
(a) PASA[1] with Bureau of Census PASA TA(CA)-11-71.					43				
(b) Contract with Battelle Memorial Institute, Richland, Wash.; csd-2966. (This contract is to develop the software required in the implementation of client record systems.)					52		66		

[4]Includes $4,000 deobligated in FY 1970.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional - Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 4—Cont'd.									
Survey of Global Patterns of Commercial Distribution of Contraceptives in Selected Developing Countries. A contract with Westinghouse Electric Corp., Columbia, Md., to carry out an inventory and analysis of contraceptive production, marketing, and distribution through the private sector in selected LDC's. Project 932-11-570-942; csd-3319.					226	214	94	95	56
Family Planning Management Information System. Contract with Management Services for Health, Inc., Cambridge, Mass., to improve the management of family planning programs through the application of modern management techniques. Project 932-11-570-951; csd-3298.					561			364	172
Program in Voluntary Sterilization. A grant to the Association of Voluntary Sterilization, Inc., New York, N.Y., to support an action program in voluntary sterilization in those LDC's where people and organizations are ready and willing to participate in this activity. Project 932-11-580-968; csd-3611.						876	1,000	1,250	1,850
Bulk Procurement of Contraceptives (Orals). Authorization to the General Services Administration to contract for an adequate supply of suitable oral contraceptives for AID-assisted family planning programs. Project 932-11-580-982; PIO/C 3124513.						4,000	9,500	14,645	10,370
Commercial Contraceptive Marketing. Contract with the Population Services International to involve the commercial sector in developing countries in bringing a significant increase in the number of users of contraceptives principally orals and condoms. Project 932-11-580-611; AID/pha-C-1055.								277	704
Commercial Contraceptive Distribution. Contract with Westinghouse Electric Corporation, Columbia, Md., to involve the commercial sector in developing countries in bringing about a significant increase in the number of users of contraceptives, principally condoms and orals. Project 932-11-580-612; AID/pha-C-1063.								581	
Bulk Procurement of Contraceptives (Condoms). Authorization to the General Services Administration to contract for an adequate supply of condoms for AID-assisted family planning programs. Project 932-11-580-613; PIO/C 3247248.								3,077	10,352
Management and Consultant Services for Family Planning Program Evaluation. PASA[2] with the Center for Disease Control, DHEW, Atlanta, Ga., provides assistance in improving the management and evaluation capability of family planning services programs by reviewing progress, assessing problems, and providing actionable recommendations concerning future activities in this field. Project 932-11-580-978; HEW/CDC 6-74.								151	270

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 5: Development of Adequate Systems for Delivery of Information/Knowledge									
Prototype Pamphlets on Family Planning Programs. Contract with Jay Richter and Associates. Project 946-11-590-735; csd-1948.	3 Completed April 1967								
Population Symposium. Contract to edit proceedings of the Pacific Science Congress, Tokyo, 1966. Project 931-11-570-003.		2 Completed Nov. 1967							
International Training Seminar. Contract with University of North Caroima for Asian family planning information leaders to carry out communication support for family planning. Project 931-11-580-809; csd-1914.		76 Completed Dec. 1968							
Foreign Service Institute Course on Population Matters. Course for selected State, AID, U.S. Information Agency, and Peace Corps personnel. Project 931-11-580-833.		6	(5)						
Family Planning Education Through Adult Literacy Programs. Contract with World Education, Inc., of New York City to encourage and implement use of population/family planning information in functional literacy programs throughout the developing world. Project 932-11-580-820; csd-2456; csd-3280.			53	295	470	1,275	257	581	413
World Assembly of Youth (WAY) Family Planning Conferences. Grant to the World Assembly of Youth in Brussels to support national and local conferences of youth organizations in developing countries to promote family planning. Project 932-11-570-850; csd-2271; csd-2610.			55	233	430	545	646	375	60
Inventory and Analysis of Information, Education and Communication Support. Contract with East-West Center, University of Hawaii, to establish a continuing inventory and analysis service covering information, education, and communications (IEC) activities, plans, and needs of population programs. Project 932-11-570-900; csd-2878.					312		131		
Improvement of Population Library and Reference Services in Less Developed Countries. Contract with the University of North Carolina to raise the overall adequacy of population library and reference institutions in LDC's for stronger population research, program, and policy development. Project 932-11-570-857; csd-2936.					524			47	150
Development of Institutional Capacity of IEC Support of Population Programs. Grant to the Center for Cultural Technical Interchange Between East and West, Honolulu, Hawaii, to improve and maintain institutional capability for support of information/education/communication activities for population programs. Project 932-11-570-917; csd-2977; G-1059.					1,047			639	520
Training Film in Population Field. Contract with Dick Young Productions, Ltd., New York, N.Y., to produce a 16-mm sound and color motion picture for orientation and training use in United States and overseas. Project 932-11-570-922; csd-3318.					43	35	22		

[5] Handled by Office of Personnel and Manpower, AID.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Cont'd.									
Computer Assisted Instruction in Population Dynamics and Economic Development. Contract with the University of Illinois at Urbana to develop and present a computerized course in Population Dynamics and Economic Development to approximately 300 participants a year. Project 932-11-570-924; csd-2937.					281		727		419
Midwife Promotion of and Support for Family Planning. Grant to the International Conference of Midwives, London, England, to conduct working parties for education and preparation of midwives in developing countries for participation in family planning programs, and to provide assistance for the ICM Triennial Congress held in Washington, D.C., October 1972. Project 932-11-570-947; csd-2948; csd-3411.					23	675			250
Family Planning Support Through Home Economists.									
(a) Contract with the American Home Economics Association to assess needs of and opportunities for associations and institutions in LDC's to provide family planning concepts and information. Project 932-11-570-925; csd-2964.					118	73			
(b) Contract with the American Home Economics Association to equip home economists in LDC's to promote family planning. Project 932-11-580-980; csd-3623.						709	150	390	244
Training Films and Related Teaching Materials Series. Contract with Airlie Foundation, Warrenton, Va., to produce three training films and concurrent teaching materials. Project 932-11-570-953; csd-3304.					394			102	36
Expansion of Population Program Communication. Grant to University of Chicago to enable it to expand its graduate training capabilities in population program communication. Project 932-11-570-958; csd-3314.					509			218	260
Inter-American Dialogue Center. Grant to the Airlie Foundation, Warrenton, Va., to establish and develop a center which will organize and conduct information/education seminars on population growth matters. Project 932-11-570-985; csd-3678.						1,661		1,177	1,200
Population Program Information System. Contract with the National Institute for Community Development, Washington, D.C., to develop and implement a computerized management reporting, forecasting, and performance evaluation review system for the AID population program. Project 932-11-570-986; csd-3711.							653	—	—
The Asia Foundation. Grant to the Asia Foundation, San Francisco, Calif., in support of family planning IEC activities, manpower studies, and population policy in developing countries. Project 932-13-950-017; csd-2228.							1,407	200	150

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION									
Goal 6: Development of Adequate Manpower and Institutional Capacity and Utilization									
Population Dynamics Unit. Grant to Johns Hopkins University to establish an academic unit within the Division of International Health, develop needed manpower in population and related disciplines, design improved procedures for program implementation, and provide consultants. Original grant extended in FY 1969 to carry out population research in selected overseas areas. Project 931-11-570-813; csd-841.	475			Terminated June 1970					
Center for Population Studies. Grant to University of North Carolina to establish the Carolina Population Center to provide both short- and long-term training facilities and consultative services to AID for development and implementation of population programs. Project 931-11-570-814; csd-1059.	268	Completed June 1968							
Family Planning Studies Unit. Grant to University of Hawaii to establish a family planning studies unit with the School of Public Health to provide training facilities for foreign participants, develop and conduct short- and long-term courses, and develop and maintain institutional capacity to provide consultant and advisory services. Project 931-11-570-822; csd-1439.	325			Terminated June 1970					
Institutional Grant to the University of North Carolina. Grant[6] to develop within the University of North Carolina specialized competency in the population and family planning field. Project 931-11-570-102; csd-1940.		2.400							
Institutional Grant to Johns Hopkins University. Grant[6] to develop within John Hopkins University specialized competency in the population and family planning field and in international health. Total amount of grant $1.8 million of which $1.3 million is for development in population and family planning. Project 931-11-570-101; csd-1939.		1,300							
Institutional Grant to the University of Michigan. Grant[6] to develop within the University of Michigan specialized competency in population planning in developing nations. Project 931-11-570-110; csd-2171.		1,250							
Expansion of Margaret Sanger Research Bureau. Grant to the Margaret Sanger Research Bureau of New York City to enable it to make qualitative improvements in its research and training program and in the clinical, demographic, and administrative aspects of family planning operations. Project 932-11-570-875; csd-2790.				1,035		110			
University Overseas Population Internships. Contract with University of North Carolina to establish an internship program for 40 graduates and post-graduates to undertake assignments in public and private host institutions engaged in population activities overseas. Project 932-11-570-882; csd-2830.				939			451		
University Overseas Population Internships. Contract with the University of Michigan to establish				933					

[6]Authorized under Section 211(d), Foreign Assistance Act, 1966.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
an internship program for 40 graduates and post-graduates to undertake assignments in public and private host institutions engaged in population activities overseas. Project 932-11-570-893; csd-2831.									
University Overseas Population Internships. Contract with Johns Hopkins University to establish an internship program for 40 graduates and post-graduates to undertake assignments in public and private host institutions engaged in population activities overseas. Project 932-11-570-894; csd-2832.				990					
University Services Agreement (Johns Hopkins University). Grant to Johns Hopkins University to fund a broad range of services designed to overcome obstacles, fill gaps, and meet needs of population/family planning programs overseas. Project 932-11-570-916; csd-2936.					[1]717	[1]223	[1]931	[1]450	
Core services.					(644)				
Subproject JHU 71-1. Diffusion of Family Planning Innovations.					(123)				
Subproject JHU 71-2. Investigation of Clinical Efficacy of Prostaglandin F2 Alpha as Luteolytic Agent.					(50)				
Subproject JHU 71-3. Investigation of the Clinical Effects of Prostaglandin F2 Alpha in the First Trimester.					(50)				
Subproject JHU 71-4. Investigation of the Clinical Effects of Prostaglandin F2 Alpha in the Second Trimester.					(50)				
Subprojects JHU 72-1 and JHU 73-3. International Sterilization Training.						(50)	(25)		
Subproject JHU 72-2. Luteolytic Action of Prostaglandin F2 Alpha in Human Pseudo-pregnancy.						(50)			
Subproject JHU 72-3. Clinical Trial for Tubal Sterilization (Hemoclips).						(123)			
Subproject JHU 73-1. Research and Teaching Project in Population Dynamics and Policy.							(78)		
Subproject JHU 73-2. Pilot Studies on Population Dynamics and Maternal and Child Health in Rural Ethiopia.							(150)		
Subproject JHU 73-4. Androgen Polydimethylsiloxane Implants: Contraceptive Efficacy of Different Androgens.							(69)		
Subproject JHU 73-5. Development of a Project Development Bureau.							(302)		
Subproject JHU 73-6. Analysis of Data Gathered in the Course of the Taiwan Study of Epidemiology of Outcome of Pregnancy.							(79)		
Subproject JHU 73-7. Feasibility of Distributing Contraceptive Supplies To Encourage Family Planning Practices—Taiwan.							(150)		

[1] Project total. Core support and subtotals are shown in parentheses.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional - Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION--Goal 6--Cont'd.									
University Services Agreement (Johns Hopkins University)--Cont'd.									
Subproject JHU 73-8. The Survey Method in Family Planning Research and Evaluation: A Methodological Study.							(98)		
Subproject JHU 74-1. Study of the use of Danatrol, an antigonadatropin, as a means of fertility control.								(50)	
Subproject JHU 74-2. Prolongation of Post Partum Infertility--Induction by Prolactin Release.								(100)	
Subproject JHU 74-3. Clinical Epidemiological Studies in Fertility Control in Bangladesh.								(150)	
Subproject JHU 74-4. Field Studies of Contraceptive Techniques in Bangladesh.								(150)	
University Services Agreement (University of Michigan). Grant to University of Michigan to fund a broad range of services designed to overcome obstacles, fill gaps, and meet needs of population/family planning programs overseas. Project 932-11-570-923; csd-3321.					[7]1,089		[7]315	[7]400	[7]150
Core services.					(517)			(400)	(150)
Subproject UM 71-1. Trophoblast Study Program.					(120)				
Subproject UM 71-2. Effect of PGE-1 and PGF2 Alpha on Uterine Contractility and Endometrial Morphology.					(67)				
Subproject UM 71-3. Malaysian Family Planning Program Evaluation.					(108)				
Subproject UM 71-4. Medical Correlates of the Use of the Intrauterine Device in Taiwan.					(12)				
Subproject UM 71-5. Relationship Between Demographic and Economic Phenomena in Households of Baroda, India.					(18)				
Subproject UM 71-6. Utilization of Traditional Village Midwives for Family Planning Program in Malaysia.					(126)				
Subprojects UM 71-7 and UM 73-3. Organizing for Social Change: The Family Planning Program in Uttar Pradesh (Kanpur).					(121)		(31)		
Subproject UM 73-1. Field Trials of Three Strategies of Persuasive Communications and Education in Family Planning in Venezuela.							(150)		
Subproject UM 73-2. Internal Migration in Nigeria: Implications for Realistic Population Policies.							(134)		
University Services Agreement (University of North Carolina). Grant to University of North Carolina to fund a broad range of services designed to overcome obstacles, fill gaps, and meet needs of population/family planning programs overseas. Project 932-11-570-956; csd-3325.					[7]1,083	[7]1,145	[7]1,375	[7]530	[7]317
Core services.					(556)	(950)		(530)	(26)
Subprojects UNC 71-1 and UNC 72-1. Development of Methods for Estimating Fertility Changes in Individual Local Areas of LDC's.					(50)	(50)			

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd. University Services Agreement (University of North Carolina)—Cont'd.									
Subproject UNC 71-2. Training for Nursing Leadership in Population Programs.					(162)				
Subproject UNC 71-3. University Population Program Development.					(75)				
Subproject UNC 71-4. Demonstration Project for Developing a Simple Vital Registration System and for Extending Postpartum Family Planning Services to Rural Areas of Tanzania.					(75)				
Subprojects UNC 71-5 and UNC 72-2. An Automated Information System: A Pilot Study.					(50)	(100)			
Subprojects UNC 71-6 and UNC 73-4. A Pilot Program in Population Policy Analysis, Development, and Application.					(115)		(96)		
Subproject UNC 72-3. Field Worker Evaluation.						(45)			
Subproject UNC 73-1. Training for Public Health Nutritionists' Leadership in Responsible Parenthood.							(150)		
Subproject UNC 73-2. Developing Venezuelan Capacity To Teach Management Skills in Responsible Parenthood Programs.							(148)		
Subproject UNC 73-3. Pahlavi University Population Program Development.							(150)		
Subproject UNC 73-5. Population Family Planning Reference Unit.							(150)		
Subproject UNC 73-6. Javeriana University Interdisciplinary Graduate Program for Population Studies.							(247)		
Subproject UNC 73-7. Epidemiological Studies of Family Building and Family Health in Taiwan.							(98)		(114)
Subproject UNC 73-8. Institutional Development of the ACEP (Asociation Colombian a para el Estudio Cientifico de la Poblacion) to Identify and Facilitate Population Training Needs in Colombia.							(139)		
Subproject UNC 73-9. Population, Health, and Family Planning in the Middle East (Arab Countries).							(100)		
Subproject UNC 73-10. Family Structure and Fertility in Pakistan.							(102)		(85)
Subproject UNC 75-1. Relative Merits of Family Planning Development in Reducing Fertility.									(50)
Subproject UNC 75-3. Pilot Program of Self-Instructional Family Planning Materials.									(12)
Subproject UNC 75-5. Inventory of Persons Receiving International Family Planning Training (CCFPA).									(70)
Expansion of Harvard University for Population Studies. Grant to the Center for Population Studies, Harvard University, to provide an expanded program of training, research, and public service. Project 932-11-570-891; esd-3290.					1,458			230	

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF POPULATION—Goal 6—Cont'd.									
Clinical Training of Nurse-Midwives in Family Planning. Grant to the Research Foundation of the State University of New York to expand its program of family planning clinical training of nurse-midwives from LDC's. Project 932-11-570-918; csd-2940.					1,176			121	400
International Development of Qualified Social Work Manpower for Population/Family Planning Activities. Contract with the International Association of Schools of Social Work, New York, N.Y., to introduce relevant population/family planning content into social work curriculums and prepare LDC social workers for more effective service in population. Project 932-11-570-948; csd-2971.					963			368	216
Institutional Development for Family Planning. Grant to the University of Hawaii to develop in the School of Public Health a comprehensive academic center for family planning training, research, and advisory services. Project 932-11-570-952; csd-3310. (See project 932-11-570-620 below.)					774		444	449	
Institutional Utilization of Family Planning. Grant to the University of Hawaii's Medical School and the School of Public Health to develop a center for research in family planning training and advisory services. Project 932-11-570-620; Grant G-1110 (formerly Project 932-11-570-952).									363
Advanced Training to Develop a Leadership Cadre in Preventive Social Work. Contract with the University of Michigan to develop and provide advanced training in social work with a population/family planning specialty relevant to LDC schools of social work. Project 932-11-570-959; csd-3313.					475			63	166
Management of Population Institutional Development Programs in LDC's. Grant to the Population Council to develop professional population/family planning expertise in selected LDCs' research and training institutions. Project 932-11-570-967; csd-3435.						859			
Family Planning Orientation. Contract with the Planned Parenthood Association of Metropolitan Washington, D.C., to establish a family planning orientation and demonstration unit. Project 932-11-580-977; csd-3621.						191	19		136
Development of Advanced Technology Fertility Training Centers. Grants to develop centers to train LDC physicians in the latest techniques of clinical fertility management, including pregnancy termination, sterilization, and backstopping of physicians as they begin establishing advanced technology fertility clinics in their countries. Project 932-11-580-604:									
(a) at University of Pittsburgh, Pa.: CM-pha-G-73-21.							479		
(b) at Washington University, St. Louis: CM-pha-G-73-22.							841		
(c) at American University of Beirut: CM-pha-G-73-23.							257		
(d) at Johns Hopkins University: CM-pha-G-73-24.							1,387		
(e) JHPIEGO project at Johns Hopkins University. Consolidation of (a), (b), (c), and (d) above. (The name is derived from Johns Hopkins Program for International Education in Gynecology and Obstetrics.) G-1064.								3,950	600

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Nonregional–Continued **OFFICE OF POPULATION–Goal 6–Cont'd.**									
Simplified Techniques of Fertility Control. Contract with Johns Hopkins University to establish training programs for development and evaluation of simplified fertility control techniques suitable for use in LDC's and training of LDC physicians in up-to-date techniques of fertility control. Project 932-17-580-548; csd-3627. (See also Goal 3.)							676		
Office of Population nonregional–total	2,079	10,623	17,745	22,518	35,913	50,206	59,422	57,547	59,415
OFFICE OF HEALTH									
Medical Education-Association of American Medical Colleges. Support for a contract with the Association of American Medical Colleges which provides technical advice and information on matters relating to international medical education including training in family planning. Project 931-11-540-212; csd-2587.					24	27	22	20	
Institutional Development and Program Grant (Family Health, Inc.). A grant to Family Health, Inc., New Orleans, La., to develop its capability to provide a variety of services to collaborating institutions in LDC's concerned with family planning programs. Project 931-11-580-957; csd-3311.					954		314		97
Development and Evaluation of Integrated Systems for Health, Family Planning, and Nutrition. Contract with the American Public Health Association to undertake the development and evaluation of integrated delivery systems for health, family planning, and nutrition. Project 931-11-590-971; csd-3423.						1,155		700	540
Teaching Community Medicine, Including Family Planning and Public Health. Partial funding of contract with Harvard University to organize and conduct training courses in teaching methods and curriculum design for LDC instructors including teachers of family planning. Project 931-11-540-975; csd-3613.						22	30	30	30
Role of Voluntary Health Organizations. Partial funding of contract with American Public Health Association to develop and test methodology for strengthening indigenous voluntary health organizations and professional associations to support national objectives in health and population. Project 931-11-590-890; csd-2801.						151	72	—	—
Office of Health–total					978	1,355	438	750	667
OFFICE OF SCIENCE AND TECHNOLOGY									
Remote Sensing Census Project. PASA[1] with U.S. Bureau of Census to provide advice and coordination for an experimental project designed to assess comparative value of remote sensing, particularly earth resource satellite imagery, in improving effectiveness of population and agriculture census activities in developing countries. Project 931-11-995-997; TA(CA)07-73.							200	200	180
Office of Science and Technology–total							200	200	180

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Nonregional–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
OFFICE OF INTERNATIONAL TRAINING									
Training Program for Vital Statistics and Measurement of Population Change. PASA[1] with National Center for Health Statistics, U.S. Health Service, DHEW, to develop and administer a training program in vital statistics registration, and analysis and estimation of current population change, including training. Project 926-11-570-038; IT-1-68.	132	38	40	42	59	59			
Family Planning Seminars and Facilities. Project emphasizes individually tailored training programs, each geared to meet training requirements of professionals in the population, family planning, and related field. Project 926-11-580-045:									
(a) 1-week seminar at Columbia University for participants from the 6th World Congress of Gynecology and Obstetrics.				40					
(b) Planned Parenthood of Chicago–providing management and operational expertise in all areas of family planning, including administration, personnel management, volunteer workers, and community relations; csd-2894; csd-3421.					139	119	130	75	100
(c) University of Connecticut–providing 11-15 week courses for training of trainers; csd-3674.						93	14	100	50
(d) Worldwide Training Program–providing opportunity for training at the request of the field of AID/Washington for participants from countries where there are no AID Missions.						14	206	300	249
(e) National Association of Foreign Student Advisors–to establish a national program of population awareness for foreign students in the United States; CM/otr-C-73-20.							79	96	
Management of Population Programs. Contract with Governmental Affairs Institute of Washington, D.C., to provide a range of expertise required for the administration of national family planning programs. This project is directed at upper- and middle-level management. Project 926-11-580-048; csd-2876.				121	202	113	Completed		
Population Impact on Technical Training Programs. Contract with Governmental Affairs Institute, Washington, D.C., to organize a series of one-week seminars for non-population participants in the United States to give them an awareness of population problem concepts, with special emphasis on the third world. Project 926-11-570-050; csd-2789.				101	146	88	Completed		
Population/Family Planning Training in Puerto Rico. Task Order under contract with the University of Puerto Rico to conduct 3-day seminars to provide an awareness of population growth in relation to economic development for participants receiving training in Puerto Rico. Project 926-11-580-051; ta-403.						17	1		
Office of International Training–total	132	38	40	304	546	503	430	531	399
Nonregional–total	2,211	10,661	17,785	22,822	37,437	52,064	60,490	59,078	60,661

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
AFRICA *Country Projects*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Botswana:									
Maternal/Child Health–Family Planning Training. A multidonor project to support the Government of Botswana's efforts to give priority emphasis to rural social and economic development of an infrastructure for rural health thereby extending maternal child health–family planning services to a greater proportion of the population (690-11-540-032).							510	74	215
Cameroon:									
University Center for Health Sciences. Grant to assist a multidonor project for the development of a regional institution for training physicians and other health workers in a fashion relevant to the African setting (625-11-550-531).						2,500	80		
Ethiopia:									
Study of Births and Deaths. Portion of Public Health Demonstration and Evaluation Project dealing with registration of births and deaths in sample households (663-11-530-055).	23 Completed Sept. 1967								
Demographic Planning. Consultant services to prepare recommendations for grant assistance to family planning and demographic studies in Addis Ababa and selected provinces and to provide a demographic advisor (663-15-570-165).				1	30	Completed			
Training in MCH Care. To assist the Ethiopian Government to expand an integrated health delivery system which will include maternal/child care and family planning (663-11-513-170).						36	21	Completed	
Ghana:									
Family Planning and Demographic Data Development. Three-year project to provide technical and financial support for sample demographic survey, University of Ghana (641-15-570-051).		130	98	20	Completed				
Dunfa Rural Health-Family Planning Program. Contract with the University of California (Los Angeles) to establish a demonstration family planning/maternal and child health program at Dunfa (641-11-580-055).			21	770	393	67	800	740	514
National Family Planning Program Supplies. Five-year project to provide commodity support for the National Family Planning Program. Project provides full support for 2 years with decreased graduated support over remaining 3 years (641-15-580-065).					215	476	Completed		
Population Program Support. Project provides support for participant trainees to upgrade technical capabilities of National Family Planning Program personnel (641-15-580-064).					35	107	234	224	199
Kenya:									
Population Dynamics. To provide an audiovisual expert, a demographer, and a computer programmer for the family planning program in Kenya (615-11-580-141; 165).			133	164	141	478	155	335	230

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects—Continued AFRICA—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Family Planning. To support training, a health education unit, research, and evaluation units in the Ministry of Health as part of a multidonor effort to develop a national capability to make family planning services available to the rural areas (615-11-580-161).									52
Liberia:									
Demographic Household Survey. A 5-year project to develop demographic data by household surveys (669-11-570-109).		14	184	200	141	213	Completed		
Maternal Child Health/Family Health Training. Agreement with DHEW to provide a public health nurse and a nurse-midwife supervisor for the maternal and child health/family health program (669-11-580-110).			95	94	81	95	96	Completed	
Lofa County Rural Health. To restructure the health delivery system and family planning practices of rural health posts and health centers staffed by paramedical personnel and strategically located to serve rural populations (669-11-530-125).									110
Morocco:									
Population/Family Planning. Project provides equipment and supplies to maternal and child health/family planning program and health education, and also to provide services of a cartographer, a demographer, and a computer programmer (608-11-580-112).			156	170	90	14	310	270	200
Demographic Research Center. Established demographic research center to experiment with various methodologies for data gathering and information dissemination (608-11-570-109).						269	200	140	125
Population-Family Planning. Assists Government of Morocco with census and family planning program, especially with training of personnel (608-11-580-089).						134			
Nigeria:									
Nigerian Family Health Training. To increase receptivity for family planning through improving the delivery of maternal and child health/family planning services to the people of Nigeria. Emphasis is on providing training for teams of nurses from various states so they can set up state MCH/FP training centers (620-11-580-789).							830	225	560
Tanzania:									
Manpower Training Program for Maternal and Child Health Aides. To achieve institutional capability to provide comprehensive MCH/FP services to the rural population, as an integrated part of the Ministry of Health rural health program (621-11-580-121).							3,064	1,165	511
Tunisia:									
Family Planning. Jointly supported by the Government of Tunisia, Ford Foundation, Population Council, U.S. Public Health Service, and AID, this project is assisted to reduce population increase by									

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects–Continued **AFRICA–Continued**	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
developing institutional capacity for family planning through a National Family Planning Bureau. The program includes family planning services utilizing all standard contraceptive techniques (664-11-580-224).		260	223	665	858	884	870	562	818
Program Assistance Grant. Grant helps support an International Development Authority loan for renovation and operating costs of maternal and child health/family planning centers.						3,000			
Uganda:									
Population Data. Agreement with the Bureau of the Census to provide a data processing specialist for 2 years (617-11-780-051).			73	25	32	Completed			
Maternal-Child Health Training. Contract with University of California at Berkeley to provide training of personnel in maternal and child health techniques and family planning at Makerere University for regional hospitals and rural family health centers (617-11-570-057).				375	68	125	125	Completed	
Zaire:									
Maternal Child Health/Family Planning. To develop Government of Zaire family planning delivery system by providing maternal and child health/family planning training and formalizing distribution network for family planning information and materials. (660-11-531-049).						610	301	336	328
Regional Projects									
Participation in IPPF Conferences. Support for participants to attend the International Planned Parenthood Federation conferences in Copenhagen in 1966 and in Santiago in 1967.	30	Completed							
Pathfinder Fund Activities. Support for family planning activities carried on by Pathfinder Fund in a number of African countries (698-11-580-189).		250	Completed						
Regional Population Support. Provides AID backstopping for field activities, translation of information materials, and regional population officers, covering all of Africa, stationed in Ghana (932-11-580-166).		9	24	151	297	421	435	Completed	
Regional Demographic Survey Workshop. Agreement with the Bureau of the Census to carry out demographic sampling survey workshops for training of African statisticans (698-11-570-337).			97	28	10		15	Completed	
Census Data Analysis. Contract with Northwestern University to analyze data obtained in census of Douala and Yaounde, Cameroon (625-11-570-512).			36	Completed Sept. 1969					
Regional Population Planning, Population Council. Grant to the Population Council to assist African programs in demography, census, and family planning programs (698-11-580-346).			300		600	275			
Population Census and Demographic Studies. Agreement with Bureau of the Census to assist African countries in carrying out demographic activities in coordination with Economic Commis-					16	Completed			

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Regional Projects—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
AFRICA—Continued									
sion for Africa and United Nations Fund for Population Activities (698-11-570-361).									
University Teaching of Population Dynamics. Contract with University of North Carolina to assist in establishment of Population Centers in selected African Universities (698-11-570-360).					1,034				163
Maternal and Child Health Extension. Contracts with University of California Extension at Santa Cruz and American ORT Federation to improve maternal and child health services and to include child spacing activities in selected African countries (698-11-580-358).					1,414	1,163	685		863
Maternal and Child Health/Family Planning Training and Research Center Development. Grant to Meharry Medical College, Nashville, Tenn., to develop center to improve American competence to assist African countries in maternal and child health/family planning and provide training in it to African scholars (698-11-580-373).					2,231		796		63
Special Population Activities. Provides support for various population activities such as training, assistance to maternal and child health/family planning clinics, and the supply of vehicles or other equipment in 19 countries (698-11-580-500).					97	113	200	334	173
Labor Project. Grant to the African-American Labor Center for motivating and developing a program of African Trade Union involvement in family planning and maternal and child health activities. Four regional seminars and pilot projects involving six countries. First seminar held in the Gambia in September 1972 (698-11-490-363).						65	Completed		
Marketing Research—Population. Tests the effects of an intensive marketing campaign upon acceptance and use of nonmedical contraceptives in a selected rural area of Kenya and determines the potential role of the commercial/private sector in the promotion of family planning (698-11-570-374).						165	245		
Family Planning Courses in Health Training Institutes. Assists African Health Training Institutions to increase/improve their capacity for teaching family planning (698-11-580-359).						57	1,180		
Country projects—total	23	404	983	2,484	2,084	9,008	7,596	4,071	3,862
Regional projects—total	30	259	457	179	5,699	2,259	3,556	334	1,262
Africa—total	53	663	1,440	2,663	7,783	11,267	11,152	4,405	5,124
EAST ASIA									
Country Projects									
Indonesia:									
Family Planning Program. Supports a national family planning program by integrating family planning services into existing health facilities. Major organizations receiving support include the National Family Planning Institute, Armed Forces Medical Division, Indonesian Planned Parenthood Association, Muhammadijah Council of Churches, and the Ministry of Health (497-15-580-188).		270	1,500	430	1,759	2,686	5,829	1,767	1,682

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Korea:									
Health and Family Planning. Assists Korean family planning program by providing funds for direct hire of family planning technicians, consultants in vital statistics training, public school education, teaching methodology, commodities for training in public health, and participant training (489-11-580-649).	151	1,491	1,200	888	1,660	436	200	84	350
Laos:									
Maternal and Child Health/Family Planning. Assists the Lao Government in improving health care to mothers and infants and introduces family planning techniques. First phase of the program concentrated on developing trained medical personnel as a foundation for a nationwide maternal child care and family planning program. Other assistance has been in the form of providing family planning technicians, participant training, construction and renovation of facilities, and commodities (439-11-570-081).			990	1,112	925	500	780	385	349
Philippines:									
Reprints and travel.	60								
Population Planning. Funds family planning activities through the Asian Social Institute; City Health Departments in Angeles City, Davao City, and Manila; Project Office of Maternal and Child Health of the Department of Health; Philippine National Land Reform Council; Philippine Rural Reconstruction Movement; University of the Philippines (UP): Population Institute; U.P. College of Medicine; U.P. Institute of Hygiene; Institute of Maternal and Child Health; Silliman University Medical Center; and the Province of Laguna (492-11-570-220).	210	1,064	1,400	4,948	5,000	6,290	5,774	4,021	3,595
South Vietnam:									
Family Planning–Population Council. Financed Vietnam portion of the East Asia-Vietnam contract, enabling Population Council to expand its training, conference, and assistance programs in Vietnam (730-11-590-200; ea-8).	50	50							
Administration and Health. Provided funds to support various population/family planning activities in the following projects:									
(a) Statistical Services (730-11-780-341).						78			
(b) National Institute of Administration (730-11-770-345).						193			
(c) Public Health (730-11-530-347).						17			
(d) Public Health Services (730-11-530-348).						236			
(e) Health Logistic Support (730-11-590-350).						250			
Population/Family Planning. Assistance to the Ministry of Health (MOH) to extend family planning clinics to all districts; to supply information to Vietnamese officials to demonstrate the economic and health benefits of fertility reduction; to provide training programs for Vietnamese personnel; and to assist in carrying out public information programs (730-11-580-405).				180	238	334	546	704	116
Population Dynamics. To create population awareness through education by:									

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Country Projects–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
EAST ASIA–South Vietnam–Continued									
1) modernization of the curricula for the national educational system to include population awareness information and materials;									
2) development of teaching resources and materials;							276		
3) development of university research. Project also supports administrative training and social and demographic research (730-11-590-416).									
Thailand:									
Family Planning Clinics. Provides equipment for 40 family planning research clinics in provincial hospitals.	25								
Family Planning. Provides family planning technicians, commodities, participant training, and improved and expanded family planning training. Family planning services are now offered to some extent in all 71 provinces (493-11-580-209).		650	1,298	1,295	1,395	1,600	1,789	1,010	528
Regional projects									
Family Planning Seminar. Grant to Economic Commission for Asia and Far East (ECAFE) for family planning seminar.	25								
Asian Family Planning Assistance. Assists the Population Council to expand its family planning program in East Asia and Vietnam (498-11-580-200).	325	325	525	600	800	800			
East-West Center Population Institute. Establishes in East-West Center, University of Hawaii, a program for Asians and Americans to study population dynamics in Asia and the Pacific area (932-11-580-200; ea-32).		1,000	1,083		1,000	750	1,047	([81])	
Colombo Plan. Provides a population advisor to the Colombo Plan and to support a population-family planning program consisting of seminars, workshops, and population educational services in member countries (932-11-580-200).				17	50	50	135	25	
Regional Development (RED). Finances a secretariat for nine Southeast Asia countries to develop regional population–family planning programs (498-11-580-200).				6	65	201	202	69	29
Seminars and Conferences. Promotes population concepts and programs and stimulates Asian institutional involvement in family planning.					27	25			
Seminar for Asia Trade Union Women on Labor and Population. To assist the Philippine Department of Labor to carry out a regional seminar for leading women trade unionists of 15 Asian countries to prepare them to assume a greater responsibility in alternative roles for women in society (932-11-570-609).						-	41	2	
Country projects–total	496	3,525	6,388	8,853	10,977	12,620	15,194	7,971	6,620
Regional projects–total	350	1,325	1,608	623	1,942	1,526	1,425	96	29
East Asia–total	846	4,850	7,996	9,476	12,919	14,446	16,619	8,067	6,649

[81] unding transferred to Goal 1, Office of Population.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Regional Projects **LATIN AMERICA**									
Latin American Demographic Center. Grant to the Latin American Demographic Center (CELADE), Santiago, Chile, to strengthen demographic research in Latin American institutions, support field studies and research projects, and teach demography to Latin American trainees (598-15-570-459, AID/la-200, and AID/la-603).	240	294	361	316	300				
Demographic Research and Training. Grant to the University of California for research in demography and for improving the quality and increasing the quantity of demographic expertise (598-15-990-438, AID/la-247).	164 Completed								
Sociological Study of Family Structure. Grant to the University of Notre Dame to provide assistance to selected institutions in developing and conducting studies in population dynamics and family structures (598-15-570-455, AID/la-309).	417	96	Completed						
Assistance to Latin American Family Planning. Grant to the International Planned Parenthood Federation (IPPF) Western Hemisphere to support family planning organizations and programs in Latin America (598-15-580-457, AID/la-308, and AID/la-523).	346	500	1,964	1,750	2,000				
IPPF Conference. Grant to International Planned Parenthood Federation for partial costs of International Conference in Family Planning held in Chile, April 1967 (598-15-990-457, AID/la-468).	100	Completed							
Research and Analysis of Population Growth in Latin America. Grant to the Population Council to expand analytical activities relating to population growth problems and to sponsor research studies, pilot projects, consultation on problems of research design, and data collection and analysis (598-15-570-456, AID/la-286, AID/la-549, and AID/la-604).	400	300	993	1,115	891	1,884			
Assistance to Country and Regional Postpartum Projects. Grant to the Population Council to expand its support to hospitals providing postpartum family planning information and services (598-15-570-456, AID/la-550).		525	619	720					
Research Training in Population Dynamics with Relation to Public Health and Medical Care. Grant to the Pan American Health Organization (PAHO) to develop and carry out a program in population dynamics and its relationship to public health and medical care and support development (932-15-570-470, AID/la-430, AID/la-547, AID/la-551, and AID/la-552).	175		2,346	553	2,750		2,703		
Study of Family Size and Family Growth. Grant to the Latin American Center for Studies of Population and Family (CELAP) to conduct research in sociology, psychology, and anthropology focused on family size and population growth (598-15-570-460, AID/la-266).	560	200	230	350					
Research, Training and Production of Educational Audiovisual Materials. Grant to the Colombian Institute for Social Development (ICODES) for production of movie film and film strips on family planning in social development (598-15-990-438, and AID/la-298).	40	Completed							
Communications Techniques in Population Programs. Contract with Design Center, Washington,	2								

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Regional Projects–Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
LATIN AMERICA–Continued									
D.C., to report on communications as related to population program support (598-15-990-425, AID/la-232).									
Sociological Research in Rural Areas. Grant to the Federation of Institutes for Sociological Research of Latin America (FLRES) for research in rural areas (598-15-990-438, AID/la-417).	140		Completed						
Advisory Services. Project provides for the development and evaluation of innovative family planning programs, especially in the field of education, information, and communication, and for consultants' services and seminars related to implementation of population programs (932-15-570-438, AID/la-672, LA(HA)17-69, AID/la-123).	34	29	53	153	784	1,412	1,434	1,698	1,026
Assistance for Regional Organization for Central America. Program for Health and Demographic Studies (596-15-570-023).	243	424	186	260	209				
Translation and Distribution of Population/Family Planning Information Materials. Allotment of funds to Regional Technical Aids Center (RTAC) to translate and distribute informational materials regionwide (598-15-580-477).		100	54	62	65	140	300	350	220
Assistance to Latin American Family Planning Services. Grant to The Pathfinder Fund to increase support to interested nonaffiliated institutions and individuals by making available small amounts of financial assistance and contraceptive supplies (598-15-570-471, AID/la-599).			300		800				
Demographic and Family Planning Training and Development of Audiovisual Materials. Grant to the Pan American Federation of Associations of Medical Schools to conduct seminars in the teaching of demography in medical schools (inclusive of family planning) throughout the region, to conduct workshops in teaching of family planning in obstretics and gynecology courses, and to develop audiovisual materials for teaching population dynamics and family planning in medical school curriculums. (932-15-580-479, AID/la-605).			150	241	362	475	456	300	150
MCH/FP Model Delivery System. Contracts with the Family Health Foundation, New Orleans, La., and with the University of Wisconsin to develop and test low cost/high coverage integrated health/family planning systems (932-11-580-610, CM/pha-C-73-35 and C-1038).							2,500	307	34
Country projects–total	1,539	5,457	3,071	5,437	7,085	7,223	6,230	4,792	4,238
Regional projects–total	2,861	2,468	7,256	5,520	8,161	3,911	7,393	2,655	1,430
Latin America–total	4,400	7,925	10,327	10,957	15,246	11,134	13,623	7,447	5,668
NEAR EAST AND SOUTH ASIA									
Country Projects									
Afghanistan:									
Population–Family Planning. Assistance in building a stronger base for strategy planning, decision making, and program implementation in population/family planning activities. A university team under a long-term contract will initiate this		10	87	130	1,740	275	1,144	1,517	479

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Country Projects–Continued									
NEAR EAST AND SOUTH ASIA–Afghanistan–Continued									
process by conducting, with Afghan assistance, a sample census survey of the population (306-11-570-170).									
Bangladesh:									
Population–Family Planning. Aids the Government of Bangladesh in reducing population growth rate through support in contraceptive supplies, family planning equipment, training, and advisory services (388-11-580-001).							1,524	38	
India:									
Population–Family Planning. Assists the Indian Government to accelerate its population–family planning program by providing a 19-man U.S. advisory staff, a training program in the United States and in other countries, local currency for key research and demonstration activities, and in fiscal 1970, granting $20 million for U.S. imports in order for the Indian Government to spend an equivalent amount for rupee local currency (386-51-580-332, 386-1642).	127	97,721	730	20,318	540	512	130		
Nepal:									
Population–Family Planning. Assists the Nepalese Government to develop and expand the organization necessary to initiate a nationwide population–family planning program by providing advisory services, training in the United States and in other countries, and selected equipment and supplies (367-11-580-096).		299	222	413	706	310	1,331	649	298
Pakistan:									
Population–Family Planning. Aids the population–family planning project through commodity support and by strengthening the government's program in training, evaluation and planning, and improvement of demographic statistics (391-11-58[illegible]56, -370, -384, and -393).	210	1,031	2,297	2,000	2,078	282	6,248	606	661
Turkey:									
Family Planning. A development loan to purchase U.S. vehicles for use by the Turkish family planning program in rural areas, and for vehicle maintenance and audiovisual equipment; technical assistance in demographic education (Loan 22[illegible]-41-068; 227-11-580-595).	2,100				77		91	302	
CENTO:									
Population–Family Planning. To finance training of leaders of family planning programs from Iran, Pakistan, and Turkey; also preparation for CENTO (Central Treaty Organization) workshops and seminars (290-11-580-250).			13	47	40	16	3	26	35
Regional Projects									
Family Planning Expansion. Grant to Pathfinder Fund to assist private organizations in countries in Near East and South Asia to expand family planning operations (298-15-580-010).		350	270			350			

*Includes $2.7 million loan to India for program vehicle parts.

AID PROJECTS IN POPULATION AND FAMILY PLANNING, FISCAL YEAR OBLIGATIONS (Continued)

Description and purpose	1965-67	1968	1969	1970	1971	1972	1973	1974	1975
Regional Projects—Continued	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
NEAR EAST AND SOUTH ASIA—CENTO—Continued									
Postpartum Program in India. Grant to Population Council to support a postpartum family planning program in 150 hospitals (298-15-580-019).		100				100			
Family Planning Training. Grant to Planned Parenthood Association, Chicago, training program to provide training in Chicago to family planning professionals at varying levels of education and competence (298-13-995-015).		200							
Middle East Population Center Study. Grant to American University in Beirut to study possibility of a population center in the Middle East (298-13-995-015).		5							
Colombo Plan Advisor. To support a Population Advisor to the Colombo Plan countries (298-15-580-019).			30			40			
Family Planning and Health Services. A study by Johns Hopkins University on integration of family planning with rural health services in India. (298-15-590-019).			575		630	908			200
Middle East Survey. To survey demographic patterns, socioeconomic factors, and family planning policies in Middle East countries (298-15-590-019).			86		29				
Research Triangle Institute. Contract with Research Triangle Institute to undertake information and data synthesis and analysis as assistance to regional strategy planning (298-15-590-019).				277	480				
Regional Family Planning, Consultants.			2						
Population/Family Research in the Middle East. Grant to American University in Cairo to support a 5-year research program (932-15-570-109; nesa-547).					270		270	60	200
Introduction of Family Planning in Rural Health Clinics. Contract with Medical Assistance Programs, Inc., to integrate family planning into basic health services (298-15-580-110).						107			
Country projects—total	2,437	9,061	3,349	22,908	5,181	1,395	10,471	3,138	1,473
Regional projects—total		655	963	277	1,409	1,505	270	60	400
Near East and South Asia—total	2,437	9,716	4,312	23,185	6,590	2,900	10,741	3,198	1,873
Country and regional total	7,736	23,154	24,075	46,281	42,538	39,747	52,135	23,117	19,314
U.N. FUND FOR POPULATION ACTIVITIES									
The United States contribution covering its part of the support for the population programs of the United Nations.		500	2,500	4,000	14,000	29,040	9,000	18,000	20,000
AID OPERATING EXPENSES	524	435	1,084	1,469	1,893	2,414	3,929	12,300	10,000
GRAND TOTAL	10,471	34,750	45,444	74,572	95,868	123,265	125,554	112,445	109,975

DATA TO SUPPORT AID FINDINGS

Mr. LONG. Can you cite any figures from organizations not supported by AID funds which will support the argument that current family planning programs are working?

Dr. RAVENHOLT. Because of the great need AID has for fertility data and analysis, and a general shortage of topflight analysts, there are not many demographers of note or institutions who have not received at least some minor funds directly or indirectly from AID.

The demographers of high reputation are also persons of high integrity. Their views of the world would not be altered by virtue of the fact that they receive funds from AID. The Office of Population Research at Princeton University has received only minimal funds from AID, mostly in the form of small subcontractors from AID contractors, and occasionally consultancies for individual staff members. You mentioned Dr. Ansley Coale from that institution in one of your statements. Dr. Coale has examined the data from several countries and has indicated that he believes fertility has declined and that the declines are related to family planning activity. One of Dr. Coale's students prepared a study of Colombian fertility which shows a decline of 20–25 percent between about 1967 and 1972. The birth rate in 1972 was estimated at 32–33. Some AID funds might have indirectly supported part of this work.

A number of LDC's have good registration data which has not received AID support, and most of these countries show fertility declines.

Mr. LONG. Thank you. Mr. Bevill?

FUNDING OF AFRICAN POPULATION PROGRAMS

Mr. BEVILL. The greater part of the money to go to African countries will be in the form of grants. Do you expect a shift within the next few years to a program containing more loans? Do you expect during the next few years an increase in the amount of money that these countries dedicate to the control of their own populations?

Dr. RAVENHOLT. The small size of AID's population assistance programs in Africa literally do not make loan funding a realistic alternative at this time. Also, grant funding is preferred in the startup phase of a country's population program. Until a country's program has matured to the point where there is a high level of government and private commitment to population and family planning activities with substantial host country resources allocated to programs, grant funding of AID assistance is more effective. All African programs are still in the startup phase.

There is an increasing level of popular and government support in Africa for providing information and means for spacing and limiting births although the objective is most often seen as a health or human rights matter rather than one of population control. Although few hard data are available, it is virtually certain that an increasing amount of African resources will be allocated to population and family planning as existing programs expand and more countries establish family planning services.

PERCENTAGE OF UNFPA'S CONTRIBUTION TO POPULATION ASSISTANCE

Mr. BEVILL. What percentage of total population assistance funds is presently being provided by the U.N. Fund for Population Activities? What percentage of the UNFPA money is currently provided by the United States?

Dr. RAVENHOLT. In 1975, about 28 percent—$63 million—of total population assistance funds—$225 million estimated—was provided through UNFPA. In 1975, the United States provided 32 percent—$20 million—of the UNFPA money. In 1976 the UNFPA seeks $90 million of which the proposed U.S. pledge would be 28 percent. For 1977, the proposed U.S. pledge of $25 million would be 25 percent of the UNFPA fundraising target of $101 million.

BILATERAL POPULATION PROGRAMS IN OTHER DEVELOPED COUNTRIES

Mr. BEVILL. What other developed countries have bilateral population assistance programs and what amounts are provided for this purpose?

Dr. RAVENHOLT. The other countries provide population assistance funds primarily through multilateral agencies. To the extent that these countries have bilateral assistance activities, they are contained in integrated projects, particularly in the health sector. Actual amounts for bilateral population assistance are not broken out separately. Countries in this category are Japan, Norway, and Denmark. Sweden in 1975 provided about one-third of its total population assistance bilaterally. The United Kingdom provided about 25 percent bilaterally.

DECREASE IN BIRTH RATES

Mr. BEVILL. It was stated at the hearings last year that in every country where family planning programs were implemented in the sixties there was a remarkably rapid drop in fertility. Is this result still holding true? In the countries in which there have been programs for a number of years, is there still a direct relationship between money spent and the resulting drop in fertility, or is this spending subject to the law of diminishing returns?

Dr. RAVENHOLT. Evidence has emerged during the last year showing rapid decrease in birth rates in Indonesia, the Philippines, Thailand, and Columbia—which have a combined population of a quarter billion, and have received approximately $100 million of USAID population and family planning assistance during the last decade.

There is a direct relation between moneys made available and program impact and it appears that the essential work can be done within the assistance level of about $1 per capita during a decade.

When larger levels of support have been made available, for example, several dollars per capita per decade, much of the assistance has gone for construction and other less essential actions. Indeed a point of diminishing returns is reached somewhere between $1 and $2 per capita per decade.

LENGTH OF POPULATION PROGRAMS

Mr. BEVILL. In the testimony last year, it was stated that your programs were, on the average, being developed and handed over to the recipient country in about 10 years. Has this average period of time lengthened? In what countries has it taken longer than 10 years, and why has it taken longer in these countries?

Dr. RAVENHOLT. Experience has demonstrated that where there is a strong commitment to solution of population problems by key country leaders and appropriate support from USAID and other donors, rapid and substantial decrease in fertility can be achieved within a decade or a little longer and the developing country can assume responsibility for control of its fertility. A group of about 10 countries have advanced to a level of family planning program effectiveness where we can begin to consider graduating them from USAID bilateral population program assistance in the near future. These countries include Indonesia, the Philippines, Thailand, Tunisia, Colombia, Costa Rica, El Salvador, Panama and Jamaica.

USAID assistance to these countries began in 1967 or 1968 and hence will be completed in about one decade.

In a number of countries such as India, Pakistan and Bangladesh, the population and family planning action has been interrupted by wars and changes in political leadership. Also, a number of countries, especially in Africa, will take longer than 10 years because family planning programs have been poorly designed.

Mr. BEVILL. Thank you, Mr. Chairman.

Mr. LONG. Thank you, Mr. Bevill. Mr. Conte?

POPULATION OF WOMEN 20–29 YEARS OLD

Mr. CONTE. Last year as you know, this subcommittee had a special hearing on population. Several of the outside witnesses mentioned that we must first look at the population of women 20–29 years old. We now have 200 million women of that age, by 1995 we will have roughly 380 million. Will this type and quality of population control assistance be adequate to the challenge of this many women of child bearing age?

Dr. RAVENHOLT. The rapidly increasing number of young women of reproductive age in developing countries poses a particular challenge. It can be met if large supplies of oral contraceptives, condoms and other means are made fully available. In general there are many obstacles to actual availability of services, money, travel time, waiting time, physical examinations or other inconveniences. Restrictions such as physician prescription requirements when no physicians are available limit real availability.

AID is attempting to increase real availability in several ways. The provision of contraceptive services through traditional clinical health systems is being expanded but this is costly both in funds and time. Successful efforts are being undertaken to remove prescription requirements for oral contraceptives and to promote the use of quickly trained auxiliary health personnel as deliverers of family planning services.

In addition, private sector doctors and other health personnel as well as voluntary organizations are encouraged to participate in providing family planning services. One of the more promising efforts currently underway is to provide family planning services on an outreach basis beyond the clinic system either through commercial channels or through village or household distribution systems. Demonstrations of the delivery of family planning contraceptives through commercial outlets in LDC's are very encouraging. Because the delivery system cost is minimal or free, commercial outlets enable the establishment of 10 or 100 times the possible number of clinical outlets. Recent demonstrations of the delivery of family planning contraceptives at village resupply depots or even to individual households indicate that the utilization of family planning services can be multiplied many fold over that usually accomplished through clinical distribution.

In order to reach a stable population, it is necessary for approximately two-thirds of married couples to practice family planning. Only a few programs such as the Singapore program have reached that goal. Other good country programs reach 30 to 50 percent of couples with contraceptive services. In all of the LDC's perhaps 15 percent of the eligible couples are currently using effective methods of fertility control. Thus we have accomplished something like 20 percent of what needs to be done. We have reasonably adequate techniques and knowledge of necessary organizational patterns to accomplish our goal, but this will require more time, staff, and funds.

POSTPONING AGE OF MARRIAGE

Mr. CONTE. Another thing that came out of the hearing last year was that the Chinese were having considerable success by postponing the age of marriage. This encouraged fewer children and those that were born were healthier. Is this approach being taken through any AID programs? Is any research being done through AID?

Dr. RAVENHOLT. The reported Chinese success in postponing the age of marriage is quite impressive. In large part, this achievement evidences the powerful impact that a government can have through legal changes and the marshaling of social pressures to alter marriage patterns. The potential for such action in China is not, of course, typical of the developing world. In many countries, the capacity of governments to modify marriage practice through changes in age of marriage laws is very limited, if for no other reason than that cohabitation is as common as legal marriage. Moreover, other governments tend to view with concern any AID initiatives to modify their legal code. AID's role, therefore, is to help other countries become more aware of the great potential of changes in the age of marriage to bring about fewer births. Two ways in which AID works to increase awareness of this factor is through support for the codification of laws bearing on population programs and through research efforts focused on the relationship of the status of women to fertility behavior, including the age of marriage.

FAMILY PLANNING SERVICES CONTROLS

Mr. CONTE. What is being done to limit contraceptive black markets from springing up and hiking the price as was done in Bangladesh?

Egypt and Turkey had this problem and it caused miniepidemics of abortions.

Dr. RAVENHOLT. There is no doubt, Mr. Congressman, that modern, safe, and effective contraceptives are a very precious commodity to the fertile-age couples of the developing world. Where the supply is inadequate to the numbers to be served, black markets will indeed spring up and flourish. Certain couples will be priced out at the price levels charged in the black markets and will, as you noted, resort to the medical threat of illegal abortions in their desperation.

There are two measures which have significant impact on preventing or reducing black market activities. These are an adequate supply of the desired commodity and a system for checking the prices being charged for the commodity. Both of these stratagems are being used by AID whenever possible. It is our policy for our bilateral and intermediary programs to have a year's supply of contraceptives in-country and a year on order to provide coverage for 10 percent of the fertile-age women and 5 percent of the males. We have achieved this level of supply in our major programs, thus reducing the scarcity factor in black marketing activities.

The other half of the equation, price-checking, is a regular part of AID contraceptive retail sales projects. All contractors involved in this work are required to set up and report on price checking. Furthermore, prices are marked prominently on the packages and are announced frequently in radio and newspaper advertisements. Our contraceptive retail sales programs have been underway for less than a year, but they have shown that they can cut into the cost of contraceptives in the open market. Presumably they are having an even stronger impact on black market activities which, in the absence of AID's subsidized contraceptives, would flourish at the expense of those most in need of family planning.

CONTRACEPTIVE DISTRIBUTION SYSTEMS

Mr. CONTE. What efforts are being made to correct supply shortages and poor distribution? If a farm woman has to hike 20 miles to a clinic to receive one cycle of pills, she isn't going to do it every month.

Dr. RAVENHOLT. In cooperation with other donors and host country governments, AID attempts to maintain a minimum stockpile in-country of oral contraceptives and condoms equal to the requirements for 1 year for 15 percent of the eligible couples. In order to assure that this supply will be made available in the remote areas of the country, we are also making available consultation services to assist in developing adequate distribution facilities in the developing countries. Furthermore, in order to assure a wide distribution of outlets, we are experimenting with development of subsidized retail distribution programs utilizing regular commercial channels which reach out into remote rural areas of the country.

AID is encouraging the nonclinical distribution of pills and condoms and procedures which give at least a 3-month supply to acceptors. A high priority is the placement of delivery outlets which allow couples to receive contraceptives without leaving their communities. To encourage such systems, AID is sponsoring household distribution projects in Egypt, Tunisia, Bangladesh, Korea, and Taiwan.

Nine other such projects will be initiated during the next 2 years. In these projects, the initial supply of contraceptives is delivered to the person's doorstep. Resupplies are obtained from village depots. Initial results from these efforts show an increase in contraceptive-use prevalence from 31.3 percent to 39.5 percent in one project and from 1 percent to 16 percent in another project. In addition, these systems have cost-effectiveness ratio that are within the wherewithal of the host countries.

PHASING DOWN AID'S POPULATION EFFORTS

Mr. CONTE. Your justification on page 71 indicates an intent to phase down population efforts in several countries which have a declining birth rate, such as Korea and Taiwan. Would it not be wise to keep up our effort so as to accelerate this decline?

Dr. RAVENHOLT. We believe the most crucial contribution of the U.S. foreign assistance program is to assist developing countries in initiating adequate action programs aimed at reducing fertility. Thus, the most important bilateral assistance goes to enable such countries to revise their policies, to develop a substantial cadre of trained personnel, to make family planning services broadly available, and to achieve substantial reduction in birth rates. We believe that once family planning programs and service delivery systems are well established with broad availability and use of effective means of fertility control, and birth rates are falling rapidly, that the United States can terminate its bilateral assistance without disrupting the momentum of that program. If population funds were somewhat more abundant, then it might be desirable to provide assistance for a few additional years to further accelerate program implementation and fertility decrease. But given the limited funds available, it is necessary to choose between further extension of well directed and initiated family planning programs in countries where this action is already substantially advanced, or using such scarce funds for initial and, we believe, most crucial initiation of family planning programs in other countries.

We believe that Taiwan and Korea and soon a number of additional countries will continue the further implementation of their family planning programs even without further AID assistance, whereas many countries, especially in Africa, more urgently need assistance to get started.

POPULATION POLICIES IN BRAZIL AND BURMA

Mr. CONTE. Have Brazil and Burma become any less sensitive about birth control? As I remember these two have been especially hesitant in recent years.

Dr. RAVENHOLT. At the World Population Conference in Bucharest in 1974, Brazil publicly announced a new population policy designed to provide family planning services to the relatively poorer classes of its population. The implementation of this policy has been slow, but Brazil has gradually displayed decreasing sensitivity to discussion of birth control issues. Nevertheless, Brazil does not as yet have a forthright policy and program to make family planning services available to all of its population. There is discernible progress but still a long distance to cover before its policy and programs rival those of Mexico.

In the case of Burma, there is no significant progress to report. The government is still unwilling to adopt a policy that would reflect concern over population growth and family planning materials continue to be smuggled rather than the subject of legitimate importation. In the case of both Brazil and Burma, AID's population program staff has been largely unable to promote any discussion of family planning issues with their counterparts in these governments.

LOCAL MANUFACTURE OF CONTRACEPTIVES

Mr. CONTE. Would it not be helping solve two problems for the price of one by establishing facilities for contraceptive production in developing countries? What is being done in this direction?

Dr. RAVENHOLT. The International Contraceptive Study Project report states that local production (labeling and packaging) of oral contraceptive pills in developing countries is feasible and being undertaken in some developing countries, for example, Egypt, Turkey, Iran, Pakistan, Thailand, Indonesia, India, Malaysia, Korea, Vietnam, Philippines, Taiwan, Mexico, Brazil, and Venezuela. Also condom production has actually started in some developing countries, for example, Korea, Taiwan, Indonesia, India, Malaysia, Pakistan, mostly by affiliates of Japanese or English producers, by license agreements and supply of equipment. Malaysia is the main source of good latex, but other countries are improving the quality of their latex; for example, Indonesia, India, and some South American countries. However, it should not be assumed that the establishment of facilities for contraceptive production in developing countries is necessarily cost effective. The production of oral contraceptives and condoms requires extensive investment in complex machinery and highly skilled workers, therefore, not providing the job opportunities for unskilled workers which would be desirable in these countries.

ADEQUACY OF RESEARCH FUNDING

Mr. CONTE. One of the complaints that the outside witnesses had was that there was not enough research and evaluation money. In Costa Rica, for example, the birth rate declined, but they are not sure what caused it. Do you feel we are wasting program effort because we don't have enough research and evaluation to find out how well different programs work and why?

Dr. RAVENHOLT. AID has attempted to develop a balanced program which allocates adequate funds to research and evaluation activities. For example, about 10 percent of funds have been set aside for population research annually. In the past few years, the decrease in appropriations has put additional pressure on funds available for research. This has resulted in a slight decline in research funding because support of action programs has of necessity been a highest priority. Even so, adequate funds have been available to allow asessment of major family planning programs and to maintain a strong research and evaluation program. In the past years, AID has strengthened procedures to insure adequate evaluation of all population projects.

In fiscal year 1975, AID obligated a total of $13.5 million out of the $100 million operational budget for research activities and activities with significant research components. Of this amount, $7.3 million

was for projects which are entirely research. The distribution of these projects was as follows: descriptive demography $6.1 million, social science research $1.4 million, operational research $2.2 million, and biomedical research $3.8 million.

POPULATION FUNDING SPENT IN THE UNITED STATES

Mr. CONTE. How much of the interregional population funding ends up being spent in the United States?

Dr. RAVENHOLT. Of the proposed fiscal year 1977 population program of $154.1 million, $69.6 million is programed for the interregional program managed from AID/Washington, of this total $11.2 million is allocated for centrally purchased contraceptives—orals and condoms—and the remainder is used for interregional program activities. All of the $11.2 million for contraceptives is spent in the United States. Of the remaining $58.4 million, we estimate that about 20 to 25 percent will be spent in the United States by U.S. university contractors and other intermediaries such as IPPF, Pathfinder Fund, and so forth. The funds in the United States will be spent for technical and administrative staffs extending services to country population programs.

FOOD AND POPULATION PLANNING

Mr. CONTE. One argument I have been trying to make for years in support of the population program is that increasing the amount we spend on population planning now will reduce the need for food assistance, et cetera, later. Have you put together any data to indicate this effect?

Dr. RAVENHOLT. We are in full agreement that investments in family planning now greatly reduce the needs for all kinds of assistance in the future. A number of our projects have combined population projections, under alternative assumptions about family planning, with projections of needs for food, health services, education, housing, et cetera, in order to help specific countries estimate the value of more energetic efforts now to prevent births. In several instances to date, cooperating country experts have presented these projections to their governments and have convinced these governments that stronger population policies and programs should be adopted.

Mr. CONTE. How is the research which AID sponsors disseminated to the LDC's?

Dr. RAVENHOLT. A key factor in successfully fostering and accelerating population/family planning programs and policies in less-developed countries can be the rapid collection, analysis, and dissemination of all available relevant findings resulting from research sponsored by AID and others. To insure the rapid availability of research findings, AID has taken a number of steps:

(a) All research projects are required to consider dissemination and utilization of findings in the original design and report publications and utilization to AID.

(b) Many projects are undertaken in LDC settings with LDC collaborators who are situated so as to rapidly make use of any findings.

(c) AID sponsors communication programs and training programs such as the Johns Hopkins Program for International Education in

Gynecology and Obstetrics (JHPIEGO) project at Johns Hopkins University to insure rapid dissemination of new knowledge and methods.

(d) AID research contractors provide information to a population information program which disseminates data from research findings on contraceptive devices, techniques, and equipment, family planning delivery systems, and current laws and policies worldwide. Because of the rapid advances of biomedical technology in the field of fertility control and the wide variety of family planning delivery methods now being implemented, there is an important need for timely, accurate, and complete information on these particular areas. In order to accomplish this objective, in June 1972 the Agency initiated the population information program under contract with the George Washington University. This project is successfully gathering, updating, analyzing, and abstracting information and data on worldwide research in the areas such as: steroidal contraceptives, intrauterine devices, female sterilization, male sterilization, rhythm, law and public policy, and family planning programs. This information is made available through a computerized data base and a series of population reports published about monthly and distributed worldwide to policymakers, physicians, researchers, health professionals, population experts, and others concerned with family planning programs in developing countries, as well as to major health training and medical education/information centers. To date 45 population reports have been prepared on all aspects of fertility control mentioned above. About 85,000 copies of each population report are being distributed in four languages (English, French, Spanish, and Portuguese) utilizing a computerized mailing list capable of distinguishing the above mentioned target audiences. The computerized data base includes approximately 32,000 abstracts of biomedical and scientific articles which are abstracted and indexed for rapid computer retrieval.

SETTING OF POPULATION RESEARCH PRIORITIES

Mr. CONTE. Who set the research direction and guidelines?

Dr. RAVENHOLT. Research programs are funded in accordance with the Federal procurement regulation for research and development grants and contracts. Selection of topics for study is based mainly on program needs of LDC field settings. AID sponsors an applied or goal directed population research program which seeks to obtain new knowledge and methods relevant to LDC population problems. The general areas of research are as follows: (1) Demographic research to provide new demographic information and new methods of efficiently carrying out demographic measurements in the LDC setting, (2) social science research to better understand interrelationships between the determinants and consequences of demographic variables and to allow development of appropriate population policies, (3) operational research to determine the most efficient and effective ways of delivery family planning services and (4) biomedical research to develop new and improved means of fertility control. AID encourages the development of LDC population research with objectives set by the needs of the individual country; however, AID strives to insure such pro-

posals are scientifically sound and address questions of adequate importance to warrant funding.

U.S. AND FOREIGN PERSONNEL EMPLOYED IN POPULATION PROJECTS

Mr. CONTE. In going through the project justifications, I see many references to U.S. technicians, project directors, program officers, et cetera. Could you provide the total number of U.S. and the total foreign personnel that are employed in the population projects?

Dr. RAVENHOLT. The number of personnel employed in regional, interregional and bilateral projects funded by title X, including AID direct hire personnel and those under PASA, universities and private organizations, total about 1,400 U.S. nationals and 800 non-U.S. nationals.

Mr. CONTE. Are these AID employees or private individuals?

Dr. RAVENHOLT. Of this total of 2,200 persons involved in population/family planning work through title X, 113 are AID direct hires including 61 professionals and 20 clericals in AID/Washington and 32 population officers stationed overseas.

U.S. SUPPORT TO UNFPA COMPARED TO OTHER NATIONS

Mr. CONTE. What is the level of United States support of the United Nations Fund for Population Activities as compared to other nations?

Dr. RAVENHOLT. Here is the information you request:

	Total contributions to UNFPA	Total United States contribution to UNFPA	Percent of total by United States
1974	$54.1	$20	37
1975	63.0	20	32
1976 target	90.0	[1] 25	28
1977 target	101.0	[1] 25	25

[1] Requested from Congress.

BILATERAL FAMILY PLANNING ASSISTANCE TO LDC'S BY NATIONS OTHER THAN THE UNITED STATES

Mr. CONTE. What other nations have bilateral population planning aid to LDCs?

Dr. RAVENHOLT. Sweden and the United Kingdom provide separate assistance for population planning on a bilateral basis. Several other countries provide funds for these purposes through intermediary organizations or in combination with other forms of bilateral assistance.

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Mr. CONTE. What does UNFPA accomplish that additional bilateral support cannot?

Dr. RAVENHOLT. Population is a global problem that is as sensitive as it is acute in some countries. Its complexity, scope and political dimension demand international cooperation in search of solutions and international coordination on implementation of solutions found.

Multilateral-sponsored programs may be invited where no bilateral assistance would be acceptable. The expertise which the UNFPA can call upon is truly international, offering diverse backgrounds and training.

FISCAL YEAR 1975 CONTRIBUTIONS BY PRIVATE VOLUNTARY ORGANIZATIONS

Mr. CONTE. How much is contributed annually by private voluntary organizations to the developing nations?

Mr. FURMAN. Private contributions in cash and kind to American voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid amounted to $688,370,618 in calendar year 1974. In calendar year 1975, 82 out of 94 registered agencies received $579,-314,934 in private contributions.

Mr. CONTE. Do these PVO's support programs that complement the AID efforts?

Mr. FURMAN. Those PVO programs supported by AID generally complement or fall within AID development assistance strategies as defined by regional bureaus and the 1973 Foreign Assistance Act.

One of the underlying assumptions of the new grant program for PVO's is that development and operational program grants, assist voluntary agencies and their counterpart organizations in strengthening or redirecting their efforts their energies toward more development-oriented concerns. As a result, the total volume of resources that they commit to LDC development tasks would be meaningfully increased. It is still too early to assess the effect of these grants on other than AID-financed programs.

Mr. CONTE. How much would it cost AID to take over all the private voluntary programs? Would that be more or less efficient?

Mr. FURMAN. AID's purpose in introducing these new grant mechanisms is to assist the private and voluntary agencies to manage their own programs more effectively. In no way do we want to encourage increased dependence on AID fundings. PVO's have unique attributes, approaches, and relationships which cannot be duplicated by government and which cannot always be translated into dollar figures. In that sense, it would be much too costly and less efficient to take over all PVO programs.

HEIFER PROJECT INTERNATIONAL (HPI), TANZANIA

Mr. CONTE. Could you tell this subcommittee about the Heifer Project International in Tanzania?

Mr. FURMAN. In 1973, the Tanzanian Ministry of Agriculture entered into an agreement with HPI to improve its national dairy herd by enlarging the state farm herds and, after a period of 3–4 years, delivering the offspring to small dairy farmers. In August 1974, on an experimental basis, 70 heifers were donated by HPI with shipping costs paid by Tanzania.

Upon the successful progress and health of the initial shipment, another herd of 140 heifers were delivered, AID paying the cost of the heifers. $30,000; shipping costs, $110,000; and for veterinarian and related technician costs, $12,000.

Although promptly vaccinated and given antibiotics for stress upon arrival, three heifers died from hoof and mouth disease and four died from accidents. The remainder are at the Kitulo Range pending distribution to the 17 dairy farms being developed by the Tanzanians.

As part of the program, HPI is providing two veterinarians for a 2-year period, dairy technicians to help 17 large-scale dairy farms, and 6-month managerial training programs to be held in the United States for 25 Tanzanian dairymen.

PVO'S CAPACITY TO BEGIN AND MAINTAIN PROJECTS

Mr. CONTE. Has the capacity of PVO's to begin and maintain projects proved to be as good as expected?

Mr. FURMAN. A substantial number of organizations have received operational program grants for specific development projects in LDC's. In fiscal year 1975, 38 private and voluntary agencies were awarded these grants, and to date in fiscal year 1976, 26 operational program grants have been approved. Many more are being considered under the Indonesia and Bangladesh cofinancing arrangements.

It is still too early to assess the impact of the development program grants on the implementation of new projects in LDC's. Nevertheless, many PVO's have already improved their planning and coordination capabilities at the field level through the testing of programing models and evaluation systems, the organizing of workshops for field staff and LDC counterpart personnel, and the development of new program designs, resources, and relationships with other PVO's, both United States and indigenous. In addition, some agencies have been requested by AID missions and international agencies to assist in project design and implementation tasks and several organizations have received or are developing operational program grants.

FISCAL YEAR 1976 AND 1977 DEVELOPMENT PROGRAM GRANTS BUDGET

Mr. CONTE. How much of the PVO budget is spent on development program grants? How does that compare with last year?

Mr. FURMAN. For development program grants $5.7 million is estimated in fiscal year 1976; $2.8 million for the transition quarter; and $8.8 million for fiscal year 1977. In fiscal year 1975, $5 million was obligated for this purpose; this is approximately 6.4 percent of the total amount spent on grants and contracts to PVO's for that year.

REIMBURSEMENT FOR SHIPMENT ABROAD

Mr. CONTE. How much food, medicine, et cetera, do you estimate the PVO's will collect this year for reimbursable shipment abroad?

Mr. FURMAN. During fiscal year 1975 voluntary agencies sought reimbursement for shipments valued as follows: food $100,576,559, clothing and textiles $26,774,010, medical supplies $34,135,941 and other supplies and equipment $5,761,111. The data obtained directly from the voluntary agencies is recorded after shipment. Projections

for future year requirements are made in large aggregates, simply indicating kinds of supplies by country, but without either value or tonnage.

INCREASED SHIPPING RATES

Mr. CONTE. How much has the cost of shipping risen in the last 2 years?

Mr. FURMAN. In the last several years, liner freight rates have generally increased 15 to 20 percent. However, the world charter market for bulk cargo has dropped in the last 2 years as much as 75 percent. With respect to the shipments of our registered voluntary agencies, virtually all are in the liner category.

AID OVERALL DIRECTION OVER PVO PROJECTS

Mr. CONTE. What oversight, evaluation and/or policy direction does AID have over PVO projects?

Mr. FURMAN. For regular contracts and grants with PVOs, AID requires the same degree of oversight and evaluation as for other grants and contracts and its own projects, with AID as the monitoring agent. In the special case of operational program grants, however, where AID is supporting a PVO-initiated project, the PVO is responsible for the oversight and evaluation functions. While AID is directly involved in working out a project proposal containing adequate reporting requirements and an evaluation plan, actual AID participation in evaluation is not mandatory, although recommended, especially if follow-on funding will be requested.

PROGRESS REGARDING MATCHING FORMULA ON AID OCEAN FREIGHT FUNDS

Mr. CONTE. What progress is being made on developing a matching formula which would establish an absolute ceiling on AID ocean freight funds?

Mr. FURMAN. A group of agencies which participate in the ocean freight program have met several times to discuss the merits of a matching formula and the matter of criteria for the program. Some recommendations are expected to be circulated among all ocean freight users within the next several months. Their recommendations are expected to be submitted to AID in June.

EXPLANATION OF $200,000 ITEM FOR "SPECIAL ACTIVITIES: OTHER"

Mr. CONTE. On page 179 there is a $200,000 item for "Special Activities: Other", can you explain this item a little more fully?

Mr. FURMAN. The $200,000 for "Special Activities" will be used for the final evaluations of those development program grants that will be terminating in fiscal year 1977. These funds will also finance the continuation of our workshops for PVO, most probably in the four geographic regions, a general conference on future activities this fall, specific training activities for PVO's, the development of case studies, and the dissemination of AID technical information.

FISCAL YEAR 1976 AND FISCAL YEAR 1977 FUNDING OF OPERATIONAL PROGRAM GRANTS

Mr. CONTE. Concerning funds for operational program grants, the report of the Committee on International Relations on H.R. 9005 specifies that "AID should strive for a level of $25 million for this purpose in fiscal year 1977." Does the AID fiscal year 1977 appropriations request contain assurance of $25 million for OPG's? For OPG's in fiscal year 1976, did AID succeed in meeting the request made in the HIRC report that an additional $10 million above the AID congressional presentation be made available to PVO's for this purpose in fiscal year 1976?

Mr. FURMAN. As the House International Relations Committee is aware AID plans to strive for a level of $25 million for development program grants and operational program grants in fiscal year 1977. Justification for fiscal year 1977 projects includes such amounts. In fiscal year 1976, AID is committed to the target of $15 million for development program grants and operational program grants.

BLOCK GRANT FUNDING FOR VARIOUS PVO'S

Mr. CONTE. Is AID considering a block grant approach to funding various PVO's?

Mr. FURMAN. In order to reduce the number and complexity of grant instrumentalities for centrally funded and managed activities, AID is proposing to consolidate general program support grants and development program grants into one centrally administered general support grant for these PVO's which have proven their management competence and technical expertise.

DUTY-FREE ENTRY FOR SHIPMENT OF GOODS: WRITTEN AGREEMENT REQUIREMENT

Mr. CONTE. AID currently requires that a written agreement with a host government providing for duty-free entry of goods to be shipped be in the hands of PVO's and AID before shipments (for eventual ocean freight reimbursement) be made. Since it is not always possible to have such an agreement in writing before the goods need to be shipped and since this requirement impairs in certain instances the responsiveness of PVO's to emergency needs overseas, would AID be prepared to be flexible in its application of this requirement?

Mr. FURMAN. Experience has sadly demonstrated that without the agreement of host countries concerning duty-free entry and arrangements for inland transportation, donated goods are too often left to rot at dockside. Because of this, AID will continue to remain firm in this requirement. AID's regulations on this matter were recommended to it by the Advisory Committee on Voluntary Foreign Aid which has long been observing the operation of this program.

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PVO'S AS CHANNELS FOR DEVELOPMENT ASSISTANCE

Mr. CONTE. Concerning PVO's in developing countries, to what extent is AID making use of such PVO's as channels for development assistance from the U.S. Government to poor people at the grassroots?

Mr. FURMAN. To date, AID has made approximately 15 operational program grants to LDC voluntary agencies, either directly or through American organizations. A few others are in the approval process for fiscal year 1976 funding as well as one development program grant currently under discussion. In addition AID missions can make small amounts of funds available to local organizations without Washington approval. AID hopes to be able to work more closely with developing country PVO's in the future, both directly and through our assistance to American PVO's.

SUPPORT FOR PEACE CORPS PROJECTS

Mr. CONTE. Peace Corps funds are directed largely toward the personnel costs of U.S. nationals who serve Peace Corps projects throughout the world. Very few funds are provided for project costs with the result that the Peace Corps frequently turns to U.S. PVO's operating in a given country for local expenditures. Could AID funds be used more effectively to support Peace Corps projects, inasmuch as the Peace Corps is working with the poor majority in developing countries which are the target of AID programs as well?

Mr. FURMAN. There have already been instances where such an AID/PVO/Peace Corps partnership has worked. The programs in the Sahel are a good example. The governing factor is the extent to which host country infrastructure and Peace Corps-host country agreement accommodate such arrangements.

The Peace Corps works within the context of a country agreement which may permit or may limit its ability to associate with either PVO's or with AID.

Mr. CONTE. Thank you, Mr. Chairman.

Mr. LONG. The committee is recessed.

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