

REPORT TO THE PRESIDENT
ON
ALLIANCE FOR PROGRESS ACTIVITIES
DECEMBER, 1963 - MAY, 1964
MADE BY
THE U. S. COORDINATOR
ALLIANCE FOR PROGRESS
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4

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May, 1964

Introduction

This report contains an illustrative list, by country, of economic and social projects and programs on which U. S. action has been initiated or extended during the period December through April or on which action is expected in May. All of these projects are a part of U. S. assistance under the Alliance for Progress. This assistance -- both in capital and in knowhow -- is primarily administered by the Agency for International Development but also includes projects of the Export-Import Bank, the Social Progress Trust Fund administered by the Inter-American Development Bank, and programs which are a part of Food for Peace.

This assistance, however, is only a part of the total picture of what is happening in Latin America. There are significant new trends in both investment and trade. There is evidence of a renewed confidence in Latin America by U. S. direct private investors. There also is an increase in the export earnings for a large number of the Latin American nations. There is an atmosphere of increasing confidence and reforms are moving ahead. The vigorous role of private enterprise, essential to the economic goals of the Alliance, is becoming more apparent. The whole psychological atmosphere needed for an ever more rapid development is improving.

Of general significance, too, is the fact that the Inter-American Committee of the Alliance for Progress (CIAP) is now actively at work in preparing the groundwork for a wider participation by Latin Americans in the Alliance for Progress. The Committee held its first sessions in Washington in March. Reviews of each of the 19 Republics are now underway to better determine development needs and capabilities, both external and internal.

Capital development actions for the period are calculated at approximately \$200 million for AID, \$44 million for Social Progress Trust Fund of the Inter-American Development Bank and \$134 million for the Export-Import Bank, and technical cooperation activities will total some \$55 million.

The following listing by country contains the details of the major activities.

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ARGENTINA

Agricultural and Vocational Education

A \$6.8 million loan to a non-profit educational organization for financing the expansion, construction and equipping of eleven junior vocational colleges and two secondary schools.

Land Grant University

A contract for \$220,000 with Michigan State University to provide technical assistance for establishing a university at Balcarce which will emphasize agricultural education, research and extension.

Scientific Laboratories

A \$1.4 million loan for equipping and constructing two laboratories which will assist private producers to improve meat processing and curb the foot-and-mouth disease.

Industrial Development

An Export-Import Bank loan of \$1.4 million to Kaiser Industries of Argentina for machinery and services needed in the production of automobile transmissions and axles.

Graduate Physics Institute

A contract for \$67,000 with Stanford University providing technical assistance to strengthen research and training at the Institute of Physics at Bariloche.

Agricultural Economics Institute

A \$345,000 contract with Texas A & M University to furnish technical assistance to Argentina's National Agricultural Research and Extension Agency in developing a program of training, research and extension in agricultural economics and marketing.

BOLIVIA

Airport Improvement

A \$600,000 loan for runway extension to assure safe operation of jet aircraft into the John F. Kennedy Airport at La Paz.

Road Improvement

A \$825,000 grant for the paving of two sections of the road between La Paz and Oruro.

A \$523,000 grant to provide construction equipment and supplies for civic action project to build roads which will open up the frontier areas of the country.

Low-Cost Housing

A \$1.0 million local currency equivalent P.L. 480 Cooley loan for 400 low-cost houses.

Colonization and Resettlement

Assistance of \$800,000 for road construction, land clearing machinery, sanitary and health facilities and resettlement of 3,000 Okinawan colonists.

Food for Peace

A P.L. 480 Title I Agreement for \$8.2 million of wheat and cotton, plus a Title IV Agreement of \$1.0 million.

Education

A \$325,000 loan from the Social Progress Trust Fund to provide Bolivia's Technical Institute with additional laboratory facilities for training engineers and geologists.

Agriculture

Grant of \$400,000 to assist in the development of eleven agriculture demonstration centers throughout the country.

Oil and feed mill loan of \$1.95 million.

A Social Progress Trust Fund loan for \$435,000 to help finance the improvement and completion of existing experimental farms and the creation of new farms.

Public Administration

A \$403,000 grant to assist the Government of Bolivia in its program of fiscal reform and improved tax and customs administration.

BRAZIL

Small Industry

Three contracts totalling \$900,000 with U. S. colleges (San Francisco State, Colorado State, and Los Angeles State) to assist three

Brazilian universities in developing locally financed small businesses and industries.

Malaria Eradication

A \$6.5 million loan to assist the Brazilian effort to eradicate malaria from most of the inhabited areas by 1970.

Water and Sewerage Systems

Technical assistance plus a \$2.5 million Social Progress Trust Fund loan and a loan in local currency equivalent to \$5.0 million as part of a program to provide safe and adequate water and sewerage systems for an estimated 35 million people.

Primary and Higher Education

Contracts with two U. S. engineering firms to supervise construction of 15,000 elementary classrooms, and local currency loans to help finance construction of these classrooms. Contracts totalling \$2.4 million with Purdue University, University of Wisconsin, and Ohio State University to assist three Brazilian universities to develop curricula in agricultural subjects as well as agricultural extension services, and a \$320 thousand extension of a contract with the University of Michigan to assist a fourth Brazilian university in engineering education.

A \$4.0 million Social Progress Trust Fund loan to the Ministry of Education for laboratory equipment and books for university programs in basic and applied sciences.

Housing

A \$3.9 million Social Progress Trust Fund loan to finance a low-cost housing program in the Northeast.

Private Enterprise

A \$1.4 million loan to expand production of a cast iron pipe company by one-third. An \$800,000 loan to increase cement production. A \$1.6 million loan to produce hardboard building material. Local currency loans of the equivalent of over \$2 million to expand the facilities of a U. S. owned manufacturer of road building equipment, and to help establish two development banks.

Power Development

A loan of \$4.3 million for expansion of the power production and distribution facilities of CEMAT in the central area of Brazil.

A local currency loan equivalent to over \$1 million to assist in the establishment of rural electric power cooperatives in 45 Northeast cities and towns.

Highway Construction and Maintenance

Two loans totalling \$24 million for road construction, and the purchase of road maintenance equipment in the Northeast of Brazil.

Steel Production

A \$5.5 million loan for expansion and modernization of the Volta Redonda Steel Mill.

Food for Peace

P.L. 480 Title I wheat shipments of 600,000 tons, with an agreement covering substantial additional commodities to be signed during May. The equivalent of approximately \$22 million will be used for development projects in Brazil. Twenty-three thousand tons of food under Title II food under P.L. 480 for programs of colonization, increased poultry and dairy production, school lunches for about four million children, and flood relief in the state of Bahia. Voluntary agencies will distribute food under Title III to reach about three million destitute persons, nursing mothers, and school children.

CENTRAL AMERICA

Industrial Development

A \$10 million loan to Central American Bank for accelerating the industrialization of the region and the accomplishment of objectives of the Central American Common Market. The fund will be reloaned to Central American industry.

Costa Rica

Volcanic Relief

Technical assistance totalling \$100,000 in connection with Irazu Volcano eruptions. Further P.L. 480 shipments of corn and grain sorghum for emergency livestock feeding valued at \$500,000.

Housing for Flood Victims

A \$1.0 million grant for emergency housing program for 5,000 persons made homeless by Cartago flood.

Land Property Survey

A \$1.6 million loan for a land property survey aimed at increasing tax revenues.

Development Plan

A \$300,000 technical assistance contract to assist the Planning Office in developing fiscal policy and programs for the industrial and agricultural sectors of the national economy.

Rural Feeder Roads

A \$4.0 million Social Progress Trust Fund loan for rural feeder roads.

Development Bank

A \$5.0 million loan to help establish a private development bank to promote industrial growth.

Disaster Prevention

A \$2.0 million grant to utilize Seabees in emergency project to deepen and widen river channels around Cargago and to assist GOCR in preparing evacuation sites in the event of a serious volcanic eruption or unpreventable floods.

El Salvador

Private Investment Bank

A \$5.1 million loan to finance the establishment of a private investment bank to assist the private sector with development credits.

Development Planning

A contract extension of \$100,000 to assist the planning department with the Salvadoran Development Plan.

Tax Assistance

A U. S. contractor, supplemented by IRS tax experts, is assisting the GOES to develop a modern tax structure.

Housing

A loan for the newly created National Housing Finance Agency, to create savings and loan institutions which will finance low and medium cost homes.

Guatemala

Feasibility Studies

A \$2.0 million loan for feasibility studies on access roads, power facilities, new industries and material resources development.

Customs Service

A \$700,000 loan for equipment and facilities, coupled with technical assistance, to assist in the modernization of the customs service.

Technical Assistance

Extension of projects to improve government organization and tax and budget administration, provide university-to-university assistance, and continue malaria eradication activities and rural health teams.

Honduras

Preservation of Timber Stands

Technical assistance and equipment totalling approximately \$200,000 to assist in the fight against a pine beetle plague which threatens to wipe out valuable and extensive timber stands.

Industrial Development Bank

A \$2.5 million loan for the establishment of a private industrial development bank to provide credit to private sector.

Feeder Roads

Social Progress Trust Fund loan of \$1,585,000 for construction and improvement of 13 feeder roads benefitting 3,000 rural inhabitants in the fertile Sula Valley.

Nicaragua

Rural Electric Cooperative

A \$450,000 loan for the establishment of a pilot project of rural electrification. The loan will assist in the financing of power and transmission facilities, as well as technical assistance by the National Rural Electric Cooperative Association.

University Assistance

A \$700,000 loan to increase the country's capacity to provide trained people in the sciences and engineering by providing laboratory equipment.

Development Planning

A grant of \$525,000 for a contract with an American consulting firm to assist in the preparation of a plan for economic and social development.

Agriculture

An Export-Import Bank loan of \$^{2.5}~~7.4~~ million to expand grain storage facilities.

CHILE

Development Program Assistance

A \$40.0 million loan for importation of essential commodities from the United States to assist Chile to achieve and maintain investment and development levels under Chile's National Development Plan.

Feasibility Studies

A \$3.0 million loan for economic and preliminary technical studies to determine the feasibility of development projects for public and private investment.

Savings and Loan and Housing

A loan of \$8.7 million to Chile's Central Savings and Loan Bank will help bolster the establishment of savings and loan institutions, leading to more home building.

Port Development

A \$7.0 million loan to the Chilean Port Authority for construction of a port at San Vicente of direct benefit to some 400 business enterprises in the area employing some 25,000 persons.

School Construction

A \$2.1 million loan to Chile will help finance the construction of 15 public primary schools for some 10,000 children in low income urban communities.

Industrial Development

A \$11.3 million Export-Import Bank loan for U. S. capital equipment to increase production of Chile's steel company.

Air Safety

A \$1.3 million Export-Import Bank loan to finance the purchase of United States electronic equipment for Chile's aviation network.

Capital Goods

A \$15.0 million Export-Import Bank line of credit to finance the purchase of capital equipment from the United States.

CHILE (cont.)

Water Systems

A \$2.5 million Social Progress Trust Fund loan to help finance water supply systems in about 300 rural Chilean communities and benefit some 155,000 persons.

Chile-California Contract

A \$700,000 grant for projects in river basin development, planning, rural extension and manpower development under the Chile-California contract.

Industrial Training

A \$140,000 grant for expansion and improvement of graduate programs in chemical, electrical and mechanical engineering at Santa Maria University.

COLOMBIA

Rural Electric Cooperatives

A loan of \$1.3 million to help establish three rural electric cooperatives, providing electricity to about 10,000 member families.

Development of Livestock Potential

A \$4.0 million loan to the Livestock Bank for loans to producers to promote the development of the livestock industry.

Development Assistance

A loan for importation of essential U.S. commodities to provide the materials for the acceleration of investment activity, particularly in the private sector. The local currency proceeds of this loan to be used for public sector housing, education projects and the Private Investment Fund which provides credit to businessmen.

Sanitation

A \$250,000 loan to provide U.S. engineering services for improvement and extension of the sewerage system in Medellin.

IDB/SPTF loan of \$100,000 to finance engineering studies of water and sewerage systems in several small cities.

COLOMBIA (cont.)

Transportation

Aircraft from excess property to expand air transportation to the partially settled remote areas of eastern Colombia.

Power Development

A \$17.5 million Export-Import Bank loan to the National Electric Institute for the improvement and expansion of municipal electric systems.

Education

A \$1.1 million Social Progress Trust Fund loan for equipment for the National University.

Agricultural Credit and Assistance

A \$7.0 Social Progress Trust Fund loan for supervised credit and technical assistance to small farmers in the coffee zone to assist them in diversifying their agriculture.

Private Sector Development

Three local currency PL 480 Cooley loans equivalent to \$750,000 to expand corn processing, container production and sanitary ware production facilities.

Export-Import Bank loans of \$300,000 for machinery and equipment for a sawmill and molding plant, \$2.5 million for agricultural and irrigation equipment, and \$3.2 million for expansion of a sugar mill.

DOMINICAN REPUBLIC

Highway Improvements

A \$4.0 million loan from the Export-Import Bank for equipment and technical costs for maintaining and improving the country's highway system.

Industrial Development

A \$1.0 million line of credit from the Export-Import Bank for the Dominican Government's Industrial Development Corporation to finance equipment and materials purchased in the United States by private Dominican enterprises.

Housing

A \$4.6 million guarantee for construction middle-income housing by a private concern with U. S. and Dominican capital.

ECUADOR

University Assistance

Two Social Progress Trust Fund loans totalling \$1.0 million to assist the development of basic sciences and technology in two universities.

A \$400,000 extension of current contracts with the Universities of Pittsburgh and Houston to assist Ecuadorean universities in their expansion and improvement programs and provide much needed increases of higher education facilities.

Drought Relief

Shipment of food and animal feed grains valued at \$300,000 for emergency feeding in drought-stricken areas. In addition, P. L. 480 Title IV shipments of 25,750 tons of grain, peas and beans valued at up to \$2.17 million, to alleviate food shortages. This will also generate approximately 39 million sucres for development purposes.

School Construction

A Title II, P.L. 480 food for work program to construct 400 classrooms in 100 schools plus 36 teacher lodging facilities, will benefit 18,000 children.

Airport Improvement

A \$790,000 loan by the Export-Import Bank to finance the U. S. procurement of air navigation and safety equipment and the related services needed to increase the air traffic capabilities of Ecuador's two international airports.

HAITI

Food for Peace

16 million pounds of food worth about \$1.5 million for distribution by U. S. charitable organizations primarily to areas devastated by Hurricane Flora.

Malaria Eradication

\$1.4 million program for a malaria eradication program aimed at controlling one of Haiti's major health problems.

JAMAICA

Discussions with the Government of Jamaica for various development projects.

Housing

A \$7.5 million housing guaranty for 1,400 low-cost houses.

MEXICO

Agricultural Education and Research

A \$2.0 million AID loan and a \$2.1 million IDB/SPTF loan for construction and equipment for the National Agricultural Center at Chapingo. Ford and Rockefeller Foundations are also participating.

Education

A \$1.1 million Export-Import Bank credit for equipment and related services for laboratories and shops of three new preparatory schools of the National Autonomous University of Mexico.

Industrial Credit

Export-Import Bank credits including (a) \$1.6 million to help finance a new cement plant, (b) \$1.5 million to modernize a cement manufacturing facility, (c) \$1.8 million to equip and expand a sugar mill, (d) \$1.4 million for acquisition of sugar mill equipment, (e) \$400,000 to assist in the construction of chemical plant, and (f) \$4.0 million credit for expansion of an automobile parts manufacturing plant.

Housing

A \$20.0 million AID loan, supplementing a \$10.0 million IDB/SPTF loan, \$16.0 million by the Government of Mexico, and \$14.0 million from private sources, for the construction of 23,000 low-cost homes and for home mortgage financing.

Food for Peace

Food for Peace authorization approximating \$5.0 million for school lunches and distribution by voluntary agencies.

Transportation

Export-Import Bank loans amounting to \$5.6 million to Aeronaves de Mexico for jet aircraft, and \$26.0 million to finance dollar costs of a rehabilitation program of the National Railways of Mexico.

PANAMA

Development of Private Enterprise

A \$5.1 million loan to DISA, a wholly privately owned industrial development bank to assist Panamanian businessmen in obtaining capital necessary for starting and developing industry.

Electric Power

An Export-Import Bank loan of \$7.4 million for a 2200 k.w. generating plant in Colon, and for transmission lines from Colon to Panama City.

Other Projects

With the renewal of diplomatic relations we are continuing with major programs in feeder roads and schools, and are going ahead with the processing of capital projects. A team was sent to discuss with the Government of Panama these new projects, including a land tax study, assistance to rural development, expansion of university activities, and other projects aimed at furthering the economic and social development effort in the country.

PARAGUAY

Agricultural Credit and Development

A loan for relending to approximately 2,000 families on medium-sized farms for agricultural improvements.

Food for Peace

An expanded PL 480, Title III emergency program to feed 12,000 people in the central Chaco area because of a severe drought.

Agricultural Education

A \$191,000 contract with New Mexico State University to provide assistance to the National University's faculties of Agriculture and Veterinary Medicine over a two year period.

PERU

Electric Power

A \$2.2 million loan to provide electric power through the Canyon del Pato Hydroelectric Plant for industrial and domestic power needs in Chimbote and Trujillo, Peru.

A \$2 million loan for the Pativilca Hydroelectric Power Plant -- jointly with the Peruvian private sector -- will provide electric power for a major industrial complex outside metropolitan Lima.

Road Construction

A \$1.9 million AID loan, and a \$1.5 million Export-Import Bank loan to help construct the Tingo Maria penetration road into an important colonization area immediately benefitting 19,000 people.

A \$12.1 million AID loan and a \$23 million Export-Import Bank loan to help finance the Olmos Yurimaguas Road; the first highway in Northern Peru to cross the Andes and penetrate the high jungle area of the Northeast, so benefitting 100,000 people living in the area and opening up large areas to colonization.

Agricultural Development

An AID loan of \$6.6 million and an Export-Import Bank loan of \$1.7 million for a national agricultural development program which includes supervised agricultural credit, machinery pools and improved animal and nursery stock.

An extension of contracts with Iowa State University and the University of North Carolina for technical assistance in agricultural credit, agrarian reform and extension, research and education.

A Social Progress Trust Fund loan of \$2 million to the National Agrarian University at La Molina plus \$1.0 million in local currency proceeds from P.L. 480 to help finance an \$8.7 million campus expansion project. This will enable the University to increase its facilities and its enrollment from 950 to 2,800 by 1973.

Education

The renewal of a contract with Stanford University to create a graduate school for training in business practices, management and administration.

Public Facilities

A \$1.6 million Social Progress Trust Fund loan for water and sewerage systems for 150 municipalities of under 2,000 people each.

Housing

A housing investment guaranty for \$1 million will cover the second project (400 homes) of Apollo-Peru in Lima.

A \$4 million housing investment guaranty will cover 915 homes to be constructed by Development Corporation International.

P.L. 480 Assistance

Local currency loans under P.L. 480, Title I, totalling \$3.9 million for potable water, irrigation systems, roads, and agricultural development.

A new Title I \$8.7 million sales agreement will provide local currency for agricultural development purposes in 1964.

TRINIDAD AND TOBAGO

Training

Eight key managers in government and the private sector received concentrated training in the United States.

Communications

A \$4.0 million Export-Import Bank line of credit to expand and improve the Trinidadian telephone communication facilities.

URUGUAY

Education and Research

A contract with Indiana University for assistance in mechanical and electrical engineering vocational training.

A contract with Massachusetts Institute of Technology to provide assistance to the National University for research in Hoof and Mouth disease control.

VENEZUELA

Housing

A \$6.3 million guarantee for housing.

Steel Mill

A \$10.5 million Export-Import Bank loan to purchase U. S. machinery and equipment for steel mill expansion.

Land Resources

Assistance by the United States Corps of Engineers in completing a natural resources survey, technical advice on soil salinity and irrigation development requirements.

Vocational Education

Advice to be given to the Ministry of Education in improving the programs aimed at the lack of trained manpower.

Food for Peace

Authorization providing for a P.L. 480 sale of cotton and corn at a total value of \$8.9 million.

REGIONAL PROGRAMS

These programs reach most of the countries of Latin America.

Labor Development

A contract with the American Institute for Free Labor Development (AIFLD) for support of training activities for selected labor leaders at the AIFLD center in Washington; for technical assistance to worker education centers in a number of Latin countries; and for assistance to individual unions in housing, credit unions, cooperatives, health and other social projects.

OAS Free World Fellowships

A contract with the Organization of American States to provide travel costs involved in training some 200 Latin American students in Europe and other free world countries.

Agricultural Training and Research

A contract with the Inter-American Institute for Agricultural Sciences in Costa Rica for research and training programs in agricultural economics, extension services, and agrarian reform.

Indian Integration

A contract with Cornell University to accelerate the economic integration of the Andean Indian populations into their respective national economies.

Training for Housing Cooperatives

A contract with the Foundation for Cooperative Housing for Training of members of Latin American Housing Cooperatives.