

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

Friday - May 10, 1968

MEMO FOR WALT ROSTOW

Walt -

This is another case of the AID boys outsmarting themselves.

Because certain projects run by SDAF were being transferred to other agencies (Aftosa to PAHO and science and education to the new Summit Science and Technology program), they decided to trim our pledge to SDAF by \$500,000 (from \$4.5 million to \$4.0 million) in the FY 1969 Budget presentation. This was before they became "true believers" on strengthening of CIAP and the launching of the physical integration task force. To compound the problem they did not inform Carlos Sanz of the planned reduction until the budget for next year came up in CIAP.

I will talk to Covey and get this small amount restored. This is a clear case of how to lose friends and alienate people over a piddling \$500,000 -- and how inconsistent with our other stance of strengthening CIAP!!!

WB
WGBowdler

PS - If Sol had been on top of his CIAP job, he could have anticipated this and fought it out with Covey before the CIAP session.

Attach:

(return of 5/9/68 letter from
Sanz de Santamaria)

DECLASSIFIED

E.O. 12958, Sec. 3.5

NSC Memo, 1/30/95, State Dept. Guidelines

By jc, NARA, Date 9-4-03

WB
Let me know when it's done.
file WB

ORGANIZATION OF AMERICAN STATES
ORGANIZACION DE LOS ESTADOS AMERICANOS
ORGANIZAÇÃO DOS ESTADOS AMERICANOS
ORGANISATION DES ETATS AMERICAINS



PAN AMERICAN UNION

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INTER-AMERICAN COMMITTEE ON
THE ALLIANCE FOR PROGRESS

Office of the Chairman

May 9, 1968

W B

W B

please

Dear Walt:

Because in spite of your heavy burden of duties you continue your interest in CIAP's activities, I am writing this note to let you know that our 15th meeting, held last week, was a very encouraging one. I enclose our declaration and a copy of our resolution on physical integration for your information. Felipe Herrera returns to Washington May 20 and we will be getting together at the earliest possible moment to start work on the proposals to carry out President Johnson's idea.

The one difficult aspect of the meeting concerned the budget for the OAS Special Development Assistance Fund that CIAP supervises. While all the Latin American members voted for a budget level of \$6.8 million, the U.S. Member, although I believe he wanted to vote for it too, had to abstain because of some problems about allocations for multilateral programs that AID is having. If you could possibly give us some help in working out this problem I would be most obliged.

Cordially,

Carlos Sanz de Santamaria

Enclosures

Mr. Walt W. Rostow
Special Assistant to the President
The White House
Washington, D. C.

n Pearson

Summary of Actions on SDAF Projects
(numbers are keyed to Table in Annex A) *attachment 1)*

(1) Technical Assistance to SUDENE

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
--	\$66,182	\$66,182	+ \$66,182	

Pursuant to an agreement with Brazil in 1965 this program was first budgeted for FY 1967 but could not be carried out for lack of funds. The funds proposed for FY 1969 will provide three experts to assist the four major departments (Industrial, Agriculture, Infrastructure and Human Resources) at top level, to increase their capacity to prepare and execute development plans in Northeast Brazil. This project has been coordinated with AID which is assisting the same departments at operating levels. Funds for five experts are projected for 1970.

(2) Training Center for Formulation and Execution of Projects #209

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$175,000	\$233,943	\$214,077	+ \$39,077	\$19,866

Pursuant to a CIAP evaluation and recommendation this project was reformulated during the past year. Inasmuch as the Center is still in process of changing its programs, the Subcommittee has recommended a somewhat lower amount pending a further inspection of the Center by the CIAP Subcommittee in 1968. Since the Center has unloaded the inefficient and inept UCLA group and begun close collaboration and participation with SUDENE and the Banco do Nordeste, as well as the IDB and IBRD, all of whose practical materials are being used, the prospects for productive training are greatly improved. Since the cost of the international professors is about \$100,000, further cuts would reduce the number of courses and students. The University of Ceara provides about \$115,000 worth of rent, goods and services per year.

(3) Human Resources Program

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$52,400	\$93,000	\$52,400	--	\$40,600

This program was initially approved by CIAP in March 1966 at its 7th Meeting. The amount of funds proposed from the SDAF for this activity, as for other programs, does not reflect the amount attached by CIAP to this important field. In the PAU at

5 Departments are involved - Science, Education, Economic, Social and Technical Cooperation. The CIAP Subcommittee was informed that attention is being given to this program in the evolution of the Regional Fund for Science and Technology and in the Regional Education Fund. If the program is picked up by either fund these funds should be placed in reserve. The Subcommittee decided that the amount placed in reserve should be released only for a human resources program of broader scope.

The amounts approved for 1968 and 1969 are primarily for inputs to the country reviews, and to the plan evaluations by the Panel of Experts, largely with respect to technical and scientific personnel needs. The staff is also expected to provide assistance to the Technical Cooperation Department in its training and technical assistance programs and to provide a limited amount of technical assistance to member countries. IA/ID favors consideration of this program in the above-mentioned Regional Fund.

✓ (4) Training Center for National and International Marketing (#216)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$100,000	\$210,399	\$198,399	+\$98,399	\$12,000

The OAS-GOB agreement for this Center was negotiated in May 1967 and approved by the 5th CIES Meeting at Vina del Mar with \$100,000 for the current fiscal year. As of November 10, final agreement was still held up awaiting the GOB commitment on its contribution (Agreement was reached in December 1967). A director and professors are now being sought. The major emphasis will be upon the national integrated market with particular reference to the role of the several national, state and local governmental officials in the domestic marketing process. Since the Inter-American Export Promotion Center will ultimately take over the national training courses in export marketing now carried out by the Secretariat, the Rio Center should deal with the international aspect only as it is essential to effective training in national marketing. The CIAP Subcommittee should clarify the relation between the Rio Center and the Inter-American Export Promotion Center. Since the Center may not be fully underway in FY 1969, \$12,000 has been placed in budgetary reserve. The AID Market Adviser has been consulted concerning this project and is in general agreement with the major purpose of the Center.

(5) Promotion and Diversification of Exports

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change - from FY 68</u>	<u>To Reserve</u>
\$149,201	\$186,916	\$149,201	--	+\$37,715

These funds finance the continuing field program of the OAS Secretariat in export promotion, which consists of a) technical assistance to countries as requested and b) organization and conduct of national training courses in export promotion. For the latter 6 courses of 35 students each are planned for the next year. In view of the projected establishment of the Inter-American Export Promotion Center by July 1, 1968, the level of the Secretariat activity should remain the same as for 1968. The balance of \$37,715 should be placed in the budgetary reserve. AID appears to be in accord with this action.

(6) Integration of National Markets

The Secretariat has proposed dropping its effort in this field and shifting the resources to the new Rio Marketing Center. The Subcommittee concurred. The AID Market Adviser concurs.

(7) Technical Assistance to SIECA

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$138,148	\$118,800	\$118,800	-\$19,348	

These funds constitute the OAS contribution to finance planning staff for SIECA (Secretariat for the Economic Integration of Central America). The reduced amount for FY 1969 as against FY 1968 reflects the success in gradually phasing out the OAS subsidy. IDB, UN, ROCAP and the Bank for Economic Integration (BCIE) also contribute. Chairman Jimenez, who follows closely Central American affairs, says the funds are well used. AID appears to concur in this project.

(8) Standards to Assist Economic Integration

No funds requested for FY 1969.

This program is now completely supported by the private sector as CIAP recommended. Excellent work was accomplished with the funds used in previous years.

(9) Juridical Aspects of Latin American Integration

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$54,000	\$66,000	\$66,000	+\$12,000	

These resources are devoted to the study of legal problems stemming from integration through the use of experts selected and contracted according to the legal instruments under study (\$28,000). The studies thus developed will be presented to three

or four seminars of legal experts from Latin American countries of one week duration each (\$28,000). A contribution to the annual course on integration (5 to 7 weeks), sponsored jointly by the Inter-American Institute for International Legal Studies and the Central American Institute of Comparative Law, costs \$10,000. The IDB and host country contribute to pay expenses of professors and students. This project has been coordinated with INTAL's work in this field. AID may have doubts as to the priority of this work.

(10) Natural Resources - Technical Assistance

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$187,268	\$263,168	\$263,168	+ \$75,900	

The objectives of this project are to render technical assistance in compilation, evaluation and use of natural resource data, develop institutional capacity in countries for this work, and assist in the preparation of cadastral censuses. The funds will permit continuation of OAS work in Paraguay, Honduras, Ecuador, Venezuela and the Dominican Republic. The increase will allow new projects in Uruguay and Haiti, and short missions to Ecuador, Brazil, Chile and Honduras. The country for cadastral survey work has not yet been determined. The main staff increase is for a cadastral engineer. AID appears to support the OAS work in natural resources.

(11) Rio Guayas Project--Technical Assistance

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$38,301	\$45,161	\$45,161	+ 6,860	

These funds are to continue financing of a general planning adviser and a hydraulic resources adviser, hired during FY 1968 to formulate and execute pre-feasibility and feasibility studies in connection with an ADB loan for the basin. The increase is due to the outlay for experts on a full year basis.

(12) Training Center for Integrated Land-water Use (TCP Project #213)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$283,689	\$320,389	\$320,389	+36,700	

This Center provides training in planning, management and operation of irrigation projects. The increase is for a manager of a pilot project, and a translator, plus salary adjustments. The success of this project, confirmed by a visit of a CIAP

Subcommittee, is due in no small part to the excellent performance of the University of Utah under its contract with the OAS.

(13) Training for Research in Natural Resources

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$43,718	\$35,917	\$35,917	- \$7,801	

These funds provide for a) staff to advise the Technical Cooperation Department for selections under the PEC, b) technical support for training programs of CIDIAT and IICA in natural resources, c) three short seminars for planners and chiefs of units compiling natural resource data, and d) preparation of case studies. The Subcommittee recommended that this project be combined with #10 above)

(14) River Plate Natural Resource Survey

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$95,573	\$129,357	\$129,357	\$33,784	

INTAL as secretariat for the Inter-Government Coordinating Committee and coordinator of studies has requested the National Resources Unit of the OAS to undertake the work financed by this project. For FY 1968 the unit is making an inventory of hydrological and climatological data together with recommendations for additional data needs and improvements in data collecting services of the five governments. For FY 1969 the Unit will undertake 1) inventory of remaining natural resource data 2) selection of 5 areas for feasibility studies 3) reconnaissance maps of the basin showing geographic features. (This latter activity will begin at end of year and run into FY 1970).

The Subcommittee has urged close coordination between this OAS project and the project of the UNDP, which is not yet started.

(15) Israel/OAS/IDB Technical Assistance in Rural Development

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$90,000	\$125,000	\$125,000	+ \$35,000	

In accordance with an agreement of August 2, 1966 by IDB, OAS and Israel interdisciplinary teams headed by Israeli experts assist countries in establishing integrated rural development projects and select and train national teams to carry on the work. IDB has contributed \$122,000 and Israel \$70,000 to the work. Projects

are now under way in Argentina (Catamarca Province), Ecuador (Tenguel project), Chile (Choapes Valley), Peru (various projects), Dominican Republic and Central America. The project involved the participation of 28 national technicians in Argentina, 92 in Chile, and 48 in Peru and in the latter two countries, special courses trained 348 participants. The OAS funds are used primarily for travel but also for some salaries of experts. The Director of the Training Center for Rural Development and Agrarian Reform (#206) is the general coordinator of the program.

(16) Rio Aftosa Center

Not funded by the SDAF for FY 1969.

If a loan of funds should be needed after June 30, 1968, they will be drawn from the Technical Assistance Reserve.

(17) Training Center for Rural Development and Agrarian Reform
(TCP Project #206)

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$529,479	\$553,852	\$553,852	+\$24,373	

Directed from IICA at San Jose, with major headquarters at Bogota and small field nuclei in seven countries, this Center conducts inter-American and national training courses in integrated rural development. The increase is due to vegetative increases and other personnel cost adjustments. This project is due to be taken over by Colombia July 1, 1970. The CIAP Subcommittee Mission, after its visit considered the work of this Center excellent.

(18) Coordinating Committee for Agricultural Reform and Development
(CIDA)

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$197,435	\$59,993	\$59,993	- \$137,442	

Support from the SDAF for the work of CIDA has been greatly reduced over the last 3 years. The amounts proposed for 1968 and 1969 are in accord with the agreement of December 9, 1966 between CIAP, FAO, OAS, IDB and ECLA. The CIAP contribution finances a small central secretariat of 5 persons.

(19) Training Center for Integrated Social Development (PCT Project
#102)

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$97,167	\$116,835	\$116,835	+\$19,668	

The purpose of this Center is to train government officials at national, regional and local levels to plan and administer programs of social development and coordinate those plans and programs with economic development. Officers trained include economists, sociologists, sanitary engineers, health administrators, educators, community developers and city executives. The Argentine Government contributes \$120,000 per year, or over half the total cash requirements of the Center, plus quarters and other services valued at \$30,000. During its visits to Buenos Aires in April and July of this past year the CIAP Subcommittee on Program and Budget, convinced of the utility and good quality of the Center, was able to arrange with the GOA the continued firm support of the government. It would therefore be very unwise to reduce the SDAF contribution.

(20) Training Center for Urban and Regional Planning (PCT Project #205)

Approved FY 1968	Secretariat FY 1969	Subcommittee FY 1969	Change from FY 68	To Reserve
<u>\$128,500</u>	<u>\$229,442</u>	<u>\$200,000</u>	<u>+ \$71,500</u>	<u>\$29,442</u>

This Center was originally designed to provide training to municipal and regional officials in the planning of programs of urban and regional development. During its initial phase, under a contract with Yale University, the Center focused primarily on university courses for a Masters Degree in physical city planning. Two years ago CIAP recommended re-formulation of the program of the Center, which to date has not been fully accomplished. Until a recent revision of this program has been approved by CIAP and agreed upon between the Secretariat and the host institution, no new courses can be started nor can the \$200,000 earmarked for this Center for fiscal year 1969 be used.

(21) Population Program

Approved FY 1968	Secretariat FY 1969	Subcommittee FY 1969	Change from FY 68	To Reserve
<u>--</u>	<u>--</u>	<u>\$50,000</u>	<u>+ \$50,000</u>	

Funds were not included for the population program in the budget proposed by the Secretariat. During the hearings a proposal was presented to the Subcommittee by the Department of Social Affairs and the CIAP Executive Secretary designed to carry out the OAS responsibilities under the resolutions of the Caracas Population Conference of September 1967. The Subcommittee has recommended that \$50,000 be earmarked for FY 1969 with the understanding that CELADE, the UN regional organization for the analysis of population problems, will provide CIAP with a greater part of the assistance which it requires on population matters for the country reviews and other purposes. The population unit in IA/ID is in accord with this proposal.

(22) Development of Cooperatives

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$17,984	\$51,448	\$38,905	+20,921	\$12,543

These funds are to enable the small unit financed by the PAU Regular Budget to carry out a limited amount of technical assistance and training in the member countries. This assistance is directed primarily toward government agencies which regulate and supervise cooperatives and to national federations of cooperatives. The Secretariat's request was reduced by the Subcommittee by \$12,543, which was placed in the budgetary reserve, to eliminate unessential activities.

(23) Community Development

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$86,239	\$89,759	\$89,759	+ \$3,520	

This project provides resources to the small staff financed by the PAU Regular Budget to carry out field work in the form of technical assistance and advice to Latin American governments concerning community development programs. The unit also offers short-term training courses and provides advice for the selection of fellows for training in Europe under the PEC. The Community Development Adviser of IA/ID considers the budget request justified for the work proposed.

(24) Union Participation in the Alliance for Progress

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$119,736	\$142,355	\$142,355	+ \$22,619	

This is a very important program which promotes understanding among union leaders of the role of labor in the Alliance for Progress. This is done through seminars for union organizations in the several countries which promote understanding of employment and wage policies in national plans, industrial productivity, national councils on incomes and prices, economic integration, role of agricultural workers in community development and cooperatives, et.al. The seminars have been developed by the Secretariat in collaboration with COSATE, the labor union advisory committee to the OAS. The ARA Labor Adviser considers the program sound and concurs in the request for 1969.

(25) Improvement of the Administration of Ministries of Labor

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$52,672	\$89,990	\$89,990	+ \$37,228	

This is another very worthwhile project in the labor field which enables the OAS to carry out its responsibilities under the Action Plan of Caraballeda. Its basic purpose is to train high-level personnel of the Ministries of Labor in labor administration, the organization of employment markets, the development of human resources, labor relations, inspection, minimum wages, social planning and labor statistics. The Labor Adviser of LA/ID considers this a high priority project and concurs in the amount proposed for FY 1969.

(26) Improvement of Social Security

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$75,742	\$91,400	\$91,400	+ \$15,658	

These funds enable the small OAS staff to carry out a program of technical assistance to countries for the improvement of the organization and administration of social security institutions and to assist in the selection of officials to be trained at the Inter-American Center for Social Security (CIESS) in Mexico. It has endeavored, with less success, to advise Latin American governments with respect to social security policy which has become badly disoriented in many countries. It also has concentrated on achieving coordination of health services provided by national health agencies and social security agencies and the investment of social security reserve funds, where they still exist, in projects of national development. The Social Security Adviser of LA/ID concurs with CIAP that a greater effort should be made in correcting social security policy but considers the present director of the staff not competent in that field.

(27) Training Center for Improved Work Supervision (PCT Project #218)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
--	\$67,428	\$67,428	+ \$67,428	

This proposed new Center will train executives and managers, technical supervisors, shop foreman and instructors in vocational institutions in modern methods of worker training. Unskilled labor and lack of adequate facilities for rapid training constitute

a serious restraint for industrial expansion as well as a basic cause for unemployment. The National Apprentice Service (SENA) of Colombia will be the host agency which will contribute quarters, shops and services valued at \$50,000. The Spanish Government has agreed to finance a director and three professionals plus training fellowships in Spain valued at \$95,000 per year. The SDAF contribution of \$67,428 will be used for international travel and maintenance of students at the Center. This project which will benefit both labor and industry and which has elicited participation at a ratio of better than \$2 for each SDAF dollar merits CIAP support. The Labor Adviser of LA/ID does not consider this field of activity of high priority.

(28) Planning Education for Development

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$130,744	\$172,662	--	- \$130,744	\$172,662

These funds have enabled the Department of Education of the OAS to provide each year technical assistance to several Ministries of Education for strengthening their planning activities. It has also permitted a very limited amount of input to the CIAP country reviews. Inasmuch as a regional fund for education is contemplated for FY 1969, it is recommended that this entire project be examined by the manager of that fund and, if valuable, incorporated therein. The LA/ID education adviser has doubts about the value of the work. The ARA Education Adviser has not had occasion to observe it.

(29) Training Center for Tax Policy Officers (CIET) (PCT Project #217)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$20,000	\$100,000	\$100,000	+\$80,000	

The Fifth IA-ECOSOC Meeting approved the creation of this Center to train government officials in problems of tax policy and administration. The Secretariat is currently negotiating for the location of the Center, probably Buenos Aires, and seeking a Director. Pending the rapidity with which the Center gets underway, the Subcommittee authorized use of \$20,000 from reserves to finance an additional course. At its 14th Meeting CIAP should approve a statement now under preparation by the Secretariat which will clarify the functions of CIET in relation to those of the Center for Tax Administrators (CIAT) and the OAS tax staff.

(30) Training Center for Public Administration (PCT Project #214)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$159,997	\$222,938	\$211,314	+51,317	\$11,624

This Center trains government officials at national, provincial, and local levels in the several fields of public administration. The CIAP Subcommittee on its visit found it to be in charge of a highly competent and energetic director who was embarked on precisely the kinds of pragmatic training courses which CIAP has approved. The Subcommittee was able to obtain the agreement of the Argentine Government for its continued strong support amounting to \$45,000 in cash and \$20,000 in goods and services per year.

(31) Technical Assistance for Tax Reforms

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$189,956	\$275,491	\$275,491	+\$85,535	

This is one of the most important and effective programs financed by the SDAF. The increase proposed will enable the addition of staff to reenforce field work in the Central American countries, Panama and Peru, and will permit some reenforcement in Washington. In the event of insufficient funds, the Subcommittee recommends that more field work be favored. LA/ID believes there is need for closer coordination of technical assistance work by OAS, IMF, IDB and IRS. Although the OAS tax unit has done excellent work in coordination of its efforts with those of the other agencies, the Subcommittee decided that it would be desirable for CIAP to call the agencies together at the technical level under the IAAG to review the current situation. AID would prefer to withhold the increase until the meeting has been held.

(32) Improvement of Public Administration

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$102,425	\$131,428	\$131,428	+ \$29,003	

These funds finance a very modest effort in a high priority field. Through this project, the small OAS unit on administration financed by the Regular Budget can conduct field work. The Subcommittee, however, recommended that it reduce the scope of its work in order to have greater impact in the projects undertaken.

(33) Training Center for Improving Science Teaching (PCT Project #212)

The Secretariat proposed that this project, which has \$66,500 for FY 1968, be picked up by the new Regional Fund for Science and Technology for FY 1969. The Subcommittee concurred.

(34) Information and Mobilization of Public Opinion for the Alliance for Progress

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$147,783	\$162,838	\$162,838	+\$15,055(See Note)	

These funds are used to contribute to the programs of National Alliance for Progress Committees in the ratio of about \$1. SDAF to \$4.00 from the country. Programs have been in progress in Argentina, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Panama, Peru and the Dominican Republic. Total resources contributed to date amount to \$882,000 of which SDAF has given \$121,000. NOTE: The Subcommittee recommended merging the funds for Washington support \$54,838 with the project for the program. The increase in the substantive program is only \$15,055.

During recent months this program, along with the entire information output for the Alliance for Progress, has come under the review of the newly established Inter-agency Committee on Information. In the process of reenforcing the joint information programs of the agencies in all of the countries, the work of the Alliance for Progress committees may be modified. PAF is in full accord with these developments and supports the amount proposed for FY 1969.

(35) Alliance for Progress Information Team

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$195,894	\$217,755	\$217,755	+\$21,861	

These funds supported a small group which gets out the Weekly Letter on the Alliance for Progress (36,000 copies in three languages). It also conducts liaison with the press, contact with countries and organizations, radio programs and photographic projects. The increase is due to salary and prerequisite adjustments occasioned by the staff's becoming part of the regular PAU personnel, a move which was important to maintain its morale in PAF. PAF considers the work of this unit highly valuable and is in accord with the amount proposed for FY 1969.

(36) Office of the CIAP Chairman

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$166,265	\$180,000	\$180,000	+\$13,735	

This item finances four special assistants for the CIAP Chairman including Messrs Salazar, Trucco, Chamis and Ponce, plus Public Relations Adviser, Paul Harrison, an editor, secretaries, messenger and chauffeur. The Subcommittee did not propose to modify this item.

(37) Activities Associated with the CIAP Country Reviews

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$401,747	\$522,437	\$472,437	+ \$70,690	\$50,000

This item for FY 1969 includes \$90,430 for the preparation of studies for country reviews, and ~~\$352,680~~ for contingent studies and follow-up actions stemming from CIES and CIAP mandates, including the annual country reviews. Most of these activities can not be specified this far in advance of FY 1969. The Executive Secretary is authorized, under the SDAF Statutes, to undertake projects costing not more than \$50,000. Among those now under consideration are three seminars in Central America, Venezuela and Chile to stimulate greater private sector participation in the Alliance for Progress (\$49,500). Other projects would deal with integration (directed toward countries not members of either CACM or LAFTA), metropolitan area studies for use in CIAP country reviews, and transportation.

(38) General Technical Assistance

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$355,000	\$414,668	\$375,000	+ \$20,000	\$19,668

These funds are to satisfy requests from countries for direct technical assistance (DTA) in economic and social fields in cases 1) which were not anticipated in a project included in the budget or 2) which are not of sufficient size to make up a project. The experts' services can be contracted for a year, with extensions. The Regular Budget DTA is for the same economic and social purposes but limited to three months and must be presented through the OAS Ambassador of each country. The latter program amounted to \$200,000 for 1968, and is proposed at \$275,000 for 1969. If requests for assistance are not satisfied, there would be an

immediate impact among the countries. Under the 1969 SDAF proposal 30 man-years of assistance would be provided as compared with about 21 man-years in FY 1968. (The Subcommittee recommended transfer of \$20,000 to #45 as explained below.)

(39) Integrated Technical Cooperation Projects (PICOT)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
--	\$139,264	\$139,264	+\$139,264	

This project begun in 1965 has been drawing non-OAS country support, primarily European, at a ratio of about \$5.00 European to \$1.00 OAS. The OAS Secretariat formulates the projects and "sells" them to European countries. The projects involve technical assistance, advice, equipment and training in economics and social development fields. For the years prior to 1969, funds for travel were drawn from General Technical Assistance and other programs of the SDAF, estimated for 1968 at \$250,000. For 1969 the funds will be used, \$100,000 for travel of specialists, \$15,000 for student travel and \$24,264 for Washington support staff.

Special Projects (promotion of national training programs)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
--	\$20,000	Transfer to #45	+\$20,000	

The Secretariat proposed this project to provide assistance to countries in organizing national training courses for agencies engaged in development, in organizing training centers, in improving existing training centers, et al. Since this project appears to be an off-shoot from the General Technical Assistance, the Subcommittee recommended that \$20,000 be transferred from that project to #45 "Administrative Support for Regional Training Centers".

(40) Special Training Program (PEC)

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$437,780	\$416,909	\$416,909	- \$20,871	

This program is designed to elicit non-OAS cooperation in training Latin Americans in fields related to development. Under it fellowships have been granted as follows: 23 in 1962, 150 in 1963, 198 in 1964, 507 in 1965-66 and 417 in 1966-67. For 1968, 400 are authorized and about the same number are proposed for 1969. The ratio of non-OAS contributions (tuition and keep)

to OAS (travel) runs about \$2.7 to \$1.00. There is a great need to evaluate the impact of this large new program and the CIAP Subcommittee so recommended. (Administrative support will be combined with this project.)

(41) Program of University Development

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve ---</u>
\$122,718	\$159,893	--	- \$122,718	\$159,893

These funds are used for university improvement through the assignment of professors to work and teach in Latin American universities for one or two years. For FY 1967 six professors were assigned in science, two in social affairs, one in health, one in economics and one in humanities. The FY 1969 proposal contemplates 8 new professorships and 5 or 6 extensions beyond the first year assignment. Since the Regional Fund for Education will be in operation for FY 1969, the Subcommittee recommended that the entire sum of \$159,893 be placed in budgetary reserve pending decisions on that Fund. (As in several other technical assistance programs the administrative support project has been combined with the program project for budget presentation purposes.)

(42) Budget and Program Unit, Assistant Secretary for Economic and Social Affairs

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$45,590	\$56,400	\$56,400	+10,810	

This small unit, which reports to Walter Sedwitz, does the budget planning, control, and evaluation operations for the programs financed by the SDAF. This activity is quite important and falls within the broad delegation of authority from the Secretary General to the Assistant Secretary for Economic and Social Affairs, who as the Executive Secretary of CIAP is manager of the SDAF.

(43) Planning, Coordination and Supervision of Technical Assistance and Training

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee --FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$198,594	\$227,663	\$227,663	+\$29,069	

These funds provide for 1) staff for the Director's office to plan, formulate, negotiate and supervise the execution of a variety of projects including the integrated projects, 2) staff

to give administrative support to all activities of the Technical Cooperation Department; and staff to formulate standards for the selection of fellows, prepare quarterly progress reports, and evaluate results. Also included is a small unit in Europe to assist in negotiations and execution of the PEC and the Integrated Projects Program.

(44) Backstopping Technical Missions

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$48,180	\$55,332	\$55,332	+\$7,152	

The funds support the staff unit which for technical assistance identifies needs, receives and evaluates requests from countries, negotiates agreements, and orders assistance. This unit is also responsible for the evaluation of results. The Subcommittee should recommend formulation of a evaluation report for CIAP and the Sixth IA-ECOSOC Meeting.

(45) Administrative Support for Regional Training Centers

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$150,240	\$158,101	\$178,101	+27,861 (see Note)	

This unit, in consultation with other technical units of the OAS, formulates and participates in the negotiations for the establishment of inter-American regional training centers. It supervises and provides administrative support for the 10 Centers now in operation. The Subcommittee repeated its recommendation that greater attention be given to the evaluation of the impact of the graduates of the Center. NOTE: It also recommended that a proposed new project "Special Projects" (\$20,000) be combined with this project.

(46) GENERAL EXPENSES

<u>Approved</u> <u>FY 1968</u>	<u>Secretariat</u> <u>FY 1969</u>	<u>Subcommittee</u> <u>FY 1969</u>	<u>Change</u> <u>from FY 68</u>	<u>To Reserve</u>
\$539,779	\$565,000	\$565,000	+\$25,221	

These funds finance overhead services, including accounting and financial reports, administrative services, legal services, and operational costs. The total has been kept below the 10% limit set by AID in the unilateral grants that preceded the conversion into the multilateral SDAF beginning January 1, 1965. There is no way for the CIAP Subcommittee to ascertain the validity or usefulness of these expenditures. Only a management study of the PAU could arrive at an objective evaluation.

(47) RESERVES

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$200,000,	\$200,000	\$200,000	--	

This amount is the statutory reserve which can only be released in accordance with the conditions set down in the statutes.

(48) Budgetary Reserve

<u>Approved FY 1968</u>	<u>Secretariat FY 1969</u>	<u>Subcommittee FY 1969</u>	<u>Change from FY 68</u>	<u>To Reserve</u>
\$270,223	--	\$565,993	+\$295,770	

This reserve has been recommended by the CIAP Subcommittee in order 1) to withhold funds for projects for which plans may be indefinite, 2) to restrain financial earmarking pending the pledging by governments at the Sixth IA-ECOSOC Meeting, 3) to allow greater flexibility to the Executive Secretary and 4) to encourage prudent financial management.

Of the total of \$565,993, \$455,870 is conditioned and may eventually be used if the total budget situation permits. The rest, or \$110,123, which results from cuts, may be used for the purposes of the SDAF as determined by the Executive Secretary.

SPECIAL DEVELOPMENT ASSISTANCE FUND
SUMMARY OF PROGRAM AND BUDGET, FY 1968-69
(dollars U.S.)

	1967/68 Approved CIES (1)	1968/69 Secretariat (2)	1968/69 Subcommittee (3)	Change from 1967/68 (Col 3 - Col. 1)	To Budget Reserve
I. DEVELOPMENT PLANNING, TRADE, ECONOMIC INTEGRATION, AND NATURAL RESOURCES					
A. <u>Development Plans, Evaluation and Support</u>					
(1) */ Technical Assistance to the Northeast Development Agency (SUDENE), Brazil	---	66,182	66,182	+ 66,182	
(2) Training Center for the Formula- tion and Execution of Development Projects (PCT Project #209)	175,000	233,943	214,077	+ 39,077	19,866
(3) Human Resources Program	52,400	93,000	52,400	---	40,600
Sub-total: Development Plans, Evaluation and Support	227,400	393,125	332,659	+ 105,259	60,466
B. <u>Trade</u>					
(4) Training Center for National and International Marketing (PCT Project #216)	100,000	210,399	198,399	+ 98,399	12,000
(5) Promotion and Diversification of Exports	149,201	186,916	149,201	---	37,715
(6) Integration of National Markets	40,177	---	---	- 40,177	
Sub-total: Trade	289,378	397,315	347,600	+ 58,222	49,715

*/ Projects are numbered consecutively throughout
the table for ready reference to memorandum.

	1967/68 Approved CIES	1968/69 Secretariat	1968/69 Subcommittee	Change from 1967/68	To Budget Reserve
<u>C. Promotion of Economic Integration</u>					
(7) Technical Assistance in Planning for the Permanent Secretariat of the General Treaty of Central American Economic Integration (SIECA)	138,148	118,800	118,800	- 19,348	
(8) Standardization to Promote Economic Integration	57,020	---	---	- 57,020	
(9) Juridical and Institutional Aspects of LA Integration	<u>54,000</u>	<u>66,000</u>	<u>66,000</u>	+ <u>12,000</u>	
Sub-total: Promotion of Economic Integration	<u>249,168</u>	<u>184,800</u>	<u>184,800</u>	- <u>64,368</u>	
<u>D. Natural Resources</u>					
(10) Technical Assistance for Natural Resources	187,268	263,168	263,168	+ 75,900	
(11) Technical Assistance for Natural Resources--Guayas River, Ecuador	38,301	45,161	45,161	+ 6,860	
(12) Inter-American Training Center for Integrated Land and Water Development (PCT Project 213)	283,689	320,389	320,389	+ 36,700	
(13) Training and Research in Natural Resources and Data Evaluation	43,718	35,917	35,917	- 7,801	
(14) Natural Resource Studies of River Plate basin	<u>95,573</u>	<u>129,357</u>	<u>129,357</u>	+ <u>33,784</u>	
Sub-total: Natural Resources	<u>648,549</u>	<u>793,992</u>	<u>793,992</u>	+ <u>145,443</u>	
Total: Development Planning, Trade, Economic Integration and Natural Resources	<u>1,414,495</u>	<u>1,769,232</u>	<u>1,659,051</u>	+ <u>244,556</u>	<u>110,181</u>

	1967/68 Approved CIES	1968/69 Secretariat	1968/69 Subcommittee	Change from 1967/68	To Budget Reserve
II. AGRICULTURE					
(15) Israel/OAS/IDB Project in Integrated Rural Development	90,000	125,000	125,000	+ 35,000	
(16) Pan American Hoof and Mouth Disease Center (PCT Project #77)	584,250	---	---	- 584,250	
(17) Training Center for Rural Development & Agrarian Reform (PCT Project #206)	529,479	553,852	553,852	+ 24,373	
(18) Coordinating Committee for Agricultural Development & Agrarian Reform (CIDA)	197,435	59,993	59,993	- 137,442	
Total: Agriculture	<u>1,401,164</u>	<u>738,845</u>	<u>738,845</u>	- <u>662,319</u>	
III. SOCIAL DEVELOPMENT					
A. <u>Promotion of Social Development</u>					
(19) Training Center for Integrated Social Development (PCT Project #102)	97,167	116,835	116,835	+ 19,668	
(20) Training Center for Urban & Regional Planning (PCT Project #205)	128,500	229,422	200,000	+ 71,500	29,422
(21) Population Program	*/	---	50,000	+ 50,000	
(22) Development of Cooperatives	17,984	51,448	38,905	+ 20,921	12,543
(23) Community Development	86,239	89,759	89,759	+ 3,520	
(24) Union Participation in the Alliance for Progress	119,736	142,355	142,355	+ 22,619	
(25) Improvement of the Administration of Ministries of Labor	52,672	89,990	89,990	+ 37,228	
(26) Improvement of Social Security	75,742	91,400	91,400	+ 15,658	
Sub-total: Promotion of Social Development	<u>578,040</u>	<u>811,209</u>	<u>819,244</u>	+ <u>241,114</u>	<u>41,965</u>
B. <u>Education</u>					
(27) Training Center for Improved Work Supervision (PCT Project #218)	---	67,428	67,428	+ 67,428	
(28) Planning Education for Development	130,744	172,662	---	- 130,744	172,662
Sub-total: Education	<u>130,744</u>	<u>240,090</u>	<u>67,428</u>	- <u>63,316</u>	<u>172,662</u>
Total: Social Development	<u>708,784</u>	<u>1,051,299</u>	<u>886,672</u>	+ <u>177,798</u>	<u>214,627</u>

	1967/68 Approved CIES	1968/69 Secretariat	1968/69 Subcommittee	Change from 1967/68	To Budget Reserve
IV. FISCAL POLICY AND ADMINISTRATION					
(29) Training Center for Tax Policy Officers (PCT Project #217)	20,000	100,000	100,000	+ 80,000	
(30) Training Center for Public Administration (PCT Project #214)	159,997	222,938	211,314	+ 51,317	11,624
(31) Technical Assistance and Tax Reform	189,956	275,491	275,491	+ 85,535	
(32) Improvement of Public Adminis- tration	<u>102,425</u>	<u>131,428</u>	<u>131,428</u>	+ <u>29,003</u>	
Total: Fiscal Policy and Adminis- tration	<u>472,378</u>	<u>729,857</u>	<u>718,233</u>	+ <u>245,855</u>	<u>11,624</u>
V. SCIENCE AND TECHNOLOGY					
(33) Training Center for Improving Science Teaching (PCT Project #212)	<u>66,500</u>	<u>---</u>	<u>---</u>	- <u>66,500</u>	<u>---</u>
Total: Science and Technology	<u>66,500</u>	<u>---</u>	<u>---</u>	- <u>66,500</u>	<u>---</u>
VI. PUBLIC INFORMATION					
(34) Information and Mobilization of Public Opinion for the Alliance for Progress	147,783	162,838	162,838	+ 15,055	
(35) Alliance for Progress Information Team	<u>195,894</u>	<u>217,755</u>	<u>217,755</u>	+ <u>21,861</u>	
Total: Public Information	<u>343,677</u>	<u>380,593</u>	<u>380,593</u>	+ <u>36,916</u>	
VII. CIAP ACTIVITIES					
(36) Office of the CIAP Chairman	166,265	180,000	180,000	+ 13,735	
(37) Activities Associated with CIAP Country Reviews	<u>401,747</u>	<u>522,437</u>	<u>472,437</u>	+ <u>70,690</u>	<u>50,000</u>
Total: CIAP Activities	<u>568,012</u>	<u>702,437</u>	<u>652,437</u>	+ <u>84,425</u>	<u>50,000</u>

	1967/68 Approved CIES	1968/69 Secretariat	1968/69 Subcommittee	Change from 1967/68	To Budget Reserve
VIII. NON-PROGRAMMED TECHNICAL ASSISTANCE AND TRAINING					
(38) General Technical Assistance	355,000	414,668	375,000	+ 20,000	19,668
(39) Integrated Technical Cooperation Projects (PICOT)	<u>x/</u>	139,264	139,264	+ 139,264	
<u>General Training Programs</u>					
a.(40) Special Training Program(PEC)	437,780	416,909	416,909	- 20,871	
b.(41) Program of University Development	<u>122,718</u>	<u>159,893</u>	<u>---</u>	- <u>122,718</u>	<u>159,893</u>
Total: Non-Programmed Technical Assistance and Training	<u>915,498</u>	<u>1,130,734</u>	<u>931,173</u>	+ <u>15,675</u>	<u>179,561</u>
IX. ADMINISTRATIVE SUPPORT FOR PROGRAMS					
(42) Budget and Program Unit, Assistant Secretary for Economic and Social Affairs	45,590	56,400	56,400	+ 10,810	
(43) Planning, Coordination and Supervision of Technical Assistance and Training	198,594	227,663	227,663	+ 29,069	
(44) Backstopping Technical Missions	48,180	55,332	55,332	+ 7,152	
(45) Administrative Support for Regional Training Centers	<u>150,240</u>	<u>158,101</u>	<u>178,101</u>	+ <u>27,861</u>	
Total: Administrative Support for Programs	<u>442,604</u>	<u>497,496</u>	<u>517,496</u>	+ <u>74,892</u>	

x/ In FY 1968 and previous years this activity was financed from several other projects.

	1967/68 Approved CIES	1968/69 Secretariat	1968/69 Subcommittee	Change from 1967/68	To Budget Reserve
X. GENERAL EXPENSES					
Financial and Accounting Services	175,657	175,599	175,599	- 58	
Administrative Services	111,600	121,831	121,831	+ 10,231	
Legal Services	16,784	18,584	18,584	+ 1,800	
Operation Expenses	245,669	248,986	248,986	+ 3,317	
Control of Vacant Posts	- 9,931	---	---	+ 9,931	
Sub-Total: General Expenses	<u>539,779</u>	<u>565,000</u>	<u>565,000</u>	<u>+ 25,221</u>	
Total: Program Level	<u>\$6,872,899</u>	<u>\$ 7,565,493</u>	<u>\$7,049,500</u>	<u>+172,519</u>	<u>565,993</u>
XI. (47) RESERVES	200,000	200,000	200,000	---	
(48) Budgetary Reserve	270,223		565,993	+295,770	
Total: Reserves					
Adjustment for Increase for "population"			<u>-50,000</u>	<u>- 50,000</u>	
TOTAL: PROGRAM AND BUDGET	<u>\$7,343,122</u>	<u>\$7,765,493</u>	<u>\$7,765,493</u>	<u>+ 418,289</u>	