

IDCA AND ITS DIRECTOR'S OFFICE  
BRIEFING BOOK

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## INTRODUCTION

IDCA's mandate is to serve as a focal point within the Executive Branch for the United States' economic relations with Third World Countries. The IDCA Director is the President's principal adviser on issues of international development. IDCA is responsible for a broad range of policies in public and private investment, monetary affairs, trade, and multilateral and bilateral assistance.

This broad mandate is implemented by the IDCA Director and the staff which makes up the IDCA Director's Office, with assistance from the staff of IDCA components, especially AID, which provides significant administrative and analytical support. The IDCA Director's Office staff now consists of about 59 professionals and support people.

### 1. Briefing Summary

This briefing book summarizes the current activities and priorities of the IDCA Director's Office, presenting as a coherent whole IDCA's involvement with United States development programs and its involvement with the development aspects of our broader economic relations with the Third World. This briefing book complements a separate book, primarily prepared by AID: "Basic Facts on U.S. Development and Other Foreign Assistance."

This briefing book has six sections:

- I. Introduction
- II. IDCA and its Director's Office. This section sets out the key activities and priorities of the IDCA Director's Office. It provides an overview, as well as details concerning IDCA involvement in the preparation of the comprehensive development assistance budget, international economic and monetary affairs, country policy and program analysis, UN activities, North-South relations, and sectoral issues, including agriculture, energy, population/health, and science and technology.
- III. Key Issues. This section catalogues key substantive issues which will face the IDCA Director's Office over the coming months.
- IV. Events and Obligations. This section lists the events and obligations that will place demands upon the IDCA Director's Office from now until April 1981.
- V. Personnel. This section lists the present IDCA Director's Office staff, describes staff duties, and outlines future staffing plans.

VI. Key Documents. This section brings together documents pertinent to the organization and role of the IDCA Director's Office and of IDCA. They include a compilation of pertinent legislative materials, as well as materials recently prepared to delineate the relationship between the IDCA Director's Office and AID.

2. Need for Broader Perspective.

To understand the role and focus of the IDCA Director's Office, as well as the need for the activities it undertakes, it is essential to understand:

- (a) the broad parameters of the world economy;
- (b) the problems and prospects of world economic development;
- (c) the institutional context, both in and outside the U.S., within which relations between the developed and the developing world take place.

The briefing materials which we have prepared, including both this book and "Basic Facts on U.S. Development and Other Foreign Assistance," provide substantial information on the U.S. and world-wide institutional framework. Rather than try to summarize broadly the world economic and development parameters crucial to an understanding of present U.S. development and other policies towards the Third World, we have provided selected pertinent background materials. We have included the following materials in "Appendix 1" to this book:

(a) IDCA's FY 81 Congressional Presentation. This was submitted to Congress in January 1980. Pages 3 through 21 provide a quick overview of the current United States development assistance program and of U.S. relations with the developing countries.

(b) The 1980 Annual Report of the Chairman of the Development Coordination Committee, "Development Issues -- U.S. Actions Affecting the Development of Low-Income Countries." Prepared in March of 1980, this report of the IDCA Director, who serves as the Chairman of the DCC, sets out in more detail matters summarized in the IDCA FY 81 Congressional Presentation. It also includes, at pages 199 to 222, the IDCA Director's Annual Statement to President Carter in December of 1979. This Statement on Development Policy was the basis for IDCA's first-year work program.

(c) IDCA's Memorandum to the President on the Development Coordination Committee Review of the Independent Commission on International Development Issues (the Brandt Report). This memorandum, sent to the President in September 1980, spells out the results of an IDCA-led inter-agency examination of major policy issues in the North-South debate, and contains IDCA's recommendations on priorities for the future. It is classified "CONFIDENTIAL."

(d) The IMF "World Economic Outlook." This report, issued in June 1980, is a comprehensive analysis of the international economic situation and outlook. It includes a variety of statistical projections.

(e) IBRD "World Development Report, 1980." Issued in June 1980, the report examines (1) some of the difficulties the developing countries face in continuing the social and economic progress of the last 30 years, and (2) the plight of the 800 million people living in absolute poverty.

Review of these materials is crucial to understanding the wide spectrum of U.S. involvement with the Third World and the role which IDCA has played and can continue to play in focusing and reshaping these relationships.

We are now preparing IDCA's FY 82 Congressional Presentation and 1981 Annual Report.

# IDCA AND ITS DIRECTOR'S OFFICE

## OVERVIEW

The International Development Cooperation Agency was created by Presidential Reorganization Plan on October 1, 1979. Although the authority and responsibility of the IDCA Director stretch well beyond the confines of the Agency itself, IDCA consists of four components: (1) the IDCA Director's Office; (2) the Agency for International Development; (3) the Overseas Private Investment Corporation; (4) the Trade and Development Program.

### 1. IDCA Authorities

IDCA, and particularly its Director's Office, serves as the Executive Branch's central coordinating and policy-making unit for our country's economic relations with developing countries. The IDCA Director has a variety of authorities to assist in carrying out that mission:

#### (a) Development Policy-Making and Budgeting

The IDCA Director is the principal advisor to the President and the Secretary of State on international development matters. The Director has primary responsibility for establishing overall development assistance policy and coordinating international development activities supported by the United States. The Director is responsible for preparing for submission to the President both an annual development policy statement, covering U.S. policies and their budgets having a major impact on the developing nations, and a comprehensive development assistance budget. As Chairman of the Development Coordination Committee, the IDCA Director is responsible for establishing and managing intra-governmental coordination efforts on development matters.

#### (b) Development Aspects of Executive Branch Decision-Making on Trade, Financial and Monetary Affairs, Technology and Other Economic Issues Affecting the Less Developed Nations

As the Government's senior development official, the IDCA Director participates in Executive Branch efforts and decisions significantly affecting U.S. economic relations with the Third World. The Director of IDCA is a member of pertinent formal and informal policy councils including, besides the Development Coordination Committee, such bodies as the National Advisory Council, the International Monetary Group, and the Trade Policy Committee.

#### (c) Development and Other Foreign Assistance

##### (1) AID

The IDCA Director establishes and controls the budgets and policies of AID and its bilateral foreign

assistance programs. Most of the authorities under which AID operates are delegated through the IDCA Director to the AID Administrator. The IDCA Director advises the President on the appointment and tenure of senior AID officials. In these senses, the AID Administrator reports to the IDCA Director.

(2) OPIC

The Overseas Private Investment Corporation is a component of IDCA, and the IDCA Director serves as the Chairman of the Board of Directors of the Corporation.

(3) TDP

The Trade and Development Program, successor to AID's Reimbursable Development Program, is similarly an IDCA component subject to the budget and policy guidance of the IDCA Director.

(4) International Organizations and Programs

IDCA has lead budget and policy responsibility for U.S. participation in the United Nations (UN) and Organization of American States (OAS) programs whose purpose is primarily developmental. These include, for example, the UN Development Program (UNDP), the UN Children's Fund (UNICEF), the World Food Program and the OAS Technical Assistance Fund. Day-to-day representation of U.S. interests vis-a-vis these entities is carried out by the State Department's Bureau of International Organization Affairs, subject to appropriate IDCA guidance.

(5) Multilateral Development Banks

U.S. participation in the Multilateral Development Banks (MDBs) -- the World Bank group and the Regional Development Banks -- is a shared responsibility of the Director of IDCA and the Secretary of the Treasury. Day-to-day relations are administered by the Treasury Department. The Director of IDCA participates with the Secretary of the Treasury in recommending for presidential appointment the U.S. Executive Directors of the Multilateral Banks. The IDCA Director advises the Secretary of the Treasury and the U.S. Representatives on development programs and policies, and on each development project of the Multilateral Banks. The IDCA Director's advice is normally determinative on these matters. Differences between the Director and the Secretary may be submitted to the President for resolution.

(6) IFAD

The Director of IDCA is a governor of the International Fund for Agricultural Development and instructs U.S. Executive Director to the IFAD Board of Directors.

(7) Other Programs

The direction of the U.S. Food for Peace Program (PL 480) is a shared responsibility of IDCA and the Department of Agriculture. IDCA also plays a role in decisions re the Economic Support Fund.

2. Premises Behind IDCA's Formation

The organization of IDCA, and the delineation of the IDCA Director's authorities, flowed directly from several premises:

(a) Our economic relations with developing nations are a centrally important feature of our international policies and a vital element in our own future prosperity and security.

(1) Developing countries are the largest and fastest growing consumers of U.S. manufactured and agricultural exports.

(2) Developing countries are the fastest growing recipients of American overseas investments.

(3) Developing countries supply the U.S. economy with an increasing proportion of raw materials essential to our industrial base.

(4) Developing countries are subject to increasing political and civil conflict and instability. The United States thus has a major interest in the economic stability and growth of the developing world.

(b) Equitable economic development in poor countries serves and enhances all of the United States' economic and security interests in these countries. As developing countries improve their economic conditions, they buy more from the United States, they provide a more secure investment climate, and they are able to provide uninterrupted and increased supplies of vital raw materials. At the same time, the economic growth of developing countries, especially to the extent that it is equitable, contributes to internal and regional stability, thereby enhancing our own security interests.

(c) Because of its economic and security interests, the United States has a national interest in, and a national policy of, promoting equitable economic growth in the developing countries. That interest, and the policies that serve it, must necessarily be viewed as long term in nature, given the huge and intractable problems of development. This long-term United States interest in the economic growth of developing countries, and U.S. development policies, are related to and yet in many ways distinct from our immediate international political concerns and short-term, tactical foreign policy interests.

(d) There are a wide range of programs and policies supported by the United States Government which either serve or have a considerable impact on our interest in promoting development. The programs (both bilateral and multilateral) that directly serve a development interest ought and need to be given central coordination and policy management. The policies and programs that significantly affect development while serving other broad interests (such as trade policy, international financial policies, technology transfer, etc.) ought to be coordinated with development assistance policies and programs and should reflect our interest in development to the extent possible.

(e) There needs to be within the Executive Branch a single independent unit to serve as the focal point for U.S. development efforts. That unit needs, at minimum, responsibility for (i) coordinating activities and making policy for all of the development assistance programs and (ii) ensuring that developmental considerations are taken into account in the formulation of broader U.S. international economic policies.

### 3. IDCA Functions

The IDCA Director and the staff of the IDCA Director's Office perform three principal functions, which flow both from IDCA authority and from the premises which led to IDCA's formation:

#### (a) Executive Branch Decision-Making

IDCA works to ensure that development goals are taken fully into account in all Executive Branch decision-making on trade, financial and monetary affairs, technology and other economic policy issues affecting the less developed nations. For example, IDCA has actively participated and brought a developmental perspective to the Trade Policy Committee, the Executive's principal trade policy-making body; to the National Advisory Council on International Monetary and Financial Policies (NAC), the central Executive policy-making body for international financial policy; to the International Monetary Group (IMG) of Treasury, which deals with international monetary policies; and to U.S. participation in the wide range of international activities and negotiations that take up such issues, including the UN General Assembly, the Organization for Economic Cooperation and Development (OECD), the General Agreement on Tariffs and Trade (GATT), the Annual Meetings of the World Bank and the International Monetary Fund (IMF), and others. Policies such as those in the areas of trade and international finance are increasingly important instruments for dealing with our national interest in promoting development. While they cannot and should not serve that interest alone, IDCA seeks to ensure that whenever possible these instruments are used in a way that is compatible with and supportive of our larger development policies.

(b) Presidential Advisor

IDCA advises the President on international economic development policies. For example, the IDCA Director has played the lead role in the President's response to the reports of the Brandt Commission and the Presidential Commission on World Hunger and has served a central role in advising the President on a wide range of issues, policies, and meetings such as the recent Venice Economic Summit.

(c) Development Assistance

IDCA provides coordination and policy direction to the full range of development assistance programs supported by the United States. These include bilateral development assistance administered by AID; U.S. participation in the developmental UN programs such as UNICEF and UNDP; U.S. participation in the Multilateral Development Banks (MDBs), such as the World Bank and the Regional Development Banks; the U.S. Food for Peace (PL 480) Program; the newly-established Trade and Development Program (TDP); and the activities of the Overseas Private Investment Corporation (OPIC). IDCA's efforts to perform this function have been of two sorts:

(1) Coordination

IDCA's goal has been to provide central coordination, particularly among the policies and activities of the banks, AID, the UN Agencies, and PL 480, all of which often operate in the same country or the same forum at the same time. Examples of such coordination include the preparation and presentation to the President and the Congress of a Comprehensive Development Assistance Budget that interrelates all of these programs; the establishment of a so-called Early Warning System that ensures that MDB lending is coordinated with bilateral aid at the country level; the creation of an inter-agency public affairs working group that organizes administration-wide public affairs activities in the foreign assistance field; the revitalization of the Development Coordination Committee (DCC), a statutory inter-agency body chaired by the IDCA Director, and various specific coordinating initiatives in such fields as population programs, capital saving technology and energy.

(2) Policy Direction

IDCA's goal has been to provide (i) central policies which apply to all development efforts and reflect U.S. national interests and (ii) development policies for individual programs that reflect and take advantage of their respective strengths. Examples of the first type

of policies include the establishment of three priority sectors for all U.S. supported development assistance activities: agriculture, energy, and population/health; the identification of capital-saving or appropriate technologies as a desirable tool in the implementation of development assistance; and the construction of cogent and comprehensive U.S. development strategies for key geographic regions such as the Caribbean. Examples of the second type of policies include the focusing of U.S. bilateral development assistance on countries where the need and the commitment to equitable economic growth are greatest; increasing the attention given to population-related programs by the Multilateral Development Banks; and strengthening the effort in the form of the new Trade and Development Program to link development and growth in trade opportunities in middle income developing countries.

Taken together, these activities are designed to provide increasingly clear direction for a well coordinated United States development assistance effort.

#### 4. Details of IDCA Activities

The authority and functions of IDCA and its Director's Office, then, flow from the need for central coordination and policy management within the Executive. They are no less complex and diverse than are the problems and issues the United States today faces in its relations with the developing world. The remainder of this section sets out those functions in more detail and outlines the major substantive issues now facing IDCA.

## BUDGET OPERATIONS

### 1. Description of Program Area

Prior to IDCA's formation, budget decisions concerning United States' development and other foreign assistance for the developing countries were fragmented. Decisions on funding proposals for bilateral development assistance, PL 480, the multilateral banks, international development organizations and other assistance efforts were not consistently reviewed as a whole or subjected to comparative evaluation on the basis of a clearly defined overall approach to United States development assistance. Nor were separate funding proposals integrated for review with regard to deciding what mix would provide the most efficient and effective use of scarce resources. Finally, short-term tactical foreign policy objectives often determined funding decisions without being appropriately counter balanced by a broader perspective, which saw U.S. national interests being best served by allocating scarce assistance resources in substantial part on the basis of long-term development objectives.

### 2. Organizational Framework

IDCA has worked to remedy these deficiencies through the preparation of an annual comprehensive development assistance budget. This budget is submitted to the Office of Management and Budget after consultation with the Secretary of State. Upon approval by OMB and the President, it forms the basis of the subsequent Administration budget request and presentation to the Congress.

#### (a) Comprehensive Development Assistance Budget

The process is initiated annually each spring when OMB provides IDCA with budget planning ceilings for IDCA as a whole, with illustrative sub-ceilings for AID (with Housing Guaranties displayed separately), OPIC, IFAD, IO&P and TDP. A unified personnel ceiling is also provided. IDCA and Treasury are both given the MDB planning amounts, and a similar arrangement exists with the Department of Agriculture regarding PL 480 ceilings. Although the State Department receives the official ESF guidance, IDCA is furnished with an information copy.

The elements of the comprehensive budget have been defined in practice to include not only those programs directly under the IDCA umbrella (AID, OPIC, IFAD, IO&P voluntary programs, and TDP), but also the multilateral development banks and PL 480 food assistance. Although the Secretary of State is charged with consulting the Director of IDCA on the Economic Support Fund, IDCA has chosen not to include ESF in its budget submission to OMB. The budget requests of the Peace Corps and the Inter-

American Foundation are also excluded. (However, in order to provide the Congress with the comprehensive overview of foreign assistance it finds most useful and desirable, IDCA's subsequent Congressional Presentation includes budget requests and other information on all of these programs. There are, for instance, close programmatic linkages between Peace Corps programs and AID assistance in many developing countries. In addition, development assistance and economic support funds often play complementary roles in the overall U.S. development effort.)

The formulation of this comprehensive budget occurs in two stages. First, IDCA reviews during the early part of the summer each foreign assistance program submission for consistency with U.S. development policy and priorities. For instance, with respect to the bilateral assistance program a high priority is given to countries which, by reason of their relative poverty, have the greatest need for aid, have established policies conducive to equitable development, and whose continued development is important to the United States. Second, IDCA interranks the several programs using zero-based budgeting techniques to establish priorities across programs. This latter process usually occurs between mid-August and mid-September and is an integral part of preparing the budget submission document for OMB. Although USDA and Treasury have the authority to submit different requests for PL 480 and the Banks respectively, they have endorsed the IDCA submission. It should further be noted that prior to submission to OMB, issues, usually regarding country specific foreign assistance levels, are discussed with the Department of State and have generally been resolved.

The result is a budget which prioritizes the U. S. development assistance effort from an overall development perspective. In a complementary new procedure instituted this year, the Secretary of State interranks the entire foreign affairs budget - including such programs as Security Assistance, ACDA, the International Communications Agency, IDCA and Eximbank - for OMB in light of overall foreign policy priorities.

Issues remaining between IDCA and State or OMB are resolved by the President.

(b) IDCA Involvement in Various Program Areas

IDCA participation in the budget process varies by program:

(i) AID

Following guidance from IDCA/AID in Washington outlining agency priorities, each AID country mission annually

prepares or updates its long term development strategy, including AID Development Assistance and PL 480 programs as well as ESF. These are reviewed by AID in Washington. IDCA staff selectively participate in these sessions, particularly for countries where non-AID development issues are likely.

Based on these reviews, budget priorities by sector and by country are jointly established by AID and IDCA. Thereafter, AID's budget for Development Assistance and required staffing levels is furnished to IDCA in mid-August for review and incorporation in IDCA's September submission to OMB. IDCA also reviews each year's apportionment request and operational year budget (OYB) to insure its priorities are met.

(ii) International Development Organizations and Programs

IDCA has lead responsibility for budget support and policy concerning U.S. participation in those UN/OAS organizations and programs with primarily developmental objectives. IDCA participates in contribution/pledge decisions and in review of work plans and budget proposals for each agency. It also reviews any necessary apportionment requests and/or OYB.

(iii) PL 480

IDCA budget/policy guidance to AID also applies to PL 480. The IDCA/AID PL 480 budget process is coordinated with other agencies -- mainly State and Agriculture -- concerned with this program. IDCA receives AID's PL 480 budget recommendations with AID's general budget submissions in late summer. IDCA then works with Agriculture and State to assure, if possible, that the PL 480 budget submissions to OMB are compatible. Parallel to its review of the AID and IO Operational Year Budgets, IDCA's budget office also reviews the quarterly Title I allocations and any major Title II allocation questions that arise over the year.

(iv) Multilateral Development Banks

Most budget issues concerning the multilateral development banks arise outside of the regular budget cycle with replenishments negotiated separately by the Treasury Department with the advice of IDCA. The exception is IFAD, the International Fund for Agricultural Development, which is directly under the jurisdiction of IDCA. The IDCA Director is negotiating the first replenishment for this institution. The annual appropriations for these capital subscriptions are interranked with other foreign assistance programs on the basis of their development priority.

(v) OPIC, Housing Guaranties and TDP

These programs are grouped together (1) because they directly encourage private sector participation in the

foreign assistance effort; and (2) because OPIC and Housing Guaranties are largely guaranty and insurance programs that do not require appropriations but are controlled through program limitations submitted with the Administration's budget request.

OPIC insures investments made by U.S. corporations in LDCs against political risks such as expropriation, war, and the inability to convert currencies. It also guaranties loans by American banks to U.S. corporations doing business in the LDC's, which also tends to encourage investments in those countries. Budget instructions are issued to OPIC in the spring and the OPIC budget is reviewed by IDCA and submitted to OMB in September. The challenge for IDCA is to integrate these programs more thoroughly into the foreign assistance effort, for they provide substantial resource flows at a time of limited budget availabilities. They could become, for instance, major elements of our response to the needs of the relatively wealthier less developed countries -- the so-called middle income nations.

The Housing Guaranty Program guaranties loans at near commercial terms from Savings and Loan Institutions in the United States to housing loan institutions in the LDCs. Over the past several years, this program has devised innovative means of inducing these entities to address the shelter needs of poor people in these countries. IDCA has encouraged AID (under whose authority the program falls) to stress the expansion of this effort and to integrate it more explicitly into other aspects of the bilateral development program. The fundamental issue has been establishing adequate programming criteria rather than merely responding to requests for assistance.

(vi) TDP

IDCA provides year-round policy and staffing guidance to this agency and discusses with TDP the integration of both its trade and development objectives into general U.S. policies in these areas. Budget instructions are issued in the spring. TDP furnishes its budget request for program and staff to IDCA for review and submission to OMB. IDCA reviews the Program's OYB.

(vii) ESF

IDCA is a member of the Arms Export Control Board and is represented at all stages of the preparation of the Security Assistance budget. Upon presentation of this budget, the IDCA Director may register his dissent to the budget submission from a development perspective, either with regard to proposed levels of Economic Support Funds (ESF), allocations of concessional FMS (foreign military sales), or the impact of military assistance on the economy of particular countries.

### 3. Major Substantive Issues

#### (a) Operational Year Budget (FY 1981 OYB)

If an appropriations bill is enacted by the Congress, further changes to AID's FY 1981 budget - which is now based on Continuing Resolution levels - will have to be made.

#### (b) FY 1982 Budget Request

Decisions may have to be made on revisions to the FY 1982 budget to accord with the priorities of the new Administration.

#### (c) Replenishments

Final decisions on the IFAD replenishment should be made by early April at the latest. Also negotiations for a replenishment of the African Development Fund must be commenced in early 1981. Negotiations for a new replenishment of the Asian Development Bank are expected to begin early next calendar year.

The World Bank will probably request an indication of U.S. support during the next several months for the proposed new energy facility in order to begin project and other planning.

#### (d) Budget Guidance

Guidance to IDCA components on budget preparation, if needed, will have to be prepared in early spring.

#### (e) IO Budget (UN System)

With respect to the UN system, there are no major replenishments or contribution decisions in the next six months.

#### (f) PL 480

Sharp price changes for agricultural commodities will necessitate a review of PL 480 allocations, probably in both November/December 1980 and in Spring 1981. Supplemental appropriations may need to be considered for emergency and refugee programs.

### 4. Background

The major work of the past year was defining the appropriate budgetary role for the IDCA Director vis-a-vis each program, establishing the necessary mechanisms, and submitting the 1982 Budget to OMB and defending it before OMB. Considerable time was also spent on the March revisions of the 1981 Budget and in assisting Congressional Relations in the appropriations process.

## NORTH/SOUTH DIALOGUE

### 1. Description of Program Area

All of IDCA's work is, in some sense, about North/South relations. However, it is useful to discuss separately from IDCA's other work its involvement in what has come to be called "the North/South dialogue."

The "North/South dialogue" takes place on two levels. Most generally, it involves the whole range of discussions and negotiations between the North (the industrialized, developed countries located largely in the Northern Hemisphere) and the South (the developing countries located mainly in the Southern Hemisphere) -- at bilateral, regional and international levels.

More specifically, the dialogue involves the highly visible discussions in multilateral fora on a wide-range of international economic issues. The developing countries use this dialogue to press for fundamental changes in the international economic system which they believe would benefit them.

This continuing "dialogue" grew out of the experience of developing countries in the 1950s and 1960s, when they discovered that by acting in unison they could focus world attention on their development problems and their ideas for international change through debates in the U.N. General Assembly. Thus, since the late 1950s/early 1960s, the United Nations has been the focal point for the conduct of North/South negotiations. The decade of the 1970s marked an intense period of North/South dialogue.

In 1974, at the Sixth Special Session of the UN General Assembly, the developing countries voted for resolutions calling for a "new international economic order." A more constructive tone was set in 1975 with the Seventh Special Session and with the launching of the Conference on International Economic Cooperation in Paris, and in 1976 with UNCTAD IV (Fourth UN Conference on Trade and Development) in Nairobi. In 1979, a deteriorating world economy and dissension which emerged at UNCTAD V among the developing countries over energy and other issues led them to call for a new round of global negotiations (for which preparations are now underway).

In the years ahead it will remain in the U.S. interest to continue to work with developing countries on problems of common concern. Global negotiations provides one - among many - occasions for partnership. In addition, a UN Conference on Least Developed Countries (LLDCs) is scheduled for September 1981; North/South issues are regularly addressed in the seven-nation economic summits; coordination on North/South issues occurs within the OECD; US-European Community and US-country bilateral consultations address North/South issues; and preparations are now underway for an Organization of American States (OAS) Special General Assembly on Cooperation for Development.

## 2. Organizational Framework

Within the U.S. Government, work on the North/South dialogue is handled through:

(a) Periodic meetings organized by State/E and involving State/EB, State/IO, State/SP, Treasury, USTR, NSC, USUN and IDCA, at the Under-Secretary, Assistant and Deputy Assistant Secretary level. (Both the IDCA Director and Deputy Director attend.)

(b) North/South Steering Group, chaired by State and involving all the same agencies (and others depending on issues) at deputy assistant and office director levels.

(c) Generally, for specific conferences (including the preparatory meeting on Global Negotiations, LLDC Conferences, etc.) the State Department will organize a working level "task force" that includes IDCA.

At the intergovernmental level the OECD Executive Committee in Special Session (XCSS) and OECD North/South Group provide opportunities for discussing and seeking to coordinate countries' positions on North/South issues and specific negotiations/conferences. State and Treasury are principal participants; IDCA has attended and participates in preparations of briefing materials.

North/South issues are now regularly an aspect of the economic summits. (The next Summit will be in Ottawa in June 1981). There is no permanent inter-agency group for summit preparation. IDCA participation is mainly through Director's and Deputy Director's contact with NSC and others most directly involved in Summit preparatory meetings; also through review of background papers and draft communiques.

### 3. Major Substantive Issues

#### (a) Need for Overall Strategy

Both Global Negotiations and the Ottawa Summit will require attention to the full range of North/South issues -- development assistance, trade, finance, technology transfers and the special problems of adjustment, (with special emphasis on energy and food security). To guide our participation in these meetings, as well as possible participation in a proposed North/South summit, the US Government needs an overall strategy. IDCA has proposed such a Strategy, based on a "Compact for Growth".

#### (b) UN Conference on Least Developed Countries

State/EB, State/IO and IDCA/AID are working now on preparations for the September 1981 UN Conference on Least Developed Countries. This will require increasing attention in the early part of the next year. The key substantive issues will be flows of Official Development Assistance.

#### (c) The Organization of American States (OAS)

The Organization of American States (OAS) is another fora in which North/South economic issues are under active discussion, although in a hemispheric rather than global context. Preparations for a Special OAS General Assembly on Cooperation for Development are underway; no definite date or agenda has yet been set. IDCA has been working with State/ARA and AID/LAC in the preparations and formulation of a U.S. approach to this conference. The conference is expected to focus on a broad range of issues, including: food, natural resources, energy, illiteracy and education, human settlements and the environment, technology, and the problem of small countries (i.e., the Caribbean).

#### (d) The Organization for Economic Cooperation and Development (OECD)

Three issues involving the Organization for Economic Cooperation and Development (OECD) will require the immediate attention of the new Administration: (1) reorganization of OECD work on North/South issues (including the future mandate of the North/South Group); (2) improvement of means for coordination in New York of OECD member countries' positions on Global Negotiations; (3) choice of U.S. candidate for Chairman of the OECD's Development Assistance Committee (DAC) to replace John Lewis -- candidate probably needs to be decided upon by early spring.

4. Background

Over the course of this past year, IDCA has been involved in the UN Special Session on Development-- concerned with final negotiation of an International Development Strategy for 1980 and the still unfinished business of "launching" Global Negotiations. Also, IDCA led an inter-agency review of the Brandt Commission Report; a report of that review was transmitted to the President in September. In addition, IDCA drafted a "Framework" for North/South negotiations, including a number of specific initiatives, and work is underway on a strategy statement for U.S. economic relations with developing countries in the first half of the 1980s.

## MONEY AND FINANCE

### 1. Description of Program Area

World economic growth will be sluggish during the next few years, as oil-importing countries reduce their current account deficits and adapt to higher energy costs. The economic policies adopted during the adjustment period will have some immediate effect on growth--and even more on the recovery expected after 1985.

International finance will play a crucial role. Unless the developing (and other oil-importing) countries can fund their large projected balance-of-payments deficits, output and growth will be seriously affected. If the money is not used to support structural adjustments, then LDCs will face increased debt service burdens without the improved earning capacity that is necessary to avoid mounting strain. The domestic policies of developing countries will be crucial. The more efficiently such countries use their imports, their investments, and their energy supplies, and the more they increase their saving and investment, the faster will be their growth. Most of the foreign capital that the developing countries need must come through the industrial world's banks or from its aid programs.

Current account imbalances of the oil-importing developing countries will be large in the next few years, requiring special efforts to recycle finance to them. There is a serious danger that the matching of surpluses and deficits will occur at levels of global activity--and developing-country trade and growth--which are lower than desirable. Developing countries will have to finance larger deficits and undertake adjustment or, after short-term expedients are exhausted, cut imports and hence domestic production as well as consumption.

The broad range of issues surrounding capital flows which affect the developing countries--international monetary policy, country programs for balance-of-payments adjustment, debt policy, and capital market developments--are crucial to overall United States development policies.

## 2. Organizational Framework

IDCA participates in the government's decision-making on international monetary and financial issues in order to assure that the implications for U.S. economic policy vis-a-vis the developing countries are taken fully into account. The institutional structure and process is explained below.

The International Monetary Fund (IMF) is the multilateral institution with responsibility for oversight and development of stable international monetary relations, and for the provision of financial support to countries facing balance-of-payments stress in order to assist in the reestablishment of a sustainable equilibrium in their external accounts. The IMF has become an increasingly important economic policy tool with regard to developing countries because of its crucial role in providing financial and technical assistance in the present difficult economic context.

The IMF Board, where the U.S. is represented by an Executive Director, considers a wide range of issues relating to developing countries. Board discussion of such issues is preceded by IMF distribution of a wide range of documents, including policy papers, country consultation reports, and agreements on adjustment conditions, to member countries. IDCA participates in the interagency development of policy on these issues prior to Board discussion. In addition, the Governors of the IMF (Finance Ministers and Central Bank Governors) meet annually, and groups of 20 Governors, including the U.S. Secretary of the Treasury, meet twice a year in the IMF Interim and IMF/IBRD Development committees to make decisions on monetary and development finance issues at a high political level. The IDCA Director or Associate Director serves on the U.S. delegation to these Committee meetings and to the Annual meeting. These issues are also discussed in less public forums at various meetings of the industrial countries.

The major interagency forum for discussing policy issues relating to the IMF is the International Monetary Group (IMG), which is convened by the Under Secretary of the Treasury for Monetary Affairs in advance of international meetings and as policy decisions are required. IDCA is represented by the Director or Associate Director. In addition, the National Advisory Council on International Monetary and Financial Problems (NAC) meets weekly at the staff level for interagency discussion of USG participation in the IMF, financial issues in the MDBs, and practices of all USG agencies engaging in foreign lending or other financial, exchange or monetary transactions. Of particular interest to IDCA in the NAC are discussions of MDB replenishment documents and other IFI policy papers bearing upon development issues. When issues merit higher attention, IDCA's Associate Director for Policy and Budget or the Deputy

Associate Director will attend a meeting of the NAC Alternates; a full meeting of NAC principals would involve the IDCA Director or his Deputy.

Issues relating to international capital markets and debt policy are also discussed, periodically, in the IMF Board, at the Interim and Development Committees, in the World Bank Board, at the OECD, or--with respect to an individual LDC--at the "Paris Club" where public creditors from industrial countries coordinate their positions in relation to an LDC debt rescheduling. In addition, during the past year, the IMF/IBRD Development Committee established an intergovernmental "Task Force on Nonconcessional Flows" to determine whether conditions in international capital markets called for further involvement by public creditors to ensure adequate availability of finance to LDCs in the coming difficult period. IDCA participated actively in the establishment and formulation of positions for Task Force meetings and served on the delegations to the meetings.

The World Bank has expanded its role of assisting in the adjustment process through structural adjustment loans to countries with particularly difficult balance-of-payments situations. IDCA has been concerned that, as the roles of the IMF and IBRD move closer together, adequate coordination between the two institutions should take place.

### 3. Major Substantive Issues

#### (a) Structural Adjustment and Long-term Monetary Reform

The world economic outlook has demanded major attention to monetary and financial issues during the past year and for the coming period. The need for structural adjustments in LDC economies to accommodate to higher energy costs and related economic conditions has led the IMF and the World Bank to agree on the need to provide larger amounts of financing on a multi-year basis.

In addition, the Brandt Commission report and renewal of global negotiations has increased the attention to issues of longer term monetary reform--particularly, the role of LDCs in decision-making in the IMF. During the coming months, the Fund will discuss: access to Fund resources, borrowing by the Fund, quotas and voting power, issues relating to Special Drawing Rights (SDRs), financing of food import costs, and coordination with the World Bank. Several of these issues will receive Ministerial attention at the meetings of the Interim and Development Committees in Gabon, in May 1981.

(b) Increasing Nonconcessional Flows

The Task Force on Nonconcessional Flows has before it a series of proposals to increase the flow of nonconcessional resources to LDCs by expanding the lending of the World Bank through a variety of means and by other intergovernmental measures. During the coming year, the Task Force will have to reach final conclusions on actions to recommend to the Development Committee, no later than at the 1981 (fall) annual meeting.

(c) Debt Reorganization

There is growing concern that LDCs may increasingly require reorganization of their debts in order to continue to meet their debt service obligations and undertake economic adjustment. In cooperation with the Treasury and State Departments, IDCA will have to review and reconsider USG debt policy (including the budgetary treatment of debt reschedulings).

4. Background

During the first year, IDCA's concentration was on establishing its constructive participation in the intragovernmental and international discussions on monetary and financial issues.

Particular attention was given to preparation for the Interim Committee meeting in Hamburg in April 1980--where decisions were taken to increase the access of Fund members to resources on the basis of longer term programs of adjustment.

IDCA also worked actively on framing U.S. positions for the meetings of the Task Force on Nonconcessional Flows.

The IDCA Director actively participated in the IMG meetings where the broad array of monetary reform proposals was discussed in preparation for IMF discussions and high level political meetings.

## INTERNATIONAL TRADE AND COMMODITIES

### 1. Description of Program Area

Trade plays a crucial role in the development process. A number of developing countries have achieved dramatic rates of export and economic growth. These countries, sometimes called the advanced developing countries, generally receive little or no bilateral or concessional multilateral development assistance; trade thus is the primary generator of foreign exchange and development growth in these countries. Exporting has also become a more urgent priority for developing countries in the past few years, as many seek to export to help cover their rising external financial gap.

Two-way trade between the United States and the developing countries rose from \$24 billion in 1970 to \$155 billion in 1979. U.S. exports to non-OPEC developing countries increased by almost 18% a year over the past decade, compared to a 15.6% annual rate of growth in exports to industrial countries. U.S. imports of manufactured products from developing countries increased from \$3.5 billion in 1970 (13.7% of the total) to \$26.4 billion in 1979 (over 23% of the total). U.S. exports of manufactured products to developing countries increased from \$9 billion in 1971 (30% of the total) to \$45 billion in 1979 (39% of the total).

### 2. Organizational Framework

IDCA's goal in international trade is to foster mutually beneficial trade between the United States and the Third World. IDCA's concern and responsibility in international trade policy is to assure that development considerations are fully taken into account in all Executive Branch trade policy decisions. No other agency of the dozen or so participating in trade policy decisions shares this precise goal, although some (e.g., State, Treasury) frequently share IDCA's views on particular issues.

IDCA participates in the interagency trade policy structure as part of the Trade Policy Committee (TPC) at the Cabinet level, the Trade Policy Review Group (TPRG) at the subcabinet level, and the Trade Policy Staff Committee (TPSC) at the staff level. Each of these committees is coordinated by the U.S. Trade Representative. U.S. policy on all activities related to international trade agreements (including U.S. participation in the GATT), export policy, import policy (including import restrictions under various provisions of law) and international commodity agreements are considered within this committee structure. IDCA participates in policy decisions affecting export financing, including Export-Import Bank financing, as a member of the National Advisory Committee on International Monetary and Financial Policy (NAC).

One of IDCA's priorities is the avoidance of unwarranted U.S. actions against developing country products. Such actions clearly can be detrimental to the development prospects of export-dependent developing countries. IDCA's position usually provides balance to protectionist views in the trade policy structure (represented by the Departments of Labor, Agriculture, Interior, and sometimes Commerce and the USTR) that generally are more numerous and have more political clout than the liberal trade agencies.

International agencies involved in trade policy-making decisions are the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development. The Global Negotiations will also discuss trade issues. The United States holds regular bilateral trade consultations with numerous developing countries and groups, including India, Mexico, Brazil, ASEAN, and the Andean Pact.

### 3. Major Substantive Issues

#### (a) Multifiber Arrangement (MFA)

This arrangement, negotiated under GATT, permits the United States and other developed countries to place tight quotas on textiles and apparel imports from developing countries. The MFA expires at the end of 1981; negotiations on a new arrangement or continuation of the present begin in early 1981. The issue is highly sensitive and controversial. Developing countries want liberalization of the MFA because textiles and apparel are their chief exports. The U.S. industry and unions want tighter restrictions, preferably global quotas. The Carter Administration issued a "White Paper" on the textile industry in 1979. One provision of the paper, subsequently incorporated into law, is that textile tariff cuts agreed to in the Multilateral Trade Negotiations will be cancelled if the MFA is not renewed or replaced by a "suitable alternative." IDCA's goal is to improve conditions of trade for poorer developing countries in a new textile agreement.

#### (b) Subsidy Code and Developing Countries

The U.S. is asking developing countries to make acceptable commitments on the phase-out or discontinuance of export subsidies as the price of U.S. application of the injury test in countervailing duty cases. Without a suitable commitment, imports subsidized by foreign governments are subject to automatic imposition of countervailing duties equal to the amount of the subsidy. A number of developing countries submitted acceptable commitments, but the U.S. and India did not reach agreement. We thus applied countervailing duties to an import from India without an injury finding, which India has challenged in the GATT. We will have to deal with this issue in the next few months. IDCA has advocated acceptance of the commitment finally offered by India and of appropriate commitments from other developing countries.

(c) Generalized System of Preferences (GSP).

The GSP, a system of tariff preferences for developing countries, expires in January 1985. Any broad trade or development policy for the next four years should include GSP renewal. President Carter also pledged to Congress that he would make a special effort to improve GSP for the poorer developing countries. That pledge should be carried out in the annual GSP product review to be completed in April.

(d) Common Fund for Commodities.

An agreement on a Common Fund, which will provide a central source of financial resources for international commodity agreements, was negotiated this year. It must be ratified by the Senate before taking effect.

(e) Global Negotiations.

LDC trade demands are on the agenda for the GN.

(f) Footwear.

Import restrictions on non-rubber footwear expire in June 1981. The industry has petitioned for an extension. If the International Trade Commission so recommends, the President will have to decide whether to implement the recommendation.

4. Background

Three major events occurred in the past three years in international trade and commodities. The Tokyo Round of Multilateral Trade Negotiations, the major international trade liberalizing effort of the past decade, was concluded in July 1979. Negotiations on a Common Fund to provide financial support for international commodity agreements were concluded in mid-1980. Executive Branch trade responsibilities were reorganized effective January 1980, with policy coordination centered in the Office of the U.S. Trade Representative and policy implementation centered in the Department of Commerce.

IDCA efforts over the past year have concentrated on participation in decisions concerning possible imposition of import restrictions. Leather wearing apparel and canned mushrooms were two products in that category. IDCA also participated in assuring proper implementation of the non-tariff measure codes negotiated in the Tokyo Round, especially the subsidies code (discussed in detail above). The past year has not been propitious for new trade liberalizing initiatives because the Tokyo Round was only recently completed and because of unfavorable general economic conditions. IDCA has, however, begun consideration of new trade-liberalizing initiatives which might be launched when economic conditions improve.

## PRIVATE INVESTMENT

### 1. Description of Program Area

In the absence of rising official aid flows, private investment bridges the set of gaps that constrain development in the Third World -- the balance of payments gap, the savings gap, the technological gap, and hence, in the long run, the per capita income gap. Since about 1950, however, private investment has been a relatively small, and extremely volatile part of the flow of resources to developing countries.

A number of obstacles have stood in the way of greater participation of overseas private investment in the development process. These obstacles are partly economic, arising from the difficulties of operating in countries with shortages of skilled manpower, foreign exchange and basic utilities. They are partly political, stemming from the political risks faced by private enterprise, such as expropriation and the blockage of repatriation of profits and capital. These factors make it necessary to earn high profits to compensate for risks. The high rates earned then cause hostility in the host country.

To a significant degree as well, investment decisions vis-a-vis the Third World depend on U.S. investment and monetary policies. Taxation, exchange controls, and investment incentives are the principal instruments of U.S. Government policy which can mobilize investors. Particularly in regard to the latter, the United States has taken some steps to facilitate private participation. The Overseas Private Investment Corporation (OPIC) and the Trade and Development Program (TDP) are the two key programs.

### 2. Organization Framework

Every act of overseas private investment has at least three interested parties: the investor, the investors' government, and host government. The latter has responsibility for creating an investment climate that attracts private capital.

The U.S. takes responsibility for facilitating the outflow of capital. The major actors in this process include: the IRS, which controls tax policies; the Commerce Department, which provides marketing assistance; the Export-Import Bank, which provides financing; and IDCA, which brings the development perspective to bear upon decisions of these agencies which affect private investment in the Third World.

OPIC, a component agency of IDCA, is a government-owned corporation which administers special investment and guarantee programs, intended, as its legislative mandate says, "to mobilize and facilitate the participation of U.S. private capital and skills in the economic and social development of LDCs." OPIC has three main programs. It insures U.S. investors for up to 90 percent of expropriation, currency inconvertibility, or warfare-caused losses on their insured investments in developing nations. It guarantees U.S. lending institutions against losses on the principal or interest for new loans to finance up to 75 percent of a new U.S. investment in a developing country. It administers a modest loan fund which offers direct loans to encourage and help small or medium U.S. firms make new investments in developing areas. OPIC is self-sustaining.

TDP was established July 1, 1980 to promote economic development in developing countries through the provision of project planning services leading to the sale of U.S. technology, both goods and services, for project implementation. TDP is the successor to AID's Office of Reimbursable Development Programs. TDP-sponsored activities cover a wide range of development sectors of major priority to host governments and international development efforts. The program is directed principally at middle-income developing countries, which can finance their own development either through domestic resources or access to international financing.

The resources of OPIC and TDP are used to insure or finance activities which might not have attracted the private investor without such incentives, but which are essential to the balanced economic development of a country. The guiding principle of both programs is mutual benefit: they encourage and assist those private investments which promise to accelerate economic growth in developing countries while benefitting the U.S. As components of IDCA, these programs are coordinated and guided to be consistent with overall U.S. Development and Trade policies.

Apart from the efforts of OPIC and TDP, IDCA's efforts in the area of private investment are far from what they could be. IDCA can potentially play a greater role in facilitating private investment in the Third World. It could, for example, recommend ways in which investment disincentives could be minimized; establish advisory committees and working groups on investment community and the public sector; and be a focal point within the U.S. Government for devising development strategies involving private investment.

### 3. Major Substantive Issues

#### (a) IDCA's Role in Facilitating Private Investment

The issue of how to gear up the IDCA Director's Office to play a greater role in facilitating private investment in the Third World is important and will require attention in the coming months. One decision might entail appointing an Associate Director for, and staffing up the Development Operations Office, which was conceived to carry out IDCA's role in encouraging private investment.

#### (b) OPIC

Senators Roth and Ribicoff have introduced a bill to establish a cabinet-level Trade Department, which would transfer OPIC to the Department and make the Director of IDCA an ex-officio member of the OPIC Board. Of particular concern to the IDCA Director's Office is that this legislative change would make OPIC's main purpose trade as opposed to development. Another proposed bill would remove the restriction on operation of OPIC programs in countries that have per capita incomes of more than \$1,000. IDCA led the interagency group which prepared recommendations concerning OPIC's reauthorization and has considered carefully issues posed by the trade purpose and \$1,000 limitation.

#### (c) TDP

IDCA needs to better understand the day-to-day operations of TDP in order to understand the capabilities and limits of the program. Among the questions IDCA should be able to answer are: how TDP relates to the MDBs; what project criteria are most appropriate; what is the process of project identification; are the TDP overseas attaches vital to the success of the program; and, is TDP substituting for private funding.

### 4. Background

As the coordinating entity for OPIC and TDP, IDCA has spent significant time sorting out difficult interagency relationships, trouble-shooting, and providing policy direction and guidelines. Getting TDP started particularly occupied much of IDCA's time and effort. With limited staff, personnel changes and vacancies, IDCA has not yet lived up to its potential in promoting private investment.

Toward the end of the year, however, IDCA began to prepare substantive papers on how it could play a greater

role in the area. In addition, the agency actively participated in meetings with the Chamber of Commerce, the International Trade Council, the National Convention and Association of General Contractors, the International Division of the Bakers Association, and others, to discuss ways of promoting private participation in development. In support of increased private investment in Africa the Deputy Director joined the Chamber of Commerce in a fact finding mission to Zimbabwe to identify targets of opportunity for investment.

To facilitate interagency coordination, IDCA has begun a series of discussions with the Department of Commerce and the Export-Import Bank to better understand the relationship of their programs to OPIC's and TDP's.

## DEVELOPMENT ASSISTANCE

This section sets out IDCA Development Assistance Activities. It first summaries IDCA efforts vis a vis the Multilateral Development Banks, U.N. Development Organizations and Programs, and the International Fund for Agricultural Development. It then looks at IDCA coordination efforts through the Development Coordination Committee and country-by-country coordination. It then looks at the agriculture, energy and population/health sectors. It finally touches on the crucial area of science and technology.

One general theme, which cuts across the subjects touched upon in this section, is that of IDCA's effort to increase the effectiveness of our development assistance by focusing activities and expenditures.

IDCA's approach has been, first, to examine overall developing country needs and to propose allocating responsibility for meeting those needs between bilateral and multilateral assistance according to the comparative advantages of each. It is clear that both bilateral and multilateral programs must finance capital and technical assistance in order to attain development objectives. Within that broad framework, the multilateral banks are relied upon primarily for programs requiring large amounts of capital. Bilateral programs are relied upon to take the lead in areas that require innovation and experimentation, particularly those that tap American resources of science and technology. The banks are also relied upon to provide leadership in engaging Third World governments in policy review along a wide range of macro-economic issues, while the bilateral programs focus on severe sectoral bottlenecks and constraints.

IDCA's approach has been, second, to seek to focus United States' efforts in nations where our resources are likely to have a maximum impact in achieving self-sustaining growth and in improving the quality of life of poor people. Assistance to particular countries and regions has been evaluated against standards of development performance, relative need, and the importance of development to the long term interests of the United States.

Third, IDCA has established three development sectors for priority attention and support: agriculture; energy; and population/health. These sectors will increasingly be the focus of U.S. bilateral development assistance and U.S. participation in multilateral development institutions.

## MULTILATERAL DEVELOPMENT BANKS

### COORDINATION OF BILATERAL AND MULTILATERAL ASSISTANCE

#### 1. Description of Program Area

The Multilateral Development Banks (MDBs) provide loans to developing member governments to finance development projects and programs. The MDBs consist of: the World Bank Group (IBRD, IDA, IFC), the Inter-American Development Bank, the Asian Development Bank and Fund and the African Development Bank and Fund.

The MDBs were created in the post-World War II period to provide assistance for economic and social development of needy countries. The MDBs utilize two forms of lending: one form is on near market terms; the other is on concessional terms. For the hard loans which are the largest component of MDB lending, the institutions utilize subscriptions primarily from developed countries but also from developing countries, in the form of paid-in capital subscriptions (about 10 percent or less) and callable capital subscriptions (about 90 percent) to serve as a backup for their borrowings in the private capital markets. These capital funds and borrowings are then used to fund their development loans. The concessional windows in the MDBs receive contributions from member governments and relend those funds.

The MDBs use the funds available on near market terms to finance projects in countries that are able to service these loans, while the concessional funds are used for countries that are so poor that they cannot afford to service harder loans of the magnitudes necessary for their development needs.

In 1979 the MDBs provided roughly \$15 billion of loans to the developing countries. Of the approximately \$10 billion that was provided on harder terms, the prorated U.S. paid-in contribution was only about \$250 million. The U.S. share of the softer funds was on the order of 25 percent.

The overall size of the MDB programs and the significant U.S. share, combined with gross bilateral U.S. assistance totaling around \$6 billion in FY 80 (IO&P, AID, PL-480 and ESF), clearly points up the need to coordinate U.S. bilateral and multilateral assistance efforts. The need for coordination centers not only on the need to insure that the programs effectively promote the economic development and foreign policy goals of the U.S. but also to make both programs compatible in a development sense. Coordination of bilateral and multilateral assistance efforts is critical in a period of budget stringency to set priorities on competing budget demands in the economic assistance area. Prior to the creation of IDCA, budget decisions

dealing with the various economic assistance programs were decentralized and not well coordinated to maximize the economic development and foreign policy impact of U.S. assistance. AID had no explicit development policy responsibility vis-a-vis the MDBs and therefore had a small voice in U.S. consideration of MDB development policy decisions, although it has maintained a broad range of operating relationships with the Bank.

The developing world is characterized by the prevalence of absolute poverty--estimated at 800 million people--malnutrition, soaring birth rates, low life expectancy, high infant mortality, illiteracy and low economic productivity. The needs of the developing countries for financing and expertise are large and growing.

Assistance aimed at overcoming the critical development bottlenecks is increasingly being directed by all donors through the MDBs. The MDB lending programs have concentrated on agriculture, particularly food production, energy production and power generation, transportation, rudimentary health services and functional literacy. All the MDBs are sharply increasing lending for energy production to reduce the oil imports of the developing countries. The benefits of these programs will also accrue to the developed world through reduced demand pressure on world oil prices.

Economic developments beginning with the OPEC price increases of 1974-75 have sharply set back the development prospects of the developing countries. The huge and recurring increases in the price of oil coupled with high inflation rates and slow growth in the developed countries have reduced the developing countries' ability to generate enough domestic savings to finance development projects and to finance needed imports. Because of the MDBs' unique burden-sharing arrangements and the leveraging of paid-in contributions by capital market borrowings, they have been increasingly used to provide the needed financing for development.

## 2. Organizational Framework

The U.S. Executive Directors in the MDBs are responsible for the day-to-day operating relationship with the institution. They reflect U.S. policy and represent the U.S. position in the Board and at the working level in the banks. The Secretary of the Treasury has normally served as the U.S. Governor to the institutions but does not play an active role in the daily operations of the banks. Until 1979, Treasury had lead responsibility for the entire range of U.S. relationships with the MDBs. Under the foreign assistance reorganization plan, the IDCA Director is now responsible for advising both the Secretary of the Treasury and the U.S. Executive Directors of the Multilateral Development Banks (MDBs) on development programs and policies. As principal development advisor to the

President, the Director's conclusions with respect to the developmental merits of issues before the MDBs will normally be determinative. IDCA is also charged with establishing priorities on U.S. subscriptions and contributions to the MDBs within the total foreign assistance budget as part of its responsibility to prepare a ranked, comprehensive foreign assistance budget.

The IDCA Director shares responsibility with the Treasury Department for selection of the Executive Directors and the Alternate Executive Directors in the MDBs, who, except for the African Development Fund, are appointed by the President. The Treasury Secretary continues to formally instruct the Executive Directors, including conveyance of IDCA's development policy guidance on MDB development policy issues to them.

IDCA provides and coordinates its development advice through the Development Coordination Committee (DCC), which IDCA chairs and of which Treasury, State, AID, OMB, DOE and USDA are the most active members. General USG policy issues vis-a-vis the MDBs are handled in the DCC Subcommittee on Multilateral Affairs (SMA) which is chaired by Treasury. Specific MDB projects and policy proposals are reviewed by the SMA's Working Group on Multilateral Assistance, also chaired by Treasury. This latter group is comprised primarily of staff-level representatives, while in the DCC and SMA agency representation is typically at the Assistant Secretary and above level.

MDB financial policy issues (e.g. replenishments, capital market borrowings, net income targets, etc.) are reviewed by the National Advisory Council, an interagency group charged with reviewing broad international financial issues such as the operations of the IMF and Exim Bank. Except for major policy issues, agency representation is primarily at the staff level, but official agency positions are reflected in the formal votes taken on each of the agenda items.

One of IDCA's responsibilities is to ensure that AID personnel are fully aware of the MDBs' work programs as well as their future plans in each country. The Director draws on AID's advice and expertise to carry out IDCA's responsibilities with regard to the MDBs and to improve coordination of U.S. bilateral and multilateral assistance efforts. IDCA works closely with AID in seeking its advice on MDB policies and projects and in donor coordination in the field.

IDCA has, for example, brought AID into the process through creation of the "Early Warning System" which draws on AID field knowledge to influence MDB project development, through increased Mission contacts with counterparts in the banks, through specifically addressing donor coordination in the CDSS, through direct AID involvement in replenishment negotiations and in other ways.

### 3. Major Substantive Issues

#### (a) Replenishments

Negotiations for a replenishment of resources for the African Development Fund (AfDF), the Asian Development Fund (ADF) and a capital increase for the Asian Development Bank (ADB) are scheduled to begin early in 1981 to provide resources and capital in CY 1982. Major issues yet to be resolved are, inter alia, the size of these MDB programs over the replenishment/capital increase period, the U.S. share, burden-sharing, the sectoral focus of the programs, and broad country allocation criteria.

#### (b) Executive Directors

Consultations with Treasury on the appointment of Executive Directors and their Alternates in the various MDBs should be undertaken in the very near future.

#### (c) Development Committee

The most recent meeting of the Development Committee, a joint ministerial committee of the Governors of the World Bank and International Monetary Fund, reviewed the state of the world economy and its impact on the financial needs of developing countries. Included in this review were Task Force reports on nonconcessional flows and private investment. The next meeting is scheduled for Gabon in May. While the agenda is not yet firm, it will probably include among other things the World Bank paper on the Brandt Commission recommendations that apply to the Bank, and a World Bank paper dealing with potential strategies for increasing concessional assistance.

#### (d) Early Warning System

There is a need to further strengthen the Early Warning System (EWS). Such a strengthening could involve (1) getting the African Development Fund to provide its project pipeline document more frequently than once a year, (2) instituting a follow-up system to ensure that EWS project specific information is actually used by the MDBs in the course of developing the specific project before it is presented to the Executive Board for approval and (3) securing a more complete project summary for AID review at an intermediate stage of planning.

#### (e) MDB Annual Meetings

IDCA will have to help prepare development policy guidance for several MDB Annual Meetings as follows: Asian Development Bank and Fund, April 30 - May 2; Inter-American Development Bank, April 6-8; African Development Fund, May 11-15.

#### 4. Background

IDCA's first year working on multilateral matters was spent building the policymaking capabilities of the institution while it began to affect development policy decisions. The Early Warning System (EWS) was established to utilize AID and State field expertise in 15 key countries in analyzing MDB loan proposals at an early stage. The EWS also enhances AID/MDB coordination by formalizing field missions' analytic responsibilities vis-a-vis the MDB programs in the country. Other coordination mechanisms have been developed periodically.

In the course of the year, IDCA also began providing development policy guidance for inclusion in major speeches and use by USG officials at MDB Annual Meetings. IDCA also started to provide policy direction to our Executive Directors on specific issues before the Executive Boards of the MDBs. Most recently, IDCA played a constructive role in framing the initial U.S. negotiating position for replenishments of the Asian Development Fund, the African Development Fund and the capital increase for the Asian Development Bank. IDCA has also taken the lead in negotiations for a replenishment of IFAD's resources.

## INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

### 1. Description of Program Area

Inaugurated in December 1977, the International Fund for Agricultural Development (IFAD) is a Specialized Agency of the United Nations whose purpose is to assist developing countries through the provision of loans and grants to expand food and agricultural production. The Fund gives highest priority to projects in the poorest food deficit countries and concentrates its resources on activities that are specifically designed to assist small farmers and the landless poor. The United States provided \$200 million of IFAD's initial funding of just over \$1 billion. By the end of the current calendar year, the bulk of these funds will have been committed. To date, this entails some fifty development projects throughout Asia, Africa, and Latin America. Financed projects include irrigation schemes, rural development projects, small farmer credits, livestock improvement and artisanal fishery projects. In accordance with the Fund's mandate, all of its projects focus not only on production elements but also on social equity aspects to ensure that the production benefits accrue to the Fund's special target group of the least advantaged.

### 2. Organizational Framework

#### (a) IFAD Institution

The IFAD organization is provisionally headquartered in Rome. Its staff, which is relatively small for an international organization, consists of some 70 professional and technical employees and approximately 80 support staff. The staff is headed by a President who is from Saudi Arabia and a Vice President from the United States. The work of the Fund is overseen by two bodies: its Executive Board, which meets quarterly and approves all of the Fund's projects, and its Governing Council which meets annually. All member states, currently 125, are represented at the Governing Council. Membership on the Executive Board is limited to 18 Executive Directors, including the United States, and an equal number of Alternates. Although to date no issue at either the Executive Board or Governing Council has been put to an actual vote, the Fund does have a formal voting structure. Voting rights in both bodies are distributed equally among the three groups of members: the OECD donors (Category I), the OPEC donors (Category II), and the developing country beneficiaries (Category III). The tripartite structure of the Fund is in fact a unique feature and innovation which represented a major concession on the part of donor countries and underlies to a considerable degree the interest the developing countries attach to this institution.

### (b) Coordination within USC

Within the U.S. Government, coordination and policy determinations with regard to IFAD were initially managed by AID. However, after its formation, IDCA took over these responsibilities. IDCA has recently assigned to State/IO the operational functions related to IFAD, while retaining policy and budget control.

In reaching policy decisions on IFAD, IDCA is assisted by several different inter-agency groups. IFAD projects, for example, have been regularly reviewed by the Treasury-chaired Working Group on Multilateral Assistance, although substantive analysis for project soundness and consistency with development policy has been carried out by IDCA and AID. In addition, all IFAD projects are submitted to the State-chaired human rights committee for determinations in accordance with U.S. human rights policies. For IFAD policy issues in general, an ad hoc group of interested agencies (State, Treasury, USDA, and AID) has regularly participated in reviewing and clearing U.S. positions. While the majority of issues are resolved at the staff level among the interested agencies, occasionally issues are escalated to the sub-cabinet or cabinet level for decision.

### 3.. Major Substantive Issue

With over \$850 million of the Fund's initial funding committed by the end of 1980, the major substantive issue now facing IFAD donors is replenishment of the Fund's resources. Linked to the question of replenishment is the issue of burden sharing between the two donor groups: the OECD countries and the OPEC countries. The OECD countries are generally agreed on the desirability of a three-year replenishment total on the order of \$1.5 billion which would permit a modest growth in real terms of the Fund's lending operations. This overall target implies a new resource requirement from OECD and OPEC donors on the order of \$1.2 or \$1.3 billion after deducting carry-in of the Fund's uncommitted resources at the end of 1980 and modest contributions to replenishment anticipated from the developing countries that constitute Category III.

The OECD and OPEC members have not reached agreement on sharing the financial burden of replenishment. The United States with support from some Category I members has been seeking an improvement in the OPEC contribution over the 43 percent that OPEC donors provided in the initial funding. The OPEC members for their part have consistently maintained that 43 percent already represents a disproportionate share from them, given relative levels of development between the two donor groups. The hostilities between two OPEC members, Iran and Iraq, which in the initial funding provided one-third of the total OPEC share, now pose further difficulties. If these two countries are unable or unwilling to participate in IFAD's replenishment, the remaining OPEC members will be obliged to nearly double their contributions in order simply to maintain the existing 43 percent OPEC share.

The related issues of total replenishment and respective shares will be discussed at IFAD meetings on November 24 and again at the Governing Council session in mid-December. Depending on the outcome of these meetings, the new Administration will need to consider early in the new year the U.S. position on replenishment negotiations. Decisions will also have to be made on such replenishment issues as the mode of payment and the criteria or "trigger" mechanism which determines when sufficient country pledges have been received before new loan commitments can be made.

#### 4. Background

IFAD grew out of the 1974 World Food Conference which focused governmental and public attention on the critical food and nutrition problems facing the developing countries. Although it took three years of international negotiations to bring IFAD into existence, its establishment constituted the single most important initiative of the decade on the part of the international community to increase assistance in the area of food and agricultural development. During the period 1974 to 1977 that led to IFAD's creation, the United States played a very active and strong leadership role. The United States was among the first countries to pledge its support for the Fund and one of the first to obtain the necessary legislative appropriations for a contribution. In consequence, the United States exercised a predominant influence during the formative period of IFAD and strongly influenced all aspects of its organization, structure and objectives. The Fund's lending policies and criteria, for example, with the special focus on small farmers and the landless poor, are direct reflections of the agricultural development policy adopted by the United States to guide its own bilateral assistance program.

Underlying the strong U.S. support given IFAD are the following basic U.S. interests:

- (i) U.S. concerns for the alleviation of world hunger and malnutrition,
- (ii) U.S. interests in improving relations with the developing countries,
- (iii) U.S. interests in increasing total resources available for agricultural development, and in particular,
- (iv) U.S. interest in channeling OPEC resources to development in a multilateral framework.

## UN DEVELOPMENT OPERATIONS

### 1. Description of Program Area

Reflecting increasing international recognition of development needs, the United Nations organizations have taken a larger role in development over the years. Total UN system expenditures for development purposes (including the international financial institutions) are estimated to be over \$3 billion in 1980. The UN agencies operate in over 150 countries and territories, and are involved in all sectors of development.

#### A. Programs Funded by Voluntary Contributions

The most important UN organizations which are developmental in character are the United Nations Development Program (UNDP), which is the world's largest source of technical assistance, and the United Nations Children's Fund (UNICEF), the lead UN agency for providing assistance to children and their mothers. These two programs represent approximately 77 percent of U.S. voluntary contributions to the UN system.

The UNDP serves a very broad range of economic and social needs in 151 developing countries and territories. All UNDP resources for technical assistance are provided on a grant basis. The UNDP operates on the basis of country and inter-country programs, with projects implemented primarily by UN Specialized Agencies. These generally involve providing experts to work in advisory, training and occasionally operational capacities; limited amounts of specialized equipment and technical services; and fellowships for advanced study abroad by developing country nations. The UNDP mechanism facilitates funding of UN technical assistance through voluntary contributions, rather than through UN system assessed regular budgets. The U.S. contribution of \$126 million in 1979 represents 18.2% of total government contributions.

The next largest U.S. voluntary contribution supports UNICEF programs in such fields of long-range development for children as maternal and child health, clean water, social welfare, education, and simple village technology, in 108 countries. UNICEF also has an emergency role vis-a-vis children and occasionally, as in Kampuchea today, plays a leading role in overall relief efforts because of its apolitical character.

The U.S. contributed \$30 million in 1979, or 19% of total government contributions to UNICEF.

The U.S. also gives voluntary contributions to a number of other UN development-oriented programs. Included are the UN Fund for Population Activities (UNFPA), the UN Environment Program (UNEP), and the UN Capital Development Fund (UNCDF).

#### B. Programs Funded by Assessed Contributions

The Specialized Agencies of the UN, which are funded through assessed contributions, have given an increasingly developmental focus to their mandates. Some of the agencies, such as the FAO and the WHO, deal with what are indisputably "basic human needs". Activities under one general theme can be very far-ranging. For example, the FAO's concern with increasing food and agricultural production takes it into water management, forestry, soil conservation, nutrition, and fisheries. The work of other agencies which seems less directly related to basic human needs nonetheless does contribute to accelerating development. For example, the World Meteorological Organization (WMO) supports programs on weather monitoring which obviously benefit agriculture, and provide training for LDC nationals.

The U.S. share of assessed contributions in the UN system is 25%, a ceiling imposed by the Congress.

Although the specialized agencies have a fundamental interest in development problems, they generally do not conduct technical assistance for the benefit of any individual country from their assessed budgets. For such specific country projects they rely on funding from other sources, such as UNDP; the Specialized Agencies then serve as the executing agencies for UNDP.

#### C. UN Conferences

From time to time the UN convenes international conferences or proclaims international years or decades to call global attention to problems and to stimulate creative thinking on solutions. Two examples are the UN Conference on New and Renewable Energy to be held in 1981, and the UN Water Decade (1981-1990).

These events are distinct from the regularly scheduled periodic meetings held in each UN agency where governmental representatives decide major policy and budget issues.

## 2. Organizational Framework

Under the Reorganization Act, IDCA has lead policy and budget responsibility for U.S. participation in those UN organizations and programs whose purposes are primarily developmental, such as UNDP, UNICEF, the UN Capital Development Fund, and the World Food Program (administered by FAO).

In addition, as part of its overall authority to coordinate bilateral and multilateral assistance, IDCA advises the IO Bureau of State on the work of UN agencies with major development roles funded by assessed contributions and on deliberations in UN fora on development issues. The principal assessed-budget agencies of interest are WHO and FAO, but we also monitor other activities, such as UNIDO and UNESCO.

Under an agreement worked out between IDCA and IO, the IO Bureau continues to manage U.S. participation in all the international organizations but with a strengthened developmental focus supplied by IDCA personnel. Most of the developmental programs fall under the purview of the IO Deputy Assistant Secretary for Economic and Social Affairs. The IO Office of Development Policy Support (IO/DPS), staffed by A.I.D. career officers, is responsible for the IO&P account, general development assistance issues in the UN system, and for evaluation and planning of development assistance. IDCA/AID also fills positions in U.S. missions in New York (USUN), Rome (Food and Agriculture activities), Paris (UNESCO) and Geneva.

IO coordinates U.S. preparations for UN meetings. Various U.S. Government agencies may be involved, depending on the particular meeting. Thus, for example, U.S. positions for the UNICEF Executive Board may be drafted by HHS, IDCA/AID or the Department of Education, among others. For a meeting of UNIDO, the EB Bureau of State, Treasury, Labor and Commerce, as well as IDCA might be involved.

Selection of delegations to international conferences is the responsibility of the Office of International Conferences in State. IDCA has lead responsibility for recommending the composition of delegations for meetings of the governing bodies of the organizations specified in the Reorganization Act. The most important meetings for which IDCA nominates delegations are the UNDP Governing Council (held annually in June), and the UNICEF Executive Board (held every May).

### 3. Major Substantive Issues

#### A. IDCA-IO Coordination

IDCA and IO are constantly exploring more effective linkages to provide the staff support needed for IDCA to give policy guidance and for coordination with AID programs. IO/DPS is one of the instrumentalities created for this purpose (in June 1980), and is testing the best means of fulfilling this function.

A related issue is the future funding of the IO/DPS staff. State is paying the costs in 1980-81, but it is undecided who will pay in 1982.

IDCA and AID have examined the need for certain AID staff in IO missions, considering with IO their costs and benefits in the broader context of U.S. development activities.

#### B. Impact of U.S. Budget Process on Contributions

Traditionally, the U.S. has set the standard among donors for increasing contributions to UNDP. With the budget for the IO&P account limited by the Continuing Resolution, U.S. support for UN development activities increasingly is being called into question. The UNDP's lead coordinating role within the UN system may be weakened if it cannot fund sustained program growth due to the stagnation of U.S. contributions.

#### C. Central Coordinating Function of UNDP

A critical issue which will extend beyond next year, is the future role of UNDP. The specialized agencies would like to circumvent UNDP by getting authority to conduct technical assistance independently, either through assessed budgets or by setting up their own voluntary funds. Some donors, on the other hand, would prefer that UNDP be more activist. The proliferation of special funds, often created to reflect donor priorities, compromises the fund-raising potential of UNDP and thereby detracts from its ability to provide overall coordination for UN system technical assistance activities.

#### D. UN Relief Operations

A number of UN agencies, such as UNHCR, UNDRO, UNICEF, have responsibility for emergency relief efforts. However, the UN system lacks any recognized mechanism for assuring a coordinated effort in specific emergency situations and for orderly transition from relief to rehabilitation and long-term development programs.

## E. UNICEF

Overall, as a result of the International Year of the Child, 1979, UNICEF has been designated as the lead UN agency for children everywhere, not just in the developing world. The challenge to UNICEF will be to expand its development role to reach the many UN goals for the Year 2000, and to do so without sacrificing the advantages it bring to the task -- an efficiently managed organization with a dedicated staff experienced in grassroots development and willing to experiment to achieve progress.

### 4. Background

#### A. UNDP

We consider the decision reached at the June 1980 Governing Council on basic allocation guidelines for the Third Program Cycle (1982-86) to be a major achievement in concentrating UNDP's focus on the poorest countries. Eighty percent of country resources will go to countries with per capita GNP under \$500 (compared with 67 percent in the last cycle). Another provision calls for gradual phasing-out of grant assistance to countries that have reached middle-income levels and beyond. This principle of graduation is without precedent in the UN system.

#### B.- Defining Policy Objectives

In keeping with our mandate to sharpen the development focus of U.S. participation, IDCA initiated a policy review of UNDP and UNICEF, conducted by IO, to identify strengths and weaknesses and upcoming issues in each agency. We see this as a first step in a recurring process.

In participating in the U.S. preparations for meetings of many agencies besides WHO and FAO, such as UNIDO, UNCTAD, and UNESCO, IDCA has pointed out opportunities for closer collaboration, thematic and programmatic, between AID and the UN agencies. The general theme of capital saving technology is one example.

Appendix

Acronyms

IO	Bureau of International Organization Affairs, Department of State
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
WHO	World Health Organization
FAO	Food and Agriculture Organization
UNIDO	United Nations Industrial Development Organization
IO&P	International Organizations and Programs
USUN	U.S. Mission to the United Nations
UNESCO	United Nations Educational Scientific and Cultural Organization
UNFPA	United Nations Fund for Population Activities
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Program
UNHCR	United Nations High Commissioner for Refugees
UNDRO	United Nations Disaster Relief Organization

## DEVELOPMENT COORDINATION COMMITTEE

### 1. Description of Program Area

Section 640B of the Foreign Assistance Act (22 U.S.C. 2399c), added by Congress in 1973, directed the President to establish a Development Coordination Committee (DCC) to advise the President "... with respect to coordination of United States policies and programs of bilateral and multilateral development assistance." The IDCA Director is the chair of the DCC.

### 2. Organizational Framework

The original statutory provision on the DCC designated the AID Administrator as chair and required membership to include "... representatives of the Departments of State, Treasury, Commerce, Agriculture, and Labor, the Executive Office of the President and other executive departments and agencies as the President shall designate." A 1979 amendment to the FAA required the addition of the Department of Energy as a member. The IDCA Reorganization Plan and implementing Executive Orders shifted the chairmanship to the IDCA Director and named the following members:

- the Administrator of the Agency for International Development;
- the Under Secretary of State for Economic Affairs;
- the Under Secretary of the Treasury for Monetary Affairs;
- the Under Secretary of Commerce;
- the Under Secretary of Agriculture;
- the Under Secretary of Labor;
- the Under Secretary of Energy;
- a Deputy Special Representative for Trade Negotiations;
- an Associate Director of the Office of Management and Budget;
- a representative of the Assistant to the President for National Security Affairs;
- the President of the Export-Import Bank of the United States;
- the President of the Overseas Private Investment Corporation; and
- the Director of the Peace Corps.

The IDCA Director has the authority to include other agencies in DCC activities as he sees appropriate. Currently the Director of the Trade and Development Program receives notice of most DCC activities. On particular issues, other government agencies may be included.

In considering the usefulness of the DCC, it is helpful to think of analogous bodies in the government such as the Trade Policy Committee, chaired by the U.S. Trade Representative, and the National Advisory Council on International Monetary and Financial Policy, chaired by the Secretary of the Treasury. In all three committees, the full committee occasionally meets at the principal level to discuss or resolve issues; primary activity takes place in subgroups under the full committee constituted of lower level representatives of the agencies. These sub-cabinet or staff groups usually resolve differences without a need to refer the matter up for a full Committee meeting. In some cases, discussion of agency positions reveals a difference which should be resolved above the principal level (usually by the President), and the Committee submits a memorandum laying out the issues and agency positions.

As an effort to improve development coordination prior to IDCA's creation National Security Advisor Brzezinski issued a memo reorganizing the DCC in May 1978. This memo established four new subcommittees:

- Food Aid chaired by Agriculture;
- Multilateral Assistance chaired by Treasury;
- Bilateral Assistance chaired by AID; and
- International Organizations chaired by State/IO.

The existing working group of the Interagency Group on Human Rights ("the Christopher Committee") was designated as a DCC subcommittee. But this did not alter the independence of the Christopher Group. Later a Health Subcommittee, jointly chaired by AID and HHS, was added. A working group was created under the Subcommittee on Multilateral Assistance (the WGMA) to review development aspects of development bank loans, leaving the NAC to consider financial aspects. A working group on PL 480 allocations reports to the Food Aid Subcommittee.

The IDCA reorganization plan and surrounding legislative history gives the IDCA Director authority to determine the internal structure of the DCC and designate the chair of its subgroups. Since IDCA became Chair, IDCA has not reorganized the subcommittees. Rather IDCA has monitored their activity, referred some matters to them, allowed a couple to become dormant, and formed working groups to deal with new tasks anticipating the working groups will dissolve when the task is finished. As the NAC secretariat does for

international financial issues, IDCA occasionally distributes papers on development issues to its members.

The DCC is a mechanism for the IDCA Director to convene agencies to consider or make decisions on development policy questions. It was used at the beginning of this Administration to make recommendations to the President on an overall development strategy. Subcommittees and working groups have been the primary "operating" entities of the Committee. For example, the Food Aid Subcommittee considered policy guidelines to enhance the developmental impact of food aid and considers allocation of PL 480. Information on past activities of the DCC subcommittees and working groups is in the background section.

Section 634 of the FAA requires the DCC Chair to make an Annual Report to the Congress on a range of development issues. All DCC agencies participate in its preparation.

### 3. Major Substantive Issues

The DCC and, particularly, its subcommittees, will be a major forum in which many of the substantive issues outlined in other parts of this book will be considered.

IDCA has planned as a major activity for the DCC in late 1980 and 1981 a review of a development strategy for the Caribbean. A paper by Dr. Sidney Weintraub, prepared in consultation with a number of the DCC agencies, was distributed in October. We expected to feed the Report of the President's Mission on Agriculture in the Caribbean and Central America into this effort as well. That report emphasized involvement of the private sector.

### 4. Background

Since Congressional consideration of the IDCA Reorganization Plan, the DCC has met twice at the principal level. The first meeting was on policy instructions to the U.S. Executive Director of the World Bank on a proposed change in graduation policy. The second was on alternative allocations for development assistance among the various bilateral and multilateral assistance programs. This meeting served as a backdrop for the 1982 budget submission and discussion of alternate outyear projections.

Two major activities of DCC Working Groups in FY 1980 were review of the proposals of the Brandt Commission Report and review of the President's Commission on World Hunger. Both resulted in memoranda to the President, which are included in these briefing materials. Their preparation involved an interagency review of most current North/South issues and alternatives for a U.S. strategy. A notebook of position papers on the range of Brandt Commission proposals was provided to all DCC agencies; there are copies of this

book in the DCC files. (One of the issues identified for follow-up from this Brandt review was the possibility of food financing facility. A paper on that subject by an IDCA staff member was recently distributed to the DCC for information.)

The Brandt and Hunger reviews along with preparation of the FY 1982 budget package and IDCA report on Underdevelopment and Poverty prepared in follow-up to Global 2000 provided the basic outlines of a second term strategy IDCA had submitted in draft to the DCC just before the election. In 1977, the DCC devoted several months to formulation of a development assistance strategy for the new Administration; using the IDCA draft strategy as a starting point, this may again be appropriate.

Working groups also considered papers outlining a development strategy with regard to particular countries. Papers on Kenya, the Philippines, and Indonesia have been completed. Sudan, Thailand, and Tanzania are in progress.

The Subcommittee on Multilateral Assistance handled preparation of the Development Committee of the IMF/IBRD and considered instructions to the U.S. Executive Director to the World Bank on important development issues to be considered in the Bank Board such as structural adjustment lending and cofinancing.

Prior to IDCA's existence, the Food Aid Subcommittee had given extensive consideration to the use of PL 480 as a development tool. Also prior to IDCA's existence, the IO Subcommittee set a work program of action plans defining the U.S. strategy with regard to UN development organizations but was not successful in completing them. (This task is now being done by development officers on detail to the State/IO Bureau). From its creation to the present, the Health Subcommittee has met regularly on a range of issues arising in the World Health Organization, in the Congress, and otherwise. In 1978, the Bilateral Assistance Subcommittee developed policy papers on the evolution of the basic human needs concept and on middle income countries.

## COUNTRY COORDINATION

### 1. Description of Program Area

A wide variety of development related activities, carried out by many diverse organizations, take place in each Third World country. Weaknesses in the coordination of US Government activities, and of US activities with those of other donor governments and international agencies, have often resulted in duplication of effort, failure of donors to effectively address key problems, inadequate analysis of the relative comparative advantage of different donors when determining respective program priorities, etc.

### 2. Organizational Framework

Definition of US development policies respecting individual LDCs, and coordination of US and other multi and bilateral donor policies and activities, takes place at several levels. IDCA has varying degrees of responsibility and oversight over these processes:

- (a) Donor coordination on individual projects takes place largely in the field. In each LDC with an AID mission, coordination arrangements between the government, the AID mission, the World Bank or other regional MDBs (if they have a resident mission), the UNDP Resident Representative, and other bilateral donors (usually through their embassies) is effected through different formal and informal procedures depending on the host government's preferences. There is no standard format. Each AID mission prepares an annual Country Development Strategy Statement (CDSS) that proposes a strategy for the objectives and programs of US bilateral aid. The CDSS also describes the local coordination process and its problems, and informs us of any coordination issues that need to be addressed at agency headquarters levels rather than in the field. IDCA works closely with AID in drafting guidance to the missions for each year's CDSS' exercise, and in the CDSS (and subsequent budget) review process in Washington. Guidance for FY 83 has been sent to missions; CDSSs will start coming in early January.
- (b) For about 25 countries, IBRD-chaired Consultative Groups provide a mechanism for regular donor coordination and review of a country's development problems and aid requirements. Most CGs meet annually in Paris. IDCA participates in the interagency process of defining US positions on the issue to be discussed; AID heads the US delegation. Five CGs will meet between December 1980 and February 1981.

- (c) Continuing a DCC process begun several years ago, IDCA produces Country Strategy Papers for interagency review and adoption. These papers briefly define the US development strategy and objectives respecting individual countries. Besides the bilateral aid program, they review the role of other agencies, the state of coordination between US and other programs, and the LDC's own development strategy. They identify problems needing resolution, coming out of the interagency review process. Completed papers include Kenya, the Philippines and Indonesia. In process are Sudan, China, Thailand and Tanzania.

### 3. Major Substantive Issues

- (a) Middle Income Countries - "Middle Income" developing countries (MICs) represent an important group where for the most part the US has no concessional aid program, such funds being allocated to the poorest nations. IDCA initiated the proposal for FY 82 now before OMB for a considerable expansion of AID's Housing Guarantee (HG) Authority, one of the few instruments the USG has available for directly facilitating a flow of funds to the MICs. The HG authority develops urban shelter projects for low-income private ownership in LDCs, financed with the help of loans from US saving and loan institutions with principal and interest repayment guaranteed under this authority. (Minor US budget funds are required to finance a reserve.)

In the next year, major attention needs to be given to strengthening US links with some of these countries. The areas of strongest interests on the part of MIC governments are trade, science and technology and private investment. (See papers on these subjects.)

- (b) Caribbean Strategy - Recognizing that availability of aid funds was not, and was unlikely to become, large enough to provide solutions to the problems of unemployment and slow growth producing instability in many parts of the Caribbean, IDCA has attempted to develop a framework for US relations with Caribbean countries that can more effectively address the full range of economic relations with these countries, and that could be seen by the participant nations as a major initiative and sign of US intent to help them meet their long-term development problems. A proposal for such a framework has been distributed to the DCC and needs to be pursued.
- (c) Peoples Republic of China - While the Foreign Assistance Act legislation specifically excludes the Peoples Republic of China from direct US aid, some USG activities pertaining to China's development have begun and China has joined IBRD and IMF. IDCA has prepared an initial review of these developments and of the issues they present to the US Government.

## AGRICULTURE AND RURAL DEVELOPMENT

### 1. Description of Program Area

Food problems in the developing world have the highest priority in our foreign assistance relations with developing countries. This high priority is reflected in the allocation of foreign aid flows. More than 60 percent of U.S. bilateral development assistance resources, including food aid, are used to support agriculture and rural development activities.

Despite reported relatively rapid rates of overall progress in the developing world, food production growth during the 1970's barely kept up with population growth. In Africa, for instance, the regional average annual growth rate for agricultural production, 1.4 percent, was only one-half of that achieved by all developing countries. This rate is probably higher than that achieved for food production. It is also only one-half of the population growth rate experienced in Africa for the same period, thus revealing rapidly declining agricultural/food production on a per capita basis. Continuation of this trend, a likely outcome, means that by 1985 Africa will need to import 19 percent of its food requirements.

A similar, though less severe situation is found in Asia where Nepal, Bangladesh and Indonesia failed to match agricultural production growth rates with population increases. The rest of the sub-continent including Burma did better (2.0 to 2.7 percent) but still slightly below population growth rates.

Undernourishment is a basic development issue, as increased human well-being is a fundamental goal of development efforts. It also affects the ability to perform of a major productive resource, people.

Attainment of food sufficiency, and avoidance of the costly, short-run diversions of resources imposed on all countries by impending famine, must be a fundamental objective of the Third Development Decade. Given such an objective, it is analytically simple to disaggregate the problem into its two major components: adequate food supply and effective demand.

Adequate supply of food can be achieved by countries either from international market sources or from domestic sources. Dependence on international sources requires either adequate purchasing power, and/or donor's willingness to provide food aid or financing. It also requires that sufficient exportable

surpluses exist in major producing countries. Dependence on domestic supplies will require significant food production increases, in turn determined by availability of land, water, energy, technology, institutions and financing.

Hunger and poverty usually coexist. Therefore, supply adequacy per se cannot be a solution to food shortages in developing countries if hungry peoples and nations do not have the financial resources to purchase needed food. While this problem can be temporarily solved by grants and transfers, its long run solution requires that the purchasing power of the poor and hungry be developed. One key to development of effective demand is found in programs that stimulate food production by the rural poor, especially in regions where hunger is prevalent. Of course, effective demand can also be stimulated by employment creation efforts. However, to the extent that they do not result in increased food production, such efforts would only increase the need for adequate supplies from elsewhere.

But external supply sources can be uncertain. Exportable grain supplies originate in relatively few countries, and can be negatively affected by bad weather and/or other factors. In addition, in times of widespread shortages, poor countries have to compete with some developed countries for available supplies. For instance, it has become evident that the world grain situation is again deteriorating sharply. Drought in North America has reduced the grain crop by more than 30 million tons this year. The Soviet Union will have a production shortfall of about 25 million tons. India has had a lower than expected grain harvest and will have to draw down more than one-third of its grain stocks. The impact of Soviet shortfalls and other shortages have already driven wheat future prices up by 30 percent. Corn prices have experienced similar increases. Given limited foreign exchange, poor countries will be able to import lower grain volumes. In addition, no effective mechanisms are yet in place to avoid that variability. In developing countries, downward food availability trends frequently means starvation.

In order to address the problems discussed before, three basic objectives compose IDCA's policy framework: increased food production and productivity in the LDCs; increased effective demand for food; maintenance and increased U.S. capacity to deliver food aid in the interim. Many factors help to determine the behavior of food supply and demand. IDCA has been involved in the process of identifying which factors are effectively impeding achievement of higher levels of food supply and demand in LDCs.

## 2. Organizational Framework

IDCA's involvement in the area of food and agriculture occurs at three levels: international, inter-governmental, and domestic.

At the international level, IDCA has participated, as a principal, in the USG decision making process regarding the major international agencies dealing with food and agriculture, i.e. the UN Food and Agricultural Organization (FAO), the World Food Council (WFC), the World Food Program (WFP), and the International Fund for Agricultural Development (IFAD). USG policies with respect to the first three agencies are developed by an inter-agency working group composed of USG agencies with direct responsibility or interest in the issues under consideration. The core of this inter-agency group is formed by IDCA, AID, Department of State and the USDA. In the case of IFAD, IDCA has been the "lead" agency with close collaboration from State.

There has also been active IDCA participation in food and agricultural activities carried out by other UN organizations and the MDB's. In both cases, we have worked directly through U.S. official missions to, or U.S. executive directors in these agencies. Tasks have involved either initiating new or reviewing existing programs or new proposals, including projects.

At the inter-governmental level, IDCA has been involved in preparations and follow-up work on agricultural initiatives from the Venice Summit. The NSC coordinated the proceedings. To a much lesser extent there has been IDCA involvement in preparation of food and agricultural sector briefing papers for OECD-DAC meetings. Also, because of its potential impact on developing countries, we have followed agricultural production and trade policy developments in OECD countries.

At the domestic level, IDCA has become involved in U.S. domestic agricultural and trade policy regarding its potential effects on developing countries and the food aid program. The first objective of IDCA's interest has been to assess and highlight the impact on developing countries of U.S. national agricultural policies and programs. The second objective has been to assess the impact of these policies on and to defend the PL 480 program.\*

IDCA has been represented in the USDA Working Group on Food and Agricultural Policy. This group has been supplemented by periodic meetings in the Office of the Director for Agriculture in the President's Domestic Policy Staff. IDCA attends these meetings. We have also been involved with OMB

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\* PL 480 is the subject of a separate transition paper.

in the foreign assistance budget review process.

Finally, IDCA led the USG review of the Presidential Hunger Commission's Final Report, the USG response to the Brandt Commission Report, and the Global 2000 follow-up, (Task II and VI).

### 3. Major Substantive Issues

(a) Reorganization of FODAG -- The Office Representing The U.S. Before FAO and Other Food Agencies in Rome

FODAG's current structure is not conducive to optimal representation of U.S. interests. It is currently basically a composite of different agency representatives who are, in many ways, directly responsive to their parent agencies. This tends to accentuate the interests of individual agencies, however legitimate, in possible contrast with unified USG positions. This issue will be resolved within the coming weeks.

(b) Reorganization of the Current USG Interagency Coordination System That Deals With International Food

Because of overlapping authorities obtained from three Presidents over the last twenty-two years, there is, in dealing with FAO and other food agencies, lack of clear definition regarding individual agencies' areas of major responsibility. Such definition is a necessary condition for USG decision making in a case where many USG agencies have different interests.

(c) IDCA/AID's Authority on Developmental Aspects of PL 480, Especially Title III

This subject is discussed in a separate transition paper.

### 4. Background

During the last year, IDCA has been involved in a wide variety of activities:

-- Preparation for and participation in U.S. delegation to FAO Twentieth Conference

-- Review and coordination of responses to draft report of Presidential Hunger Commission

-- Participation in preparation of supporting documents to the Food Security Act

-- Organization of and participation in AID/FAO Consultations

-- Preparation of discussion paper on LDCs' role in solving world food shortages

-- Preparation of discussion paper and recommendations on PL 480 Title III

-- Preparation, with Alan Stone, AID/DSB, of the paper on 1982-86 foreign assistance investment targets to achieve adequate levels of food supply and demand

-- Participation in inter-agency work toward FAO section of IO&P budget presentation

-- Preparation for and participation in U.S. delegation to FAO Regional Conference for Latin America

-- Participation and preparation of policy positions for the FAO Council Meeting of November 1980

-- Participation in interagency work toward USG policy positions regarding World Food Council, World Food Program, FAO Regional Conference for Africa and Asia, Committee on Food Security, DAC High level meeting, etc.

-- Preparation of agricultural section of 1980 DCC Report

-- Participation in agricultural section of FY 1982 Leadership Package

## PUBLIC LAW 480 FOOD AID

### 1. Description of Program Area

Public Law 480 authorizes the major US food aid programs, both bilateral and multilateral. The act identifies several objectives, including economic development in recipient countries, US foreign policy, humanitarian relief, and market development for US agricultural products. The importance of any single objective has varied during the history of the program. During the early years (1954-1964) market development objectives were important; they are less so now as agricultural exports on straight commercial terms have rapidly increased, probably reaching \$40 billion this year. Since the late 1960's and especially during the last several years, greater developmental use of the program has been sought. Foreign policy objectives - rebuilding Europe in the 1950's, supporting South Asia in the late 1960's and early 1970's, and supporting Egypt now - have permeated the program.

PL 480's legislation is composed of four titles. Title I authorizes concessional sales of commodities to friendly developing countries. Title II authorizes the donation of food to needy people through US or foreign private voluntary agencies, bilateral programs, and the multilateral World Food Program (WFP). Most US emergency food aid is also provided under this title. Title III authorizes multi-year Food for Development programs on a grant basis by providing forgiveness of debt incurred under Title I agreements. A residual barter authority is also in this title. Title IV contains miscellaneous administrative and reporting requirements. The most important of these is section 401 which establishes commodity availability criteria.

The PL 480 program request before Congress for FY 1981 would provide about five and a half million tons of food valued at about \$1.7 billion. The appropriation necessary to support this program level request is somewhat less, \$1.2 billion, since receipts from previous agreements are also used to finance the program. While the quantity of food provided by the program has in recent years remained more or less stable (5-6 million tons), both commodity and transportation costs have increased substantially.

PL 480 is part of the International Affairs account in the federal budget; however, the funds are appropriated to the Department of Agriculture (USDA) and the program is authorized through the Commodity Credit Corporation (CCC).

### 2. Organizational Framework

#### (a) Policy and Decision-making

The IDCA mandate to coordinate US foreign assistance and to prepare a comprehensive foreign assistance budget requires its involvement in the PL 480 program. Although the interagency

decision-making process that existed prior to the creation of IDCA was to continue and the foreign policy and market development objectives of PL 480 remained, congressional and Executive branch intent was that IDCA's establishment should enhance efforts to expand and improve the developmental impact of the program.

IDCA's policy advice to AID on PL 480 closely parallels that on Development Assistance and is articulated through the same mechanisms, e.g. country and sector strategies and budget guidance. The AID Country Development Strategy Statements (CDSS) are the prime country-specific vehicles for closer coordination of food and other assistance efforts.

IDCA's budgetary guidance to AID on PL 480 also parallels that on Development Assistance. However, because the volatility of commodity prices often requires substantial changes during the current year from the allocations presented to OMB and the Congress, there is greater IDCA involvement throughout the year to ensure that actual programming conforms to established policy.

Most food aid issues fall within the purview of the Development Coordination Committee of which the IDCA Director is chairman. The DCC's Food Aid Subcommittee, chaired by USDA, is the key interagency decision-making forum from which major policy disputes must usually be appealed to the President since no agency has ultimate authority. Day-to-day decisions are made by a Working Group of the Subcommittee, which requires complete consensus. IDCA has worked with AID at both the Subcommittee and Working Group level to ensure a unified development position. Direct participation has been most extensive for Title I country allocation decisions and for review of Title III proposals. Although country issues may arise any time, Title I allocation decisions usually arise in the context of the quarterly allocation plan required by Congress.

IDCA's participation in AID's newly established Food Policy Committee will provide a second AID forum, in addition to the CDSS process, in which to advocate improved developmental use of PL 480.

(b) Administration of PL 480

Administration of PL 480 falls primarily within AID and USDA. An executive order establishes the various agency roles. Administration of Title I is shared by AID and USDA, while administration of Title II is primarily the responsibility of AID. Responsibility for Title III Food for Development programs is less clear. Since such programs are authorized through Title I, responsibility is shared by AID and USDA.

However, in view of the developmental focus of Title III, IDCA and AID have argued that primary responsibility should fall to AID.

(c) Multilateral Efforts

The US contribution to the multilateral World Food program (WFP) is funded almost entirely through the PL 480 Title II account. The Committee on Food Aid Policies and Programs (CFA) is both the governing body for WFP and the major international forum on food aid subjects. The Committee meets twice a year and the United States in one of thirty member countries. Leadership of U.S. delegations to the CFA usually rotates between AID and USDA. The next major issue facing the United States in the Committee will not arise until Fall 1981 when the WFP proposes a pledging target for its CY 1983-84 biennium on which the United States must be prepared to take a position.

3. Major Substantive Issues

Upcoming issues on PL 480 that will require decisions are of two types: budget and program.

(a) Budget Issues

Even if the full FY 1981 request (\$1.715 billion) is enacted, rising commodity and transportation costs mean that funds will provide substantially less food than planned. When requested in March, the dollars were planned to provide as much as 6.5 million tons; depending upon prices, this could fall as low as 4.5 - 4.7 million tons and may call into question our ability to meet the US commitment of 4.47 million tons of cereals under the Food Aid Convention. The issue of additional funding may have to be faced, probably in the early spring as emergency needs are better defined and March/April price estimates are made.

A decision on how to define the Title I program for Egypt is pending for both FY 1981 and 1982. The issue is whether to continue a tonnage commitment as 1.5 million tons regardless of cost and adverse impact on other country programs or to set a dollar cap as is done for other Title I programs.

Title I country allocations will have to be revised and submitted to Congress at the end of December, March, and June. Depending upon funds available and prices, the revisions may be pro forma or may be difficult.

(b) Program Issues

Legislation is required to extend the PL 480 authorizing legislation beyond December 1981. Any Administration recommendations for change will need to be formulated soon. To regain some of the Executive Branch flexibility that has been reduced over the past decade, the Administration may wish to propose several changes, e.g. modifying the tonnage requirement that sets floor for voluntary agency and WFP programs; removing the Title I requirement that 75% of food resources be allocated to countries identified by the World Bank as eligible for concessional assistance; and reinstatement of the use of CCC borrowing authority.

Within the IDCA/AID family, efforts are continuing to integrate PL 480 programming with Development Assistance. The establishment of Indicative Planning Allocations (IPAs) for PL 480 is being considered as is a clearer statement of programming criteria for Title I and III and for section 206 and regular Title II programs. Such criteria must then be reviewed and approved by the interagency group.

Procedures are being studied to streamline the DCC Working Group decision-making process, including more timely closure on issues, with recommendations due to the AID Administrator and IDCA Director in April.

4. Background

During the past year, IDCA's effort on PL 480 has focused on (a) building an internal AID programming process that allows IDCA/AID to make more effective development use of food aid; (b) designing allocation criteria that are consistent with other bilateral (e.g., Development Assistance) and multilateral (e.g., World Food Program) policies; and (3) responding to rapid changes in commodity availabilities and prices as well as LDC needs because of, e.g., the Russian grain suspension; Kampuchean, Somali, and Pakistan refugee problems; and current price escalation.

## ENERGY

### 1. Description of Program Area

Energy is one of the key sectoral priorities for U.S. economic relations with the developing countries. We share with the developing countries, most of which import oil, an interest in a more stable energy future. This means increased reliance on energy from local resources and improved energy efficiency. In addition to sharing the same sort of energy transition problems we face, many developing countries are in the midst of another energy crisis, this one involving increased use of fuelwood at levels not sustainable with present forestry practices.

Energy assistance has both grown quantitatively and changed qualitatively in recent years. Until a few years ago, energy assistance meant electric power-dams, generation equipment, distribution systems, rural electrification, etc. Now, multilateral and bilateral development agencies provide assistance also in support of energy sector planning, fossil fuel exploration and development, energy efficiency and conservation, alternative energy resources using renewable sources of energy, and fuelwood.

Energy is a priority sector for both bilateral and multilateral development agencies. The World Bank Group has expanded its lending program in energy twice in the past four years and now plans a \$13 billion program over the next five years. The Bank is now considering ways to increase and make more effective its activities. The regional development banks still concentrate in power projects, especially hydroelectric projects. However, these institutions have begun to explore what role they can play in other energy sectors.

Bilateral energy activities are carried out by AID, TDP, OPIC, the Department of Energy, and the Peace Corps. OPIC's insurance program in energy has grown very rapidly in the past two years and is a major element in their portfolio. About half of TDP's project preparation work is in energy technology. The Department of Energy (DOE) has an LDC energy assessment program which is conducted in close cooperation with the State Department. DOE is also considering ways to increase its involvement, so as to make its substantial R&D program more relevant to LDCs. AID has a growing set of energy programs, focused on technical assistance in conventional and non-conventional energy, with a heavy emphasis on fuelwood and other rural energy problems.

Not all LDC energy problems require U.S. Government involvement and not all problems which concern the Government require development or financial assistance. The principal burden of financing accelerated energy development must be borne by the private sector and the LDC governments themselves. A key aspect of our strategy is to use official assistance in ways which maximizes the involvement of the private sector. The key role for official assistance is to build up the capacity of developing countries to work with private companies in planning and managing their resources. Development assistance also plays a critical role in sectors which have lower financial attractiveness (such as fuelwood), where the risk factors are unusually large and important in investment decisionmaking, and in experimenting with and adopting appropriate technologies.

## 2. Organizational Framework

IDCA's responsibility is to devise overall policy, make decisions about assistance expenditures and budgets in the energy area, insure implementation of energy policy and expenditure priorities in assistance programs and in broader U.S. policy to the Third World, coordinate activities conducted by different bilateral and multilateral agencies, and to increase awareness about LDC energy issues and their implications for U.S. energy, development, and foreign policy objectives.

In implementing these responsibilities, IDCA works closely with other agencies and international institutions. Within the U.S. Government, State, Energy, Treasury, NSC, OMB, and the IDCA components -- AID, OPIC, and TDP -- are all involved in LDC energy issues. Our work with State is mainly concerned with energy as it relates to energy security, North-South relations, and the promotion of new technologies. With the Energy Department, we are concerned with the commercialization of new technologies and with Treasury we deal mainly with the multilateral development banks and their energy programs.

IDCA deals with these agencies directly on energy issues and through various interagency groups, including the task force preparing for the UN Conference on New and Renewable Sources of Energy, the interagency steering group on energy assistance, and the interagency task force on accelerated energy

production in non-OPEC LDCs (Fried group). The IDCA Senior Advisor for Energy is the principal U.S. representative on the OECD Development Assistance Committee (DAC) energy group.

### 3. Major Substantive Issues

#### (a) World Bank

The World Bank is planning a new energy affiliate. During the next 6 months, a decision will have to be taken regarding USG support for this new Bank initiative. The first decision will involve authorizing the Bank to expand its lending program assuming the facility will come about. Actual authorization of funds will be required for the FY 1983 budget cycle.

#### (b) UN Conference on New and Renewable Sources of Energy

This Conference is scheduled for August 1981. There will be a variety of policy decisions in the next 6-8 months about what the U.S. wants to get out of the conference. It is likely that the G-77, the political arm of the developing countries, will be lobbying hard for some new institution with large amounts of funds to spend in LDCs. As always with UN conferences, there will be various proposals made by the developing countries for expanding appropriate technology research and development at the international level. It is not yet clear what these proposals might entail, organizationally or financially.

#### (c) Department of Energy

The Department of Energy (DOE) at present has very little activity in the LDCs. At the same time, AID is not active in many middle-income developing countries. It is these countries where the greatest portion of energy is used and the potential gains from improved efficiency greatest. IDCA and DOE have begun discussing how to cooperate. Early decisions will have to be made regarding the FY 1982 budget and DOE's role in technology transfer to these countries.

#### (d) Coal Exports

IDCA has been investigating the potential for exporting U.S. coal to developing countries. The developing countries use a large amount of oil for power generation and industrial heat, uses which could be performed more economically by coal

imports. IDCA has been working on this initiative as part of the Interagency Coal Export Task Force. Early in 1981, decisions will be required about how to proceed with this work, including what additional studies are required and what programs can begin immediately.

(e) Need for Improved Administration and Coordination

The various agencies working on LDC energy agree that there is a need for improved administration and management of all our LDC energy programs. IDCA is preparing an options paper laying out alternative mechanisms. Decisions will be required early in 1981.

4. Background

During the past 14 months, IDCA has been very active in the energy area. Among the activities, the following are most important:

(a) AID

Broadening AID's energy programs has been a major priority. From a near-exclusive focus on rural energy, the bilateral program has been widened to include technical assistance in other areas (e.g., energy efficiency and conventional energy) where there is a clear need and strong U.S. expertise. For instance, at IDCA initiative, AID has organized a training program to educate LDC nationals in conventional energy technology. This program will be conducted largely in U.S. universities at the MS level. Specific activities which are appropriate for AID to undertake have been outlined for fossil fuels, hydroelectric power, and energy efficiency in industry and transportation.

(b) Fuelwood/Forestry

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In its FY 1982 budget proposal to OIB, IDCA has proposed major new funding for fuelwood/forestry. This is a key problem which AID is well-suited to help address. This is the one area where IDCA is urging AID to go beyond technical assistance and technology experimentation.

(c) Department of Energy

IDCA and DOE have been discussing how to bring the existing DOE R&D program to bear on LDC energy problems. The initial positive step was a \$10.5 million package in DOE's FY 1982 budget request. Discussions are continuing on how to implement and coordinate this and other activities DOE might usefully undertake in developing countries.

(d) Interagency Task Force on LDC Energy

In November 1979 an interagency task force was established to look at possible USG initiatives to accelerate energy development in non-OPEC LDCs. The report of the chairman, Ed Fried of the NSC staff, was just recently completed. It is supportive of additional multilateral and bilateral energy programs.

(e) Venezuelan Energy Initiative

IDCA has been very active in discussions about a new Western Hemisphere energy initiative. This initiative is being pursued by the energy minister of Venezuela, Calderon Berti. It would involve both a mechanism to coordinate energy activities and a new fund to support projects in the oil-importing countries of Latin America and the Caribbean. No specific decisions are pending.

(f) Coal Exports

Until recently, few if any agencies or countries had considered importing coal as an alternative to nuclear power or oil/gas for power generation. IDCA raised the issue in the summer and has been working with the interagency task force on coal exports to include an appropriate LDC dimension in their report.

(g) Intergovernmental Coordination

At the urging of IDCA, the DAC has setup an informal committee to coordinate the flow of information on energy assistance. This new mechanism should be a useful vehicle for discussing both policy and program issues.

## POPULATION/HEALTH

### 1. Description of Program Area

Population growth is one of the two or three central issues of our time, threatening economic progress, environment, and political stability. World population today is 4.4 billion -- double what it was in 1930, with most growth in the Third World. Population threatens to double again in about 40 years and may ultimately reach 12 billion -- unless we and others act decisively during the next ten years. Since 1965 the United States has pioneered in aid programs to build concern for population growth and develop effective ways of slowing it. Many developing countries now show real concern, for the first time. The question is whether we will seize this unprecedented opportunity.

The United States has also provided substantial health aid, for its effect on labor productivity, learning capacity, and the quality of life. Most Third World deaths are among children under five years of age and their mothers around the time of birth -- and many parents are reluctant to limit births unless they think children will survive. The principal causes of mortality and morbidity are malnutrition, common respiratory and diarrheal infection, and high birth rates (reflected in weak mothers and babies, complications of childbirth, and abortion). The underlying problems are food shortages, scarce and polluted water, poor sanitation, widespread disease vectors, and lack of even rudimentary health care.

The most effective way to slow population growth and improve health is:

- a. extending family planning and basic maternal and child health services and information to encourage their use, as part of the current international drive for "primary health care;"
- b. promoting women's employment and education and other development measures that build motivation for smaller families;
- c. strengthening political will by clarifying the extent and seriousness of the population problem.

(a) Primary Health Care

U.S. assistance efforts in population and health now focus on extending family planning and maternal and child health services, through spare but effective systems of "outreach" workers backed by a few clinics, physicians, and managers. The services stress prevention, particularly through health education, but also often provide contraceptives, diarrhea remedies and other simple pharmaceuticals, and food supplements for severely malnourished children. U.S. assistance also supports related biomedical, operations, and economic research.

Among donors, the American track record stands out. This reflects not only our greater commitment but also our greater strengths in (a) innovation -- developing better and less costly approaches; (b) private-sector efforts, including some commercial firms as well as non-profit organizations; (c) technical assistance and "small-scale" capital, like contraceptives, rather than heavy infrastructure which we encourage others, notably the World Bank, to provide.

Developing country requests for such assistance have risen dramatically. The U.N. Conferences on Population, Primary Health Care, and Women have all called for much greater efforts. Yet no more than 1/3 of the people in developing countries outside China have access to family planning and related basic health services.

If resources devoted to population and related health services in these countries were doubled by 1985, then birth rates could drop enough by 1990 to give about 4 billion people in the LDC's outside China in the year 2020, as compared to the currently projected 5 billion. The impact of this "saving" would be enormous. But the cost would be low. For now "population" claims but \$1 billion annually, of which about \$550 million comes from the developing countries themselves. \$450 million comes in aid. (This includes \$100 million in World Bank loans and \$350 million from DAC countries, only 2% of their ODA. The U.S. gives about \$200 million.) Thus doubling "population" resources would amount to \$2 billion, including perhaps \$1 billion from donors.\* Investments in other fields -- agriculture, energy, water/sanitation -- are far costlier; and slowing population growth facilitates per capita improvements in all areas.

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\*This assumes complementary investments in health and other development programs would continue.

(b) Other Population Program Areas

Though health and family planning services are often integrated and therefore managed jointly, beyond this overlap population and health programs diverge. In population IDCA also supports "policy development" and demographic efforts to show the implications of population growth and the effectiveness of different approaches for dealing with it.

(c) Other Health Program Areas

In health, IDCA also supports water and sanitation, disease control, and health planning. Again the emphasis is on U.S. comparative advantages in innovation, private-sector involvement, and technical assistance (all of which overlap).

1. Water/Sanitation

The United Nations has recently launched the International Drinking Water Supply Decade, aiming at providing safe water and basic sanitation for all people by 1990. The cost of reaching a billion people in rural areas of developing countries is put at \$200-300 billion. The UNDP and World Bank have taken the lead in planning and programming, with the Bank spending \$1 billion annually in this area now. Questions do remain on developing countries' absorptive capacity and technology. Thus most U.S. support for the Water Decade has been through contributions to the World Bank. IDCA's modest bilateral support focuses on technical assistance including R&D and training. (We do provide substantial Economic Support Assistance in the Near East, primarily Egypt, for plumbing, particularly in urban areas.)

2. IDCA's Disease Control Efforts

IDCA's efforts focus on malaria control and R&D to develop better and less expensive means of controlling the other major parasitic diseases, notably snail fever (schistosomiasis) and river blindness (onchocerciasis). IDCA supports international research efforts like the ICDDR in Bangladesh and WHO's Tropical Disease Research Program.

2. Organizational Framework

(a) U.S. Government Coordination

IDCA chairs the inter-agency Development Coordination Committee, which generally coordinates all development matters. But the National Security Council's Ad Hoc Committee on Population is the principal inter-agency mechanism for handling population. It was set up before the DCC and functions so well that IDCA saw no need for a DCC subcommittee on population.

The President established the NSC Committee on Population in 1975 and assigned it "the responsibility to define and develop policy in the population field and to coordinate its implementation." Through this mechanism, international population policies are highlighted not only as a development assistance subject, but also as an issue of far-reaching significance for U.S. foreign policy, national security, and scientific policy. The NSC Ad Hoc Committee on Population Policy consists of nineteen U.S. Government agencies and departments, chaired by the Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, with working sessions directed by the Department's Coordinator of Population Affairs. State is the principal voice on foreign policy. IDCA is the principal voice on development assistance matters.

Each year the Committee produces an unclassified Annual Report to the President, which is the basic national policy document on this subject, and which is widely circulated to Congress, international agencies, academic, research, and other private organizations, and to all U.S. Embassies and AID Missions. IDCA drafts the development assistance part and helps with others. Recently, the Committee has met to consider such subjects as long-term population assistance strategy, the linkage between demographic factors and national security in key countries, population strategy in Africa, cooperation with China in population research, alternative demographic data models, and Global 2000. The Committee has effective access to the Secretary of State; the President's National Security Adviser, the Directors of IDCA and AID; and relevant policy levels of Health and Human Services, Commerce, and other agencies.

(b) International Arenas

IDCA helps prepare for Summits, UN sessions, OECD meetings and the like. We establish a U.S. approach toward population and health issues, working through the U.S. coordinating mechanisms as appropriate, and urge that approach in the international arenas wherever it makes sense.

For example, IDCA prepared communique language and background analysis for the Economic Summit in conjunction with State's Population Coordinator, pressed NSC to raise the population issue at the Summits, and helped follow-up afterwards. IDCA contributed language and background analysis to the International Development Strategy and Global Negotiations preparations, again working closely with State. IDCA's Director represented the U.S. at the recent DAC High Level Meeting; IDCA's staff prepared his statement, focusing on population, and worked with DAC

Secretariat people and other donors to increase attention to population.

### 3. Substantive Issues

#### (a) Population/Health Initiative

The overriding issue is whether the U.S. will try to launch an international initiative to extend family planning and basic maternal and child health services, along with related research, information campaigns, policy, and other development efforts, to slow population growth and improve health. A short paper recommending such an initiative is attached. The three key ingredients exist: an urgent problem; rising interest among the LDC's in dealing with it; and know-how, born of a decade of program experience, to get the job done. The U.S. has long been the leader in this area; if an initiative is to happen, the U.S. must lead.

Corollary issues include:

#### 1. Innovation

The U.S. has led particularly in innovation, through research and experimental programs. Still relatively little attention goes to biomedical research on contraception or to operations or economic research on program effectiveness. How can more be done? How can we encourage the private sector? Other donors? World Health Organization?

#### 2. Private Sector

AID-supported private agencies like IPPF and Pathfinder, most rooted in the U.S., have been essential in initiating family planning programs in LDC's. Lately AID has also subsidized commercial sales of contraceptives, to get a market established. But no good mechanism exists for cooperating with U.S. firms wanting to expand broad sales of contraceptives and medicines in LDC's, though OPIC offers some potential. What more can be done?

#### 3. UNFPA

UNFPA is the major multilateral agency in population, with a budget exceeding \$140 million annually. It operates in over 100 countries, using UN agencies, private organizations, and LDC

governments as its executing agents. It has advantages of broad political acceptability and flexibility, but it has been criticized for focusing too little on family planning and for inefficiency. IDCA began a study of UNFPA last year but found much basic data lacking. How can we support a more effective UNFPA?

#### 4. Other UN Agencies

WHO, UNICEF, ILO, FAO and UNESCO do few real population or family planning activities, though each receives funds from UNFPA. Yet each has legitimate population-related objectives (e.g., WHO's improvement of maternal and child health). The extent to which each will address population depends heavily on our willingness to exert top-level political pressure. Should we?

#### 5. World Bank and Regional Banks

Despite World Bank President McNamara's strong public calls for more attention to the problem, population still amounted to only one percent of Bank/IDA activities during 1979. Moreover, the Bank seldom exerts leadership in consortia and consultative groups on population.

The Asian Development Bank, the Inter-American Development Bank, and the African Development Bank have yet to provide any substantial population assistance. One mechanism for expanding this activity would be by helping provide expertise to enable them to integrate population/family planning with projects in the health sector.

How can we better encourage the World Bank to expand its projected budget for population, and press the regional development banks to initiate substantial population assistance?

#### 6. A.I.D. Staff

(i) The size and importance of population activities may warrant a more influential position within the A.I.D. hierarchy.

(ii) The FY 1980 estimated budget for AID population assistance is approximately \$185 million. The ratio of dollars per person in population efforts is relatively high and rising. Fewer population officers in the field are responsible for increasingly large programs, and vacancies in Washington have also gone unfilled: as of September 1980, 11 unfilled, including the Director, a position that has not been permanently filled for two years. Several of the section chief positions within the Office are also vacant.

(b) Water/Sanitation

Serious questions remain on whether LDC's can afford to cover their fair share of water/sanitation costs (\$200-300 million for 1 billion rural people), whether adequate technology exists, and whether other donors will contribute. Therefore the U.S. has supported water/sanitation primarily through its contributions to the World Bank, which leads the way in this field (allocating \$1 billion annually). Our modest water/sanitation DA goes largely for technical assistance. Do we want to continue this approach?

4. Background: Work Program Last Year

(a) Population/Health Initiative

Last year IDCA led an interagency analysis of the case for an initiative to address population growth and related health problems. We looked at the extent of population pressure and the causes of poor health, the likely of increased family planning and health services (public or private), the cost of such services and ancillary research, the comparative strengths of major donors, developing-country governments, and the private sector in meeting these costs, and the ways they could best join forces. The group concluded that the three key ingredients for an initiative existed: a major problem, growing LDC interest in attacking it, and knowhow -- born of a decade of program experience-- to do the job.

(b) Budget

In preparing the population/health portions of the FY 81 and 82 budgets, bilateral programs were designed to meld better with World Bank, regional banks, and the UN. IDCA pressed AID to focus more on its greatest strengths: innovation, private-sector support, technical assistance and small-scale capital.

(c) Increasing Attention to Population

IDCA got population raised as an issue for the first time in an Economic Summit, with a resulting communique' calling for more assistance; population was a major theme of the Global 2000 Report; and we helped prepare a response to the Brandt Commission.

(d) Coordinating With Other Donors

IDCA helped prepare for the major MDB meetings and intervened with the World Bank, ADB, and IDB to urge more attention to population, particularly in clinical/hospital infrastructure which is their greatest strength; IDCA also prepared statements for the DAC High Level Meeting, encouraging more attention to population. IDCA helped prepare for the UNFPA Governing Council, and urged UNFPA to give more effective support for government family planning programs, demography, and public information.

(e) Water Decade

We put together the U.S. response to the UN Water Decade, pulling together contributions for AID, State, and MDB's and others.

(f) Women-in-Development

IDCA helped prepare for the UN Conference on Women in Copenhagen (and sent a member of the Delegation); it instructed AID field missions to select major new and on-going projects for a Women-in-Development focus; it provided guidelines for project review to U.S.ED's.

11/21/80

INTERNATIONAL POPULATION/HEALTH INITIATIVE

RATIONALE

Even allowing for continued moderate slowdown in the rate of growth, world population is almost certain to exceed 6 billion by the year 2000, an increase in only two decades equal to the entire world population as recently as 1930. Ninety percent of this growth will occur in low income countries. With present trends, the two-child family will not occur world-wide until the year 2020, and the world's population will not stabilize until 2090 -- at 10 billion, compared to today's 4.4 billion. Pressures on resources, environments, economies and political systems will be enormous, perhaps unsustainable.

Although the demographic situation is serious, it is not hopeless. World-wide population growth rates are no longer rising. Growing evidence from disparate cultures and economies demonstrates that fertility can be reduced by determined efforts to provide family planning services and information -- in conjunction with efforts to build community and family support for family planning, particularly by improving women's opportunities outside the home. Over the past decade, understanding of the seriousness of the population problem has grown, and many countries have begun to address population issues. Indeed, for the first time LDC government requests for population assistance substantially exceed the existing contributions of population donors. The UN World Population Conference in 1974, Conference on Primary Health Care in 1978, and International Women's Conferences in 1975 and 1980 all called for provision of family planning services and information to all countries. The International Development Strategy also does.

Providing family planning also improves maternal and child health. The principal threats to health in developing countries are malnutrition and common infections, particularly among young children. These threats are exacerbated by close birth spacing. Maternal mortality (and abortion) is also very high.

THE INITIATIVE

Given (1) urgent population pressure and related health needs in many areas, (2) growing LDC requests for assistance; and, (3) the ability of the major population donors to mount effective and complementary population programs that respond to country-specific opportunities, IDCA and State propose an initiative to:

- a. extend family planning and basic maternal and child health services and information to encourage their use. This would support the international drive toward primary health care.
- b. promote programs that build motivation for small families, particularly by improving employment and education opportunities for women and by giving recognition to couples that limit their family size;
- c. strengthen political will by clarifying the extent and seriousness of the population problem at both leadership and community levels. The President should speak out on population pointing out not only that the problem is severe but also that we are now in position to do something about it.

The initiative aims primarily at doubling family-planning practice in the developing countries by 1990, as a step toward lower birth rates. It could result in an LDC population of only about 4 billion in the year 2020, against the currently projected 5 billion. (It also aims at improving basic primary health care, particularly in maternal and child health.) It estimates roughly the expenditures on "population" needed to do this -- assuming other development policies are conducive to smaller families and assuming adequate expenditures for other aspects of health.\*

At present, total spending for population is approximately \$1 billion, of which \$450 million comes from international donors. Of this, the United States now provides about half. At this level of spending, we know that something like 1/5-1/4 of the couples of reproductive age use some form of contraception\*\*, and that birth rates in the developing countries (outside China) are roughly 35 per 1,000. To reduce birth rates to something around 25-28 per 1,000 (still far from a two-child norm) contraceptive user rates must at least double; roughly 1/2 of couples must practice family planning. This will only happen when most couples have access to safe, effective and affordable family planning services, and when they are motivated to use them. A doubling of population resources by 1985 is the minimum necessary to achieve doubling of practice by 1990. This would imply about \$2 billion in total spending (real dollars), including at least \$1 billion in assistance. (Doubling of resources may not quite achieve a doubling of practice, if programs

\*LDC's excluding China.

\*\*These data take account of breastfeeding and abortion (often illegal and dangerous).

hit diminishing returns. We have already reached some of the "easier" acceptors. But programs get more effective as they go along. On balance, the marginal cost per acceptor may rise, but modestly.)

This initiative, which accords with the recent Declaration at the International Parliamentarians' Conference sponsored by UNFPA and with a resolution just passed at the U.N. Mid-Decade Conference on Women, would require a concerted international effort supported by UNFPA, WHO, UNICEF, the World Bank, country donors, and the concerned LDCs.

## SCIENCE AND TECHNOLOGY

### 1. Description of Program Area

The use of science and technology by developing countries cuts across development sectors, such as agriculture or energy, and affects countries at every stage of development. More can be done at relatively little cost to enable developing countries to take advantage of science and technology opportunities and to make better choices among the available methods and techniques. The United States has special advantages in this field, and more effective science and technology programs will bring both foreign policy and development benefits. IDCA's role in working to make programs more effective is complicated by the difficulty of disentangling science and technology issues from other matters and the tendency to elevate specific, operational questions to policy levels.

### 2. Organizational Framework

Responsibility for development related science and technology activities is diffuse. The Secretary of State has legal authority, exercised through the Committee on International Science, Engineering and Technology ("CISET"), of which IDCA and AID are both members, to coordinate U.S. science and technology activities and agreements affecting foreign countries. This authority clearly overlaps with IDCA's responsibilities for coordinating U.S. policies and programs affecting developing countries, although accommodation has not been difficult in practice.

The President's Science Advisor is almost inevitably dissatisfied with the priority given to science and technology in assistance programs and has had strong support in the Carter Administration from Ambassador Henry Owen, Special Representative of the President for International Economic Summits. Domestic agencies often press the relevance of their fields of competence to developing countries and increasingly are seeking authority and funding of their own for technical assistance. Prime examples are the Department of Agriculture in agricultural research, the National Oceanic and Atmospheric Association in marine science, the Department of Energy in national energy assessments. The Board for International Food and Agricultural Development, given the right to participate in decisions on AID policies and programs under Section 103, claims a strong role in agricultural research and related matters.

In order to reestablish movement in this field following the blockage of funding for the Institute for Science and Technological Cooperation (ISTC) a position of Science Advisor to the Director of IDCA and the Administrator of AID was established in AID and will be filled December 1, 1980 by Dr. Howard Minners of the U.S. Public Health Service.

Capital Saving Technology (CST), i.e., low cost production systems with high labor intensity and products which poor people can afford, is a special concern of Chairman Long. His staff keeps close watch on policies and programs of multilateral and bilateral assistance agencies and he regards IDCA's commitment to promoting CST as an important test of its performance.

### 3. Major Substantive Issues

#### (a) AID

The following AID-related issues need to be dealt with:

- give credibility and substance to the role of the Science Advisor and define the the working relationship between the Science Advisor and the IDCA Director's Office.
  - obtain approval of the expanded five-year relationship with the National Academy of Sciences (NAS), including the funding of research grants by the Academy to LDC institutions.
  - determine the mangement structure for \$12 million appropriated in the Continuing Resolution for new and innovative programs and defining and implementing these programs for FY 1981, which the CR requires to be handled separately from continuing AID activities.
  - work out a U.S. view of the future of the Consultative Group for International Agricultural Research to be fed into the Group's own overall review. The working staff starts November 17.
  - establish planned funding levels and priorities for the Combined Research Support Program under Title XII, in collaboration with the BIFAD and its Joint Research Committee.
  - attempt to reclaim the 40 personnel ceilings for FY 1981 and FY 1982 which were vacant because they were being held for ISTC and should be returned to AID.
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--determine the scale and focus of AID funded research and strengthen the management structure in AID for research; determine the role of the Research Advisory Committee.

(b) Domestic Agency Programs

IDCA needs to continue to seize opportunities to shape programs of other U.S. agencies toward the needs of developing countries. IDCA has been urging (with State) that higher priority be given to research on human reproduction and contraception by HHS as a means of making family planning efforts in developing countries more effective. IDCA has also pressed the Department of Energy to give priority to the development and testing of technology for renewable energy production which is suited in size and environmental requirements to the needs of developing countries. Allocations of funding for both population and energy research are issues in the FY 1982 budget.

(c) Middle Income Countries

IDCA needs to deal with the problem of providing funding for science and technology cooperation with non-AID recipient countries. This issue has arisen in a CISET study of means of funding science and technology cooperation as part of U.S. foreign policy and in the proposals being made to follow up on the Global 2000 report. The key issues are to identify clearly the purposes (other than development or U.S. domestic objectives) for which funding should be available, the mechanism for handling such funding if provided, and the role, if any, for IDCA and its components.

(d) Multilateral

The future of the U.N. Interim Fund for Science and Technology for Development, managed by the UNDP, is uncertain. Pledges have been sparse and include insignificant amounts from OPEC members. LDCs are now making additional efforts to obtain greater OPEC pledges. The U.S. pledge of up to 20% of the total (up to \$10 million), has not been appropriated by the Congress, inhibiting us from taking effective leadership in raising additional money. The requests received by the Fund reflect growing LDC interest in strengthening science and technology institutional capacity. A decision needs to be made whether to maintain U.S. support for the Funds. This is an FY 1982 budget issue.

Meanwhile, an expert group is meeting under UN auspices to make recommendations on permanent arrangements for funding and organizing the flow of science and technology to developing country institutions. The next meeting is at the end of November. By June the recommendations should be nearing completion for presentation to the next General Assembly in the fall. The U.S. should decide what outcome it wishes: continuation of the interim fund, no special arrangements, or what.

(e) Capital Saving Technology

As defined under Congressional leadership, this subject covers not only finding appropriate technology, but project activity to test and apply that technology on a broad scale. AID has established a steering group and a new organizational unit to mount a more effective effort in this field. IDCA has prepared a plan for initiatives in the international organizations and multilateral development banks, and is working with an interagency committee to implement these initiatives. Substantial results should be apparent within six months.

4. Background

A great deal of Administration (including IDCA) effort over the past two years has gone into the attempt to secure authorization (achieved in FY 1980) and appropriations (not achieved) for the Institute for Science and Technological Cooperation (ISTC). What has been achieved instead is an appropriation of \$12 million for use within AID in FY 1981 for innovative science and technology programs.

Much interest has been focused on the preparations for and results of the UN Conference on Science and Technology for Development held in Vienna in November 1979. The prospect of creation of the ISTC was a principal part of the U.S. position at the Conference. Even without having authority to commit funds for that purpose, the U.S. delegation succeeded in gaining consensus for a two-year interim fund to be managed by the UNDP and establishment of a new committee structure within the UN system to plan longer-term follow-on. In connection with both the ISTC and the UN interim fund, the United States raised considerable expectations. There is no provision for the Interim Fund in the Continuing Resolution or in the House Appropriations Committee proposal for FY 1981.

In September 1980, Dr. Frank Press, Science Advisor to the President, travelled to Nigeria, Kenya, Zimbabwe and Senegal with a high-level delegation representing various U.S. agencies to talk about science and technology cooperation. AID agreed in advance to reprogram \$2 million for use in the three latter countries for activities growing out of this trip. Dr. Press has concluded that additional funds are needed.

A study prepared by AID and IDCA for the FY 1982 Budget showed that science and technology programs in AID, not including those exclusively in the social sciences, amounted to \$230 million in FY 1980, and were proposed to be \$361 million in FY 1982. This demonstrates a great deal of AID involvement in these fields even apart from the ISTC proposals as such. The major areas of effort are food and nutrition, and energy, which is also the "fastest" growing area.

## LEGISLATIVE AFFAIRS

### 1. Description of Program Area

Among the most important responsibilities of IDCA are those in the legislative area. In introducing the Reorganization Plan to the Congress, the President explained that "When this Administration took office, United States support for international development suffered from four major problems... Third, none of the agency heads testifying before the Congress about his particular portion of our foreign assistance efforts was able to speak authoritatively for the program as a whole or for the Administration's overall development policies and priorities." As U.S. support for a wide range of development instruments has grown in response to the needs, so too has the complexity of presenting such support to the Congress in a cogent and comprehensive way. IDCA pursues this goal both individually and in conjunction with other agencies of the Executive Branch.

### 2. Organizational Framework

IDCA focuses its legislative efforts on two levels: inter-agency efforts, and direct efforts.

#### (a) Legislative Inter-agency Activities

IDCA encourages and promotes a more coordinated and organized approach to Administration-wide legislative liaison on development matters through a number of mechanisms and activities. It provides a central source of material and analysis on the budget and appropriation processes, both of which cut across program lines. It coordinates legislative contacts between agencies and participates in a legislative group on foreign assistance chaired by the NSC.

#### (b) Direct Legislative Activities

IDCA has the responsibility to present the Administration's full international development budget request and policies to the Congress. This effort takes three forms: First, the preparation of a comprehensive development assistance budgetary request document, known as the "IDCA Congressional Presentation"; Second, the arrangement and the preparation of testimony before the Congressional Committees that have jurisdiction over different portions of the development assistance programs (there are nine such Committees); Third, arranging informal meetings, briefings, and consultations on key policy issues with Members of Congress.

### 3. Major Substantive Issues

In presenting to Congress a coherent picture of the President's foreign assistance programs in 1981, IDCA will have to be concerned with the following major legislative measures:

- Foreign Assistance Act Authorization: Bilateral foreign aid programs and our contributions to UN development-oriented agencies must be reauthorized annually. (House Foreign Affairs Committee and Senate Foreign Relations Committee).
- Foreign Assistance Appropriations: Bilateral and multilateral assistance programs are included in a single bill. (House and Senate Appropriations Subcommittees on Foreign Operations).
- PL-480 Appropriations: The PL-480 Food for Peace program is funded as part of the Agriculture Appropriations, not part of the Foreign Assistance bill. (House and Senate Appropriations Subcommittees on Agriculture).
- MDB Authorizations: Legislation to authorize U.S. participation in funding agreements for some of the multilateral development banks will be necessary. Authorizations will be needed for (a) catch-up in our contributions to the IDB and ADB; (b) the Sixth Replenishment of IDA; (c) our first contribution to the African Development Bank; (d) General Increase for the World Bank. (House Banking Committee, Senate Foreign Relations Committee).
- Budget Resolution: Foreign Assistance is included in Function 150 of the Congressional Budget Resolution. Congress will probably have to develop a 3rd Budget Resolution for FY 1981 in order to provide necessary budget room for overall government spending in the current fiscal year, and at the same time develop its First Budget Resolution for FY 1982. (House and Senate Budget Committees).

### 4. Background

As the development assistance programs supported by the United States have grown in size and complexity, so too has the task of presenting those programs in an organized and cogent way to the Congress. The importance of U.S. development

policies and programs has increased during a period of heightened budgetary concern and mounting domestic economic difficulties. One of the consequences has been a growing Congressional concern that the scarce funds being made available for development assistance are used efficiently and effectively as well as in a way that advances larger U.S. national interests.

Spokesmen or representatives for no single program are able to deal with such a Congressional concern. IDCA-- with a perspective that includes both bilateral and multilateral aid programs, as well as other policies - is uniquely equipped to deal with these concerns. As IDCA pursues its twin goals of a more coordinated and organized inter-agency approach to the Congress and a more cogent comprehensive direct appeal to the Congress, the President's ability to see his programs carried forward is increased.

## PUBLIC AFFAIRS

### 1. Description of Program Area

IDCA undertakes or coordinates a variety of public affairs activities. All of these activities are designed to (1) better educate the public about the nature and functioning of our economic relations with developing countries; (2) respond to legitimate inquiries from the public and the media; and (3) consult with the public and concerned constituencies on the directions in which U.S. development policies should move.

IDCA's pursuit of these three goals is done either directly or in association with other agencies of the Executive.

### 2. Organizational Framework

One of IDCA's first efforts in the inter-agency setting was the establishment of a working group on development assistance public affairs activities. This group, chaired by IDCA, brings together the principally responsible public affairs officers from State, Treasury, Agriculture, AID, Peace Corps/ACTION, ICA, Education, EPA, TDP, USTR, and others.

IDCA has also sought a more organized and comprehensive approach to public educational activities by the involved agencies. Public speaking is one of the main vehicles for such outreach. IDCA organized and distributed a regular inter-agency calendar of speaking commitments by key U.S. officials. In addition, a comprehensive speakers kit, usable by all agencies, is under preparation.

IDCA has also carried out or organized the normal range of personal and written contacts with the public, and arranged a wide variety of consultations on development policy issues with representatives of business, labor, financial, banking, religions, civic, and minority groups.

### 3. Major Substantive Issues

In many respects the single most important issue IDCA and the President face in the field of development assistance is how to reverse the visibly declining level of public understanding and interest. Programs and policies that are taking on an increasing importance to U.S. national security interests and to the future prosperity of our economy are at the same time less and less understood by the American people. Such policies, no matter how important, cannot long be sustained in such an environment.

Two key questions face IDCA. The first is how the Executive should organize its diverse and widespread efforts to deal with the public in this field. The second is what message it wishes to convey.

#### 4. Background

In many respects the need for a central unit within the Executive responsible for the full range of U.S. international economic development policies grew out of the perceived need to deal with an increasingly disinterested and skeptical public which had been receiving diverse and sometimes conflicting messages from a wide range of bureaucracies.

IDCA's unique role in this context is to bring together for consideration the full range of international economic development programs and policies and to articulate basic and comprehensive themes to the media and the public. At the same time, IDCA is uniquely equipped to bring together the wide range of agencies whose work bears on our economic relations with developing countries to attempt to coordinate and give direction to their own individual efforts to inform the public on these matters.

## KEY ISSUES

The following is a list of major issues upon which the new IDCA team will need to focus its attention in the near term. Most have been treated briefly in Section II of this Briefing Book. Background materials or more detailed issues papers can be provided as appropriate.

### NORTH/SOUTH

1. Global Negotiations. Status report and issues facing the next administration.
2. UN Conference on Least Developed Countries. Issues involved in preparation for this conference, which is scheduled for September 1981.
3. North/South Summit. USG position on the North/South summit proposed by Mexico and Austria. To date ten countries, excluding the U.S. are discussing plans.
4. Development Assistance Committee, OECD. Work plan, and choice of U.S. candidate to replace Chairman John Lewis.
5. OECD. Organization of North/South issues in the OECD.

### MONEY AND FINANCE

6. Task Force on Non-Concessional Flows. By the fall 1981 meeting of the IMF/IBRD Development Committee, the Task Force will have to report its recommendations to that committee.

## TRADE

7. Multifiber Arrangement Renewal. Renegotiation of the MFA (which expires at the end of 1981) will be the principal trade issue affecting the LDCs next year.
8. Generalized System of Preferences (GSP). The GSP, a system of tariff preferences for developing countries, expires in January 1985. The broad development policy of the next administration should include GSP renewal, with special emphasis on the poorest LDCs.
9. Subsidy Code and Developing Countries. The U.S. has imposed a countervailing duty on an import from India without a finding of injury to a competing domestic industry. India has submitted a claim for adjudication in the GATT.
10. Common Fund for Commodities. The Common Fund agreement, negotiated this year, requires Senate ratification before the U.S. can participate.
11. Footwear Import Restrictions. U.S. industry has petitioned for an extension of import restrictions on non-rubber footwear, which expire in June 1981.
12. Safeguards Code. Status and issues in ongoing Geneva negotiations on MTN Safeguards Code.

## PRIVATE INVESTMENT

13. OPIC. Proposals, to place OPIC within a Department of Trade and to remove the restriction to concentrate on LDCs, will require IDCA attention.
14. TDP. Need to formulate program strategies and criteria.
15. IDCA/Development Operations. Need to clearly define mission and functions.

## MULTILATERAL DEVELOPMENT BANKS

16. ADF/ADB Replenishment. Negotiations begin in early 1981 on Asian Development Fund and Asian Development Bank replenishment.
17. AFDF Replenishment. Negotiations begin in January 1981 for the 1982-4 replenishment of the African Development Fund.
18. Early Warning System. Progress in implementing this newly established system for utilizing AID and State field expertise in 15 key countries to analyze MDB loan proposals at an early stage.
19. IDA VI. There is an urgent need to obtain passage of authorization legislation for the sixth replenishment of IDA.

## IFAD

20. IFAD Replenishment. IDCA is the lead USG agency in negotiations for the upcoming replenishment of the International Fund for Agricultural Development.

## UN DEVELOPMENT OPERATIONS

21. UNDP Coordinating Role. Some of the specialized agencies which UNDP coordinates would prefer more independence in conducting technical assistance.
22. UN Disaster Relief. The UN System lacks any mechanism for shifting responsibility from the agency which has the quick response capability to one with a mandate for long-term operations.
23. Organizational Issues. Issues arising from IDCA's responsibility for coordinating UN development assistance with other U.S. assistance programs.

## DCC AFFAIRS

24. Caribbean. A paper by Dr. Sidney Weintraub, on development strategy for the Caribbean, was distributed in October, and the Report of the Presidential Mission on Agricultural Development in Central America and the Caribbean appeared in August.
25. Country Strategy Papers. Under preparation for DCC review are papers defining U.S. development strategy and coordination issues in four LDCs.

## COUNTRY COORDINATION

26. China. Issues regarding the USG position on bilateral and multilateral assistance in China.
27. AID's Country Development Strategy Statements (CDSS) Issues being stressed in guidance to field missions for FY 83.

## AGRICULTURE AND RURAL DEVELOPMENT

28. Food Financing Proposals. The IMF is considering balance of payments assistance for financing food imports. The USG is considering alternative proposals for accomplishing the objectives set forth in the FAO and WFC proposals.
29. International Food Agencies. USG policies toward the UN FAO, World Food Council, and World Food Program are established in an inter-agency working group. A reorganization of this interagency system is being studied.
30. Organizational Issues. IDCA should work to strengthen and coordinate USG agricultural policy in relation to: middle income countries; use of food assistance; and sector strategies of the World Food Council.

## PL 480, FOOD AID

31. Title I Level for Egypt. At issue is whether to continue a tonnage commitment at 1.5 million T regardless of cost or adverse impact on other country programs, or to set a dollar ceiling as is done for other Title I programs.
32. Commodity and Transportation Cost Increases. These issues complicate present planning for food assistance.

## ENERGY

33. IBRD Energy Affiliate. Within the next six months, the USG must decide whether it supports this Bank initiative. If so, it is likely that funds appropriation will be required for the FY 1983 budget cycle.
34. UN Conference on New and Renewable Energy. This conference is slated for August 1981.

## POPULATION AND HEALTH

35. Population Initiative. IDCA and State are recommending an international initiative to double family planning practice in LDCs by 1990.

## SCIENCE AND TECHNOLOGY

36. Science and Technology Cooperation. The USG should examine modes of cooperation with LDCs which do not receive U.S. bilateral assistance.
37. Organizational Issues. IDCA needs to resolve personnel issues and other working relationships with AID and State.
38. Title XII, BIFAD. It will be necessary to establish funding levels and priorities for the Combined Research Support Program under Title XII, in cooperation with the Board for International Food and Agricultural Development.

## LEGISLATIVE AND PUBLIC AFFAIRS

39. Public Support. The USG should address the declining public interest in development assistance by: better organizing development-related public affairs activities of the various agencies; expanding mechanisms for consulting the public and key constituencies.
40. Foreign Assistance Legislation. FY 1981 and 1982 authorization and appropriations for bilateral programs, ESF, UN, OAS, IFAD, and MDBs.
41. Budget Resolutions. These resolutions will set ceilings on overall spending for foreign assistance in FY 1981 AND 1982.
42. Congressional Consultations. Develop a system of consultations with the Congressional committees bearing major development responsibilities.

EVENTS AND OBLIGATIONS

(in Washington unless otherwise noted)

<u>Date</u>	<u>Event</u>	<u>Participation</u>
November 21	Office of Management & Budget (OMB) Hearing on Fiscal Year 1982 (FY 82) Budget	
November 23-25	Conference on the Caribbean, Miami	AID will participate
November 24-25	Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) High-Level Meeting, Paris. A review of aid performance is a primary objective	Mr. Ehrlich, Ms. Gwin and AID Staff
November 24	IFAD Donors Meeting - Rome	Mr. McCall, Mr. Rose
November 27-28	South African Donor Coordination Conference (SADCC), Maputo, Mozambique. A periodic meeting between aid donors and southern African countries to discuss assistance issues	AID
November 30-1	"Tidewater" Conference on Economic Development, Kuwait. This is a high-level meeting held at a differ- ent site each year to discuss development issues off the record.	Mr. Ehrlich
December 2	International Fund for Agricultural Development (IFAD) Category I (industrialized countries) Consul- tations - Rome Preparatory to the IFAD Executive Board Meeting (see below) this group of donors meets to harmonize positions.	IDCA Staff
December 3-5	IFAD Executive Board - Rome. The high-level session preparatory to the Governing Council	Messrs. Erb, Rosen

<u>Date</u>	<u>Event</u>	<u>Participation</u>
December 5	Presidential Review of Budget Proposal	Mr. Ehrlich
December 7	New Directions Citizens' Lobby for World Security informal speaking engagement - On the occasion of the Margaret Mead Award	Mr. Ehrlich
December 8-11	IFAD Governing Council - Rome The senior executive body of the IFAD	Messrs. Erb, Rosen
December 9	OECD Energy Correspondents Meeting - Paris. Senior energy officials of member countries meet for the first time on technical energy assistance and capital assistance for energy projects.	Mr. Blitzer
December 11	Washington Resource Group informal speaking engagement - A citizens group which occasionally meets that is interested in third world economic issues.	Mr. Ehrlich
December 17	Close-up Foundation speaking engagement. This is a Washington program for high school students.	Mr. Erb
December 17	Overseas Private Investment Corporation (OPIC) Board meets. Term of E. Marcus expires. The Board of this IDCA component consists of private and official members. Messrs. Friedman and Swann, private members, have continued to serve although their terms expired in December 1979. Members are appointed by the President and confirmed by the Senate.	Mr. Ehrlich Recommendation to the White House
December 19	Meeting with former Presidential Commissioners on World Hunger. This is a follow-up to the IDCA review of the Hunger Report.	Mr. Ehrlich

<u>Date</u>	<u>Event</u>	<u>Participation</u>
January (indefinite)	Egypt aid donor group - Cairo. This is a meeting of contributors, including the World Bank, to discuss the economic program and projects of Egypt.	Ms. Greenstein and AID
(indefinite)	Consultative Group in International Agricultural Research (CGIAR). This begins an annual review of research activities.	IDCA and AID Staff
January 12-18	African Development Fund (ADF) Replenishment Negotiations begin - Lesotho or Nairobi. Member governments convene to seek agreement on donor country funding.	IDCA staff
January 15	Economic Reports due to Congress on Egypt, Israel, Turkey and Portugal. Progress reports on key assistance recipients and countries with re-scheduled debt are presented.	AID responsibility
January 20	Committee on International Science and Engineering Technology (CISSET) study due. This is a key document for policy development on technical assistance.	IDCA staff
January 21-27	Consultative Group on Philippines meets. Donor countries meet with Philippine government officials to review and plan assistance levels and policy.	IDCA staff
January 22	Board for International Food and Agricultural Development (BIFAD) meeting. Non-governmental agricultural experts meet with U.S. officials to review and plan policy.	IDCA Director chairs meeting
January 28	OECD Development Assistance Committee (DAC) meeting on Women in Development - Paris. Industrialized aid donor countries meet to review the effect of assistance on women in developing countries and plan future policies.	Ms. Herz

<u>Date</u>	<u>Event</u>	<u>Participation</u>
February 1	Development Coordination Committee (DCC) Report Due. IDCA chairs this inter-agency policy body and oversees production of the annual report.	IDCA Director
February 1	Congressional Presentation due. This is the annual comprehensive budget request for Development Assistance activities for FY 82.	IDCA Legislative and Public Affairs Office
February 1	Minority Resources Center "Report On Small Business Export Promotion" due. This is the annual progress report on the outreach to smaller U.S. exporters.	IDCA Development Operations Office
February 3	OPIC Board Meeting. This is a one-time "seminar" on OPIC policies and operations.	IDCA Director and staff
February 3-4	Consultative Group on Thailand - location undetermined. Donor countries meet with Thai government officials to review and plan assistance levels and policy.	IDCA staff
(indefinite through March)	Congressional Hearings on FY 82 Budget. IDCA will testify.	IDCA Director and staff
March (indefinite)	Turkey Pledging Meeting - Donor countries meet with Turkish officials on aid and debt.	AID responsibility
March 16-17	Asian Development Fund (ADF) Replenishment Negotiations - Stockholm. This meeting seeks to determine new funding for the "soft" loan affiliate of the Asian Development Bank.	IDCA Staff
March 23-27	Zimbabwe Donors' Conference - Salisbury. Called by the host government, a meeting of aid donors convene to review progress and plan future assistance.	IDCA Deputy Director

<u>Date</u>	<u>Event</u>	<u>Participation</u>
April 6-8	Inter-American Development Bank (IDB) Annual Meeting - Madrid. This is the most senior level meeting of the year on development of Latin America between central and private bankers.	IDCA staff
April 26	World Family Planning Conference - Jakarta. Officials from around the world gather to review progress and plan future action in this IDCA priority sector.	Ms. Herz
April 28-30	IFAD Executive Board - Rome. This high-level group meets to review IFAD projects and policies,	U.S. Executive Director
April 30 - May 2	Asian Development Bank (ADB) Annual Meeting - Hawaii. Central and private Bankers convene to review development in the South and East Asian and Pacific areas.	IDCA staff
May 11-15	African Development Fund (AfDF) Annual Meeting - location to be determined. The U.S. is not a member of the affiliated Bank, but does attend this meeting.	IDCA staff

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
Washington, D. C. 20523

Direct dial 63 plus 5-digit extension

OFFICE TELEPHONE NUMBERS

1. Office of the Director . . . . .	28558	5. Legislative & Public Affairs . . . . .	28150
2. Deputy Director . . . . .	28084	6. Administration . . . . .	29434
3. Policy and Budget . . . . .	28834	7. Executive Secretariat . . . . .	29354
4. General Counsel . . . . .	21754		

IDCA PERSONNEL LISTING

NAME	ROOM	EXT.	NAME	ROOM	EXT.
ADAMCZYK, Christine . . . . .	3931	29354	LEYLAND, Mary . . . . .	3923	23348
BAUMGARTNER, Kim . . . . .	3669	28150	LI, Frances . . . . .	3491A	21171
BERGHOEF, Henry . . . . .	3491A	23324	LUCK, Andrew . . . . .	3931	29354
BLITZER, Charles . . . . .	3491A	29325	MARKS, Jonathan . . . . .	2744	21754
BROCK, Mary . . . . .	3489	28834	MCCUTCHEON, Van . . . . .	3491A	20990
CHAMBLISS, Mary . . . . .	3951	28382	MEHOLIC, Alexis . . . . .	3923	29434
CLARKE, Edith . . . . .	2744	21776	MEHU, Ellen . . . . .	2744	21754
CLARKE, Lorraine . . . . .	3491A	20990	MURDOCK, Pearl . . . . .	3951	28382
CLARY, Barbara . . . . .	3932	28558	MUSCAT, Robert . . . . .	3491A	20990
COCHETTI, Roger . . . . .	3669	28150	PENNDORF, Carl . . . . .	3912	21799
DAVIS, Ruth . . . . .	3491A	23324	PRITCHARD, Russell . . . . .	3931	29354
DERR, Irene . . . . .	3932	28558	QUANDT, Peter . . . . .	3932	23893
EHRlich, Thomas . . . . .	3932	28558	RENRICK, Robin . . . . .	3669	28150
EINHORN, Jessica . . . . .	3489	28834	RICHMOND, Susanne . . . . .	3931	29354
ERB, Guy F. . . . .	3932	28084	ROSEMERGY, Sylvia . . . . .	3923	29434
ERVES, Shirley . . . . .	3914	22011	SCHNEIDER, Yvonne . . . . .	3910	22011
FARRAR, Curtis . . . . .	3491A	22725	SMITH, Catherine . . . . .	3484	21745
FELDMAN, Patty . . . . .	3916	28985	STACK, Michael . . . . .	3951	28382
FREELAND, Normajean . . . . .	3491A	22725	STILLWELL, Carol . . . . .	3489	28834
FURR, Margaret . . . . .	3932	28084	TAYLOR, Patricia . . . . .	3923	29348
GAYOSO, Antonio . . . . .	3491A	29206	THOMPSON, Ruth . . . . .	3669	28150
GILD, Jeal . . . . .	3669	28150	TVARDEK, Steve . . . . .	3491A	20990
GOOD, Ruth . . . . .	3951	28382	WILSON, Ruth . . . . .	3491A	29206
GREENSTEIN, Ruth . . . . .	3951	28382	WORTHAM, Leah . . . . .	3491A	28124
GRIGSBY, Carol . . . . .	3918	26168			
SWIN, Catherine . . . . .	3480	28634			
HARDY, John . . . . .	2744	21776			
HARLEY, Harriet . . . . .	3951	28382			
HAYDEN, Robert . . . . .	3669	28150			
HERZ, Barbara . . . . .	3482	22491			
HORTON, Sharon Freeman . . . . .	2744	21764			
JOHNSON, Wilhelmina . . . . .	3491A	29325			

OFFICE OF THE DIRECTOR

Director: Thomas Ehrlich

Deputy Director: Guy F. Erb

Special Assistant to the Director: Peter Quandt

Works under the personal supervision of the Director, but also receives guidance from the Deputy Director. Responsibilities include liaison with the Department of State, monitoring of all priority issues and tasks within IDCA, unique and/or confidential tasks of the Director and Deputy Director, representation of those officials at official gatherings, and recommendations between competing priorities for the Director and Deputy Director.

Personal Assistant and Secretary to the Director: Irene Derr

Personal Assistant and Secretary to the Deputy Director:

Margaret Furr

Secretary, Executive Office of the Director: Barbara Clary

OFFICE OF THE ASSOCIATE DIRECTOR FOR POLICY AND BUDGET

Associate Director: Jessica Einhorn (Acting)

Directs the activities of the office.

Deputy Associate Director: Leah Wortham (Acting)

Assists the Director in the planning and management of the assigned staff, with a particular emphasis on directing day-to-day activities.

Deputy Associate Director for Development Coordination: Vacant while incumbent is acting as Deputy Associate Director.

Provides guidance and supervision to assigned staff of Policy and Budget. Directs staff on a project by project basis as related particularly to the activities of the Development Coordination Committee. Develops agenda, for the Director, for the Committee meetings. Assures the Agency's interests are represented in sub-committee meetings, which are active and ongoing throughout the year.

Program Analyst: Reba Carruth

Provides support to the Deputy Associate Director for Development Coordination. Staffs and coordinates the preparation of the annual Development Coordination Committee report among the 12 participating agencies.

Secretary: Carol Stillwell

Provides clerical/secretarial support to the Associate Director.

Secretary: Mary Brock

Provides backup to the secretary to the Associate Director and controls correspondence in and out of the office.

Secretary: Vacant

Provides secretarial support to the Deputy Associate Director for Policy and Budget.

Secretary: Ruth Davis

Provides secretarial support to the Deputy Associate Director for Development Coordination.

## OFFICE OF BUDGET

The IDCA Budget Office develops budget guidance for each program component consistent with Administration and IDCA priorities; reviews proposals for changes in country/institutional allocations for the current year as well as for the budget year submission to OMB; provides recommendations to the Associate Director for Policy and Budget and the IDCA Director on all budget and budget-related issues; and is the principal contact point with OMB on budget and personnel levels for the IDCA family. As a component of the Office for Policy and Budget, the Budget Office has provided the principal staff support on a number of country issues as well as on almost all programmatic or managerial issues relating to food assistance.

Within the Budget Office, responsibilities are divided by sector, by program, and by region. This insures that each analyst has a general awareness of the range of issues and that work overloads can be redistributed. The assignments are as follows:

Budget Coordinator: Ruth Greenstein

General oversight; Economic Support Fund (including alternate membership on the Arms Export Control Board), IDCA personnel; and Near East programs.

Advisor: Mary Chambliss

Agriculture: PL 480 food assistance; Congressional budget and appropriations process (including support to Legislative and Public Affairs Office); and Africa programs.

Advisor: Michael Stack

Energy, Education, and Science and Technology; AID, OPIC and IFAD; and Asia programs.

Program Analyst: Ruth Good

Population and health; voluntary contributions to the UN and OAS, the Trade and Development Program, Multilateral Development Banks (other than IFAD); Budget Office liaison on IDCA Congressional Presentation; and Latin America programs.

Secretaries: Pearl Murdock, Harriet Harley

INTERNATIONAL ECONOMIC & MONETARY AFFAIRS

MULTILATERAL BANKS AND INTERNATIONAL MONETARY FUND OFFICE

Senior Advisor/Coordinator: Van Dyne McCutcheon

Formulates IDCA's instructions to U.S. Executive Directors of the Multilateral Development Banks. Prepares positions for the World Bank, Asian Development Bank, and African Development Fund Boards. Provides final instructions on the U.S. position on development aspects of World Bank loans. Provides directions to missions on action needed in reviewing MDB loan proposals. Manages early warning information system on bank loans to missions, reviewing information and provides appropriate instructions to the banks. Supervises staff on money and finance issues.

Program Analyst: Steven Tvardek

Advises and assists in development of U.S. policy pertaining to the multilateral development banks and other international financial institutions. Analyzes MDB programs in relation to U.S. bilateral assistance programs to promote greater coordination between U.S. bilateral and multilateral aid. Assists in preparation of material.

Program Analyst: Carol Grigsby

Advises and assists in development of U.S. policy pertaining to the multilateral development banks (World Bank, Inter-American Development Bank, Asian Development Bank, African Development Bank and other international financial institutions). Staff work on money and finance issues including advice on IDCA positions on IMF issues in the International Monetary Group.

Secretary: Lorraine Clarke

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Advisor: Larry Rosen

Responsibility for staff support to Deputy Director in negotiating replenishment of IFAD and on other work of IFAD. Advises IDCA Director, the U.S. IFAD Governor, on positions on issues in the IFAD Board.

PRIVATE INVESTMENT

Advisor: Sharon Freeman-Horton

Provides support directly to the Deputy Director on issues arising in the Trade and Development Program and the Overseas Private Investment Corporation.

Secretary: (Sharon Treahy, temporary)

TRADE

Advisor: Henry Berghoef

Serves as the principal advisor on International Trade to the Associate Director for Policy and Budget. Examines inter-relationships of various financial flows to less developed countries and based on these examinations, prepares analyses to facilitate policy decisions regarding U.S. trade policies toward developing countries as a group and also with respect to particular countries. Formulates IDCA positions on trade. Recommends IDCA positions with regard to the Trade Policy Committee, GATT, North-South dialogue, and UNCTAD. Works closely with USTR in negotiations of international trade arrangements.

## COUNTRY POLICY & PROGRAM ANALYSIS

Coordinator: Robert Muscat

Handles country policy issues that are of a general development strategy nature (e.g., overall U.S. approach to this country's bilateral aid program strategy) as opposed to those issues with which the sector specialists or the MDB liaison staff are concerned. Works closely with the Budget Office in resolving general program policy questions applying to AID programs. Maintains liaison with AID Regional Bureaus, follows developments in a number of key countries and represents IDCA in interagency processes that define U.S. positions respecting particular LDCs, e.g., preparations for annual meetings of IBRD-chaired donor consultative groups and consortia. Proposes new bilateral program initiatives.

Economist: Carl Penndorf

Provides assistance to the Coordinator engaged in the above activities.

Secretary: Yvonne Schneider

UNITED NATIONS DEVELOPMENT PROGRAMS/NORTH/SOUTH ISSUES

Senior Advisor: Catherine Gwin

Responsible for formulating IDCA position and advising the Associate Director for Policy and Budget, Deputy Director, and Director on North/South issues particularly in preparation for fora where a broad range of issues will arise.

Activities have included preparation of documents for Global negotiations and other North/South meetings; discussion of North/South issues in bilaterals; discussion of North/South issues in the OECD. Preparation of material for U.S. participation in summit meetings, including (currently) Ottawa and North/South Summit. UN development programs and special UN Conferences including IDCA/IO relation, Least Developed Country Conference. Special projects and ad hoc activities including preparation of the interagency response to the President on the Brandt Commission Report.

Policy analysis of issues arising in UN development organizations in close conjunction with component and Budget Coordinators.

Program Analyst: Patricia Feldman

Follows current North/South issues, bringing U.S. policy issues to the attention of the coordinator. Provides assistance to the coordinator in liaison/contacts with other agencies on matters pertaining to UN development programs. Prepares analytical studies of UN development efforts.

## SECTORAL ADVISORS

### Energy

Senior Advisor: Charles Blitzer

Provides leadership within IDCA and managerial and technical direction in the formulation, modification, and coordination of policies to assure that energy programs address LDC needs/interests.

Principally responsible for interfacing with the Department of Energy to carry out the initiative to bring an LDC dimension into that Department's Research and Development Program. Coordinates energy/economic issues with the World Bank, IMF, Department of State.

Program Analyst: Julie Martin

Follows current energy and human resource issues. Provides research and technical assistance to both the energy and human resources coordinators.

Secretary: Wilhelmina Johnson

### Population/Health

Senior Advisor: Barbara Herz

Develops policy for IDCA in population, health and human services generally and on women-in-development.

Oversees policy and budget preparation for our bilateral programs in these fields.

Handles population, health, and women-in-development issues for Global Negotiations, International Development Strategy, economic summits, DAC meetings and so forth.

Provides guidance and interagency coordination on population, health and women-in-development issues involving the UN, the World Bank, and the regional development banks.

Secretary: Catherine Smith

Agriculture/Rural Development

Senior Advisor: Antonio Gayoso

Develops policy for IDCA in agriculture, food, and rural development. Represents the Agency in consultations on agriculture activities of the UN Food agencies (FAO, World Food Council, World Food Program, the multilateral development banks, food aid, and the bilateral program.

Secretary: Ruth Wilson

COMPONENT COORDINATION/SCIENCE & TECHNOLOGY ISSUES

Coordinator: Curtis Farrar

Responsible for the structural relationship between IDCA Director's Office and its component agencies, the Agency for International Development, the Overseas Private Investment Corporation, and the Trade and Development Program. Since the Institute for Scientific and Technological Cooperation was not funded, the incumbent of this position has concentrated much effort in the fiscal year in defining the functions of an office of Science and Technology that will assume many of the functions contemplated for ISTC. Attention has been focused on defining the role of the Science Advisor to AID and IDCA, legal and budgetary issues, policy questions, and Congressional liaison. Monitors implementation of the agreement between IDCA and the State Department with regard to management of international organizations and programs. Monitors relationships between IDCA and the Board for International Food and Agricultural Development. Represents IDCA in the follow-up to the Global 2000 report.

Advisor: Frances Li

Serves as Sectoral Specialist in the area of Science and Technology. Identifies and assesses new scientific and technological developments relevant to IDCA's mandate. Heads inter-agency group on capital saving technology and prepared comprehensive report on this subject for submission to Congress.

Secretary: Normajean Freeland

OFFICE OF THE GENERAL COUNSEL

General Counsel: Jonathan Marks

Serves as the General Counsel for the IDCA Director in all areas for which IDCA has responsibility. The General Counsel's responsibilities have included the institutional aspects of setting up IDCA and defining its relationships with its components and with other federal agencies, advising on legislation, and providing guidance to IDCA staff on the legal implications of policy decisions. In addition, the General Counsel has served as a Counsellor to the IDCA Director on all significant policy decisions and on matters of coordination with other agencies, and taken substantive responsibility for IDCA activities in various program areas (such as refugees and human rights).

Staff Attorneys: John Hardy; Edith Clarke

The General Counsel's Office currently has two staff attorneys who support the General Counsel, undertake research and legal analysis on all issues in the office, provide legal opinions, and represent the General Counsel when necessary.

Secretaries: Ellen Mehu; Monica Newman

OFFICE OF LEGISLATIVE AND PUBLIC AFFAIRS

Assistant Director for Legislative and Public Affairs: Roger Cochetti

Responsibilities include advising the Director on legislative and public affairs matters, ensuring coordination among the public and legislative efforts of the several agencies of the Executive Branch on development issues, and directing and supporting the work of the IDCA Deputy Assistant Director's for Legislative and Public Affairs.

Deputy Assistant Director for Legislative Affairs: Robert Hayden

Principal point of contact between IDCA and the Congress. Responsibilities include monitoring and analyzing legislative developments in the international economic field, preparing the annual IDCA Congressional Presentation, organizing and preparing the Director's testimony before numerous Congressional committees, and representing the Agency to the Congress on key issues.

Deputy Assistant Director for Public Affairs: Ruth Thompson

Principal point of contact between IDCA and the media, the public, and constituent groups. Responsibilities include the preparation and issuing of press releases and background reports to the media, conducting press conferences and press briefings, conducting consultations with constituent groups on key issues facing the Agency, organizing and preparing the Director's major speeches and public appearances, arranging public affairs opportunities for appropriate IDCA staff, and serving as the Agency's representative to a wide range of public fora.

Executive Assistant: Kim Baumgartner

Incumbent works closely with the Assistant Director by providing research and analyses on matters of concern to the Assistant Director, and provides professional backup for both of the Deputy Assistant Directors.

Secretaries: Jeal Gild, Robin Renrick

Program Analyst (Temporary): Mary Jane Heyl

Develops, coordinates, edits material for the Congressional Presentation.

Clerk Typist: Georgia Sambunaris

OFFICE OF ADMINISTRATION

Assistant Director for Administration: Mary Leyland

Provides policy guidance, oversight in administrative matters to component agencies. Develops, defends operating budget for the Office of the Director with Office of Management and Budget Representatives and before the Congress. Supervises the Executive Secretariat function and the provision of policy guidance relative to personnel management matters for components. Plays a major role in management of executive resources through participation in the Executive Resources Board.

Deputy Assistant Director for Administration: Sylvia Rosemergy

Provides oversight and personnel guidance in personnel management policies as required for the immediate Office of the Director. Serves as Executive Secretary to the Executive Resources Board. Performs the functions of the Assistant Director in her absence.

Chief, Executive Secretariat: Russell Pritchard

Controls all correspondence going to the Director; tasks appropriate officer to provide backup to the Director, responds to incoming inquiries on his behalf. Maintains the official records, files for the Office of the Director. Prepares briefing book for the Director, soliciting the information from the appropriate sources within IDCA's Office of the Director or A.I.D. Serves as Top Secret Control Officer.

Executive Assistant: Patricia Taylor

Serves as secretary to the Assistant Director for Administration. Maintains records of all IDCA operating expenses, showing balances available and amounts obligated. Processes all requisitions--travel authorizations, printing requests, etc. after signature by Assistant Director.

Document Control Officer: Sue Richmond

Has primary responsibility for overseeing control of incoming documents to Director's Office assuring that adequate staffing has taken place and that documents meet required formats. Supervises central filing and cross-reference system for all incoming and outgoing documents.

Information Control Officer: Christine Adamczyk

Reviews all incoming cables and distributes them to appropriate staff members. Is responsible for coordination of briefing materials for Director and Deputy Director which requires close cooperation with Special Assistant to the Director, A.I.D., and State offices and IDCA staff members. Supervises preparation of Director and Deputy Director daily calendars.

Secretary: Alexis Meholic

Serves as secretary to Deputy Assistant Director for Administration. Provides secretarial assistance on all personnel matters and information relating to Executive Resources Board.

Clerk Typist: Andrew Luck

Provides clerical support to three professional staff members. Provides coverage of office until 7:00 p.m. each evening. Required to have an understanding of entire ES operation.

Clerk Typist: Lillian Perez-Velasquez

Provides clerical support to Executive Secretariat office during morning hours.

Driver: Willis Robinson

IDCA PROFESSIONAL/SUPPORT STAFFING PLAN  
FY 1981

DIRECTOR

Thomas Ehrlich  
Guy F. Erb, Deputy Director  
Irene Derr, Secretary  
Barbara Clary, Secretary  
Margaret Furr, Secretary  
Peter Quandt, Assistant (Detail)

GENERAL COUNSEL

Jonathan Marks, General Counsel  
John Hardy, Attorney-Advisor  
Edith Clarke, Attorney-Advisor (Detail)  
Ellen Mehu, Secretary  
Monica Newman, Secretary

LEGISLATIVE AND PUBLIC AFFAIRS

Roger Cochetti, Assistant Director  
Robert Hayden, Deputy/Legislation  
Ruth Thompson, Deputy/Press  
Kim Baumgartner, Executive Asst.  
Jeal Gild, Secretary  
Robin Renrick, Secretary  
Mary Jane Heyl, Congressional  
Presentation Coordinator (Temp)  
Georgia Sambunaris, Sec'y (Perm.  
Part-Time)

ADMINISTRATION/EXECUTIVE SECRETARIAT

Mary Leyland, Asst. Director  
Sylvia Rosemergy, Deputy Asst. Director  
Russell Pritchard, Executive Secretary  
Patricia Taylor, Executive Asst.  
Alexis Meholic, Secretary  
Sue Richmond, Document Control Officer  
Christine Adamczyk, Admin. Ops. Asst.  
Willis Robinson, Driver  
Lillian Perez-Valasquez, Clerk-Typist  
(Perm. Part-Time)  
Andrew Luck, Clerk-Typist (Temp.)

DEVELOPMENT OPERATIONS

Vacant, Associate Director  
Professional and clerical staff  
support needed depend on  
functions assigned.

POLICY AND BUDGET

Jessica Einhorn, Associate Director (Acting)  
Leah Wortham, Dep. Assoc. Director (Acting)  
Vacant, Dep. Assoc. Director for DCC  
Reba Carruth, Program Analyst (DCC)  
Carol Stillwell, Secretary  
Mary Brock, Secretary  
Ruth Davis, Secretary  
Vacant, Secretary

BUDGET

Ruth Greenstein, Sr. Advisor/Coordinator  
Mary Chambliss, Advisor  
Michael Stack, Advisor (Detail)  
Ruth Good, Program Analyst  
Pearl Murdock, Secretary  
Harriet Harley, Sec'y (Perm. Part-Time)

COUNTRY POLICY & PROGRAM ANALYSIS

Robert Muscat, Sr. Adv./Coord.  
Carl Penndorf, Economist (Detail)  
Vacant, Secretary  
Yvonne Schneider, Secretary

INTERNATIONAL ECONOMIC & MONETARY AFFAIRS

Multilateral Banks and Intern't'l Monetary Fund  
Van McCutcheon, Senior Adv./Coordinator  
Steven Tvardek, Adv., Multilateral Dev. Banks  
Carol Grigsby, Program Analyst, Multilateral  
Development Banks  
Vacant, Program Analyst, Monetary/IMF  
Lorraine Clarke, Secretary  
Vacant, Secretary

UN DEVELOPMENT PROGRAMS NORTH/SOUTH

Catherine Gwin, Sr. Adv./Coord.  
Patricia Feldman, Program Analyst  
Vacant, Advisor

Intern't'l Fund for Agricultural Development

Larry Rosen, Advisor

Private Investment

Vacant, Advisor  
Sharon, F. Horton, Advisor  
Vacant, Sec'y (Temp. filled by Sharon Treahy)

Trade

Henry Berghoef, Advisor

Commodities

Vacant, Advisor

SECTORAL ADVISORS

Agriculture/Rural Development

Antonio Gayoso, Sr. Adv./Economist  
Vacant, Advisor  
Ruth Wilson, Secretary

Energy/Natural Resources

Charles Blitzer, Sr. Adv./Economist  
Julie Martin, Program Analyst  
Wilhelmina Johnson, Secretary

Population/Health

(Perm.  
Barbara Herz, Sr. Adv./Econ. Part-Time  
Catherine Smith, Secretary  
Vacant, Secretary

COMPONENT COORD./SCIENCE & TECHNOLOGY

Curtis Farrar, Sr. Adv./Coordinator  
Frances Li, Advisor  
Normajeane Freeland, Secretary

## FUTURE STAFFING NEEDS

The staffing chart shows current IDCA senior management's view of priorities for specific positions to be filled based on the first year of operating experience. They are:

- Associate Director for Policy and Budget (Executive Level IV), appointee resigned at the end of August--former Deputy Associate Director now Acting Associate Director and Deputy for DCC Affairs Acting Deputy Associate Director;
- a vacant presidential appointment (Level IV) shown under Development Operations with supporting professional and clerical slots--the functions associated with this position are discussed below;
- a professional to work on development aspects of money and finance issues, including IDCA participation in the International Monetary Group on International Monetary Fund issues and on the Task Force on Non-concessional Flows;
- a senior professional to work on private investment issues;
- a professional on commodities issues;
- a professional assigned to United Nations development program issues;
- a second professional on agriculture and food issues;
- conversion of a detailed professional in the budget office to a permanent slot;
- five clerical positions.

A vacant presidential appointment (Level IV) for Development Operations is shown on the chart. This position was not filled in FY 1981. The IDCA Director's intent was to fill that appointment with an Associate Director with responsibility for involving the private sector in development, including responsibility for the Trade and Development Program and the Overseas Private Investment Corporation. If that model were instituted in the new administration, the two professional private investment positions shown on the chart (1 filled; 1 vacant) would be likely to move under this Associate Director. The reorganization plan does not prescribe how functions must be assigned among the IDCA Director's staff so there are a variety of ways in which this position could be filled.

Because the IDCA Director's Office staff was very small in FY 1981, most professionals covered a variety of issues. For simplicity's sake, all responsibilities of each professional are not reflected in the staff chart. For example, the two professionals assigned to component coordination and science and technology issues (Mr. Farrar and Ms. Li) did a great deal of staff work on international organizations issues with Ms. Gwin and Ms. Feldman. The Deputy Associate Director for Policy and Budget (now Acting Associate Director) has an extensive background in money and finance issues and handled IMF work and the Task Force on Non-concessional Flows herself sometimes drawing on staff assigned to the multilateral development banks for assistance. The future staffing projections were based on the workload of the past year with an assessment of areas that were not staffed at all and those that were not staffed heavily enough.

Because of constraints in staff numbers up to now, secretaries were reassigned in some instances such that the standard government professional to clerical ratios were exceeded. For that reason, five specific clerical positions are shown as vacant. In addition to those five slots, clerical support would be needed for the Associate Director for Development Operations discussed earlier and for any professional staff that he or she hires to carry out the functions assigned.

*International Development Cooperation Agency*

# INFORMATION BULLETIN

*For Further Information contact:*

BACKGROUND MATERIALS

ON THE

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

On October 1, 1979, Reorganization Plan No. 2 of 1979 came into effect. The Plan, which had been submitted by President Carter and approved by the Congress, created a new agency, the International Development Cooperation Agency (IDCA).

IDCA is a unique institution. Its responsibilities are policy planning, policy making, and policy coordination, and it now has a series of unique relationships with a wide range of Federal agencies. In order to assist you in understanding the somewhat complex structure which has been established as a result of the Reorganization Plan, we have compiled a series of key documents. These documents are in two categories: first, those that are designed for general consumption and are therefore written in more or less everyday language; and second, those, such as Executive Orders, Reorganization Plans, etc. which are more technical in character.

These documents form the foundation of the new Agency, and are a record of the history of its establishment. We hope you find them of interest and value.

Office of Public Affairs  
International Development Cooperation Agency

REORGANIZATION PLAN NO. 2 OF 1979

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REORGANIZATION PLAN TO CONSOLIDATE CERTAIN FOREIGN ASSISTANCE ACTIVITIES OF THE UNITED STATES GOVERNMENT, PURSUANT TO 5 USC 903



APRIL 10, 1979.—Message and accompanying papers referred to the Committee on Government Operations and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

39-011 O

WASHINGTON : 1979

*To the Congress of the United States:*

I transmit herewith Reorganization Plan No. 2 of 1979, to consolidate certain foreign assistance activities of the United States Government. I am acting under the authority vested in me by the Reorganization Act, chapter 9 of title 5 of the United States Code, and pursuant to title III of the International Development and Food Assistance Act of 1978, which requires that I report to the Congress my decisions on reorganization in this area. The purposes of this reorganization are to make more coherent our economic policies and programs affecting the developing nations and to improve the effectiveness of United States foreign development activities.

This Nation is committed—not only in the interest of the people of developing countries, but in our own interest as well—to help those countries in their efforts to achieve better lives for their citizens. To this end, we conduct a number of bilateral development assistance programs, participate in a number of multilateral development assistance programs, and engage in a variety of other economic activities that affect developing countries.

When this Administration took office, United States support of international development suffered from four major problems. First, no single U.S. official was charged with responsibility for establishing a comprehensive and coherent strategy for our Nation's efforts in this field. Second, no agency or official had the authority to ensure that the various U.S. programs affecting development were consistent with each other or complemented the programs of the multilateral organizations to which we contribute. Third, none of the agency heads testifying before the Congress about his particular portion of our foreign assistance efforts was able to speak authoritatively for the program as a whole or for the Administration's overall development policies and priorities. Finally, because there was no authoritative spokesperson, developmental concerns were at times accorded insufficient weight in executive branch decision-making on trade, monetary, and other non-aid economic issues that affect developing nations.

Just before his death a year ago, Senator Hubert H. Humphrey prepared a bill intended to solve these problems. Congressman Clement Zablocki introduced a similar measure in the House. Although the Congress took no action last year on the organizational provisions of the Humphrey-Zablocki bill, it directed me, in title III of the 1978 development assistance authorization act, to institute a strengthened system of coordination of U.S. economic policies affecting the developing countries, and urged me to create an agency with primary responsibility for coordination of international development-related activities.

In response to the Humphrey-Zablocki bill and the Administration's own analyses, I took a number of steps last year to strengthen aid coordination and improve the effectiveness of our development assistance programs. The Reorganization Plan transmitted with this message con-

tinues that process. It will provide stronger direction of U.S. policies toward the developing world, ensure a more coherent development strategy, promote the more effective use of the various U.S. bilateral instruments by which the U.S. can encourage economic and social progress in developing countries, and ensure that U.S. bilateral programs and the multilateral programs to which we contribute better complement each other.

This reorganization would create a new agency, to be known as the International Development Cooperation Agency (IDCA). IDCA would become a focal point within the U.S. Government for economic matters affecting U.S. relations with developing countries. Subject to guidance concerning the foreign policy of the United States from the Secretary of State, the IDCA Director would be the principal international development advisor to the President and to the Secretary of State. The Director would replace the AID Administrator in chairing the Development Coordination Committee. The IDCA Director would make recommendations to me concerning the appointment and tenure of senior officials of each component of IDCA, and would establish and control the budgets and policies of the Agency for International Development and the bilateral foreign assistance programs it administers, and of the Institute For Technological Cooperation, proposed in legislation transmitted to the Congress on February 26, 1979, which would support research and technological innovation to reduce obstacles to economic development.

The Overseas Private Investment Corporation, which insures and guarantees U.S. private investments in developing countries against certain hazards, would also be a component of IDCA, but OPIC's Board of Directors, which the IDCA Director would chair, would continue to set OPIC policy.

Each of these agencies would retain its individual identity and substantial day-to-day operating autonomy. A principal responsibility of the IDCA Director—who would be supported by a small staff—would be the achievement of consistency and balance among the policies, major programs, and budgets of the component agencies.

To help insure that U.S. bilateral efforts and the programs of major multilateral development institutions better complement each other, the IDCA Director would participate in the selection of U.S. Executive Directors of multilateral development banks (World Bank Group, Inter-American Development Bank, Asian Development Bank and African Development Fund), and would advise these Executive Directors on development policy and proposed projects and programs. Additionally, IDCA would assume lead responsibility for budget support and policy concerning United States participation in those organizations and programs of the United Nations and the Organization of American States whose purpose is primarily developmental. These are the UN Development Program, UNICEF, the Organization of American States Technical Assistance Funds, the UN Capital Development Fund, the UN Educational and Training Program for Southern Africa, the UN/Food and Agriculture Organization (FAO) World Food Program, the FAO Post-Harvest Losses Fund, and the UN Disaster Relief Organization.

The IDCA Director would be responsible for insuring that development goals are taken fully into account in all executive branch de-

cision-making on trade, technology, and other economic policy issues affecting the less developed nations, and would submit an annual development policy statement to the Congress. The Director would also prepare a comprehensive foreign assistance budget, which he would submit to the Office of Management and Budget after consulting with the Secretary of State, and would lead the Administration's presentation of that budget to the Congress.

When IDCA is established, I intend to delegate to it the principal authority for the bilateral development assistance program administered by AID (now vested in me by law, delegated to the Secretary of State, and redelegated to the Administrator of AID). Certain functions vested in me under the Foreign Assistance Act will continue to be delegated to the Secretary of State, Secretary of the Treasury, Secretary of Defense, or elsewhere; but most functions relating to the assistance program will be delegated directly to the IDCA Director, who will in turn redelegate these functions, as appropriate, to the Administrator of AID. I also intend to delegate to the Director of IDCA authority proposed to be vested in me to establish an Institute For Technological Cooperation; the IDCA Director would redelegate these functions, as appropriate, to IFTC.

The reorganization would increase program effectiveness through improved coordination, as requested in the 1978 authorization act. I estimate that it would achieve that goal with no increase in expenditures or personnel. After investigation, I have found that this reorganization is necessary to carry out the policy set forth in section 901(a) of title 5 of the United States Code. This plan abolishes one of the statutory officers that the President may appoint under section 624(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2384(a)). No statutory functions are abolished by the plan. The provisions in this plan for the appointment and pay of the Director, Deputy Director, and Associate Directors of IDCA have been found by me to be necessary by reason of the reorganization and are at rates applicable to comparable officers in the executive branch.

This proposal constitutes the first major restructuring of the U.S. foreign aid program since the creation of the Agency for International Development in 1961. It will provide the United States with governmental machinery far better able to fulfill our commitment to assist people in developing countries to eliminate hunger, poverty, illness and ignorance. It responds to the mandate of the Congress. Let us work together to insure its successful and effective implementation.

JIMMY CARTER.

THE WHITE HOUSE, April 10, 1979.

Calendar No. 227

98th Congress }  
1st Session }

SENATE

{ REPORT  
No. 98-210

REORGANIZATION PLAN NO. 2  
OF 1979

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REPORT  
OF THE  
COMMITTEE ON GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
TO ACCOMPANY  
S. Res. 140  
TOGETHER WITH  
MINORITY VIEWS



JUNE 13 (legislative day, MAY 21), 1979.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1979

46-210 O

### III. AREAS OF PARTICULAR INTEREST

During the course of the Committee's consideration of Reorganization Plan No. 2 the Administration made a number of changes, and issued a number of clarifications, concerning the nature of the proposed reorganization. This was done in testimony before the Committee, in additional documents submitted to the Committee, and in actual amendments to the plan itself. The most important portions of this material are reprinted in Appendixes A, B, C, and D of this report. The Committee relied upon these changes and clarifications when approving the reorganization plan. The following is a discussion of the major issues raised and the resolution of them.

<sup>10</sup> See Appendix E, p. 38. See also Appendix B, p. 15.

#### *A. Relationship Between IDCA and the Treasury Department Concerning Multilateral Development Banks*

The President's message accompanying submission of the plan specifically stated that one of the aims of the plan was "to ensure that U.S. bilateral programs and the multilateral programs to which we contribute better complement each other." Since U.S. participation in the multilateral development banks is governed by an Executive Order delegating authority from the President, this part of the reorganization requires Presidential action apart from the submission of a reorganization plan. The Administration's original description of the necessary amendments to the applicable Executive Order, however, seemed to leave authority for both the developmental and financial aspects of U.S. participation in the multilateral development banks with the Treasury Department. There was no indication IDCA's advice on development issues arising in the multilateral development banks would be binding on the Treasury Department. (Appendix A, p. 2.)

At the hearings on the plan, the Administration agreed that IDCA's determination on the developmental aspects of issues before the Banks should be controlling unless Treasury finds that compelling financial, or express legislative requirements, require otherwise. The testimony is reprinted as Appendix B to this report. At the Committee's insistence, these additional commitment and clarifications were embodied in a Presidential directive provided the Committee before it considered the plan in open session. (See Appendix C.) The directive, which will be issued at the same time as the amendment to the applicable executive order, will be controlling on the agencies as they implement the reorganization.

The key paragraph in this Presidential directive will provide as follows:

The Secretary of the Treasury will continue to instruct U.S. representatives to the MDBs [multilateral development banks]. The Director [of IDCA] shall advise both the Secretary and the U.S. representatives on development programs and policies, and on each development project of the MDBs. Given his position as principal development advisor to the President, the Director's conclusions with respect to the developmental merits of issues before the MDBs will normally be determinative, as provided below.

The instructions issued by the Secretary of the Treasury will accord with those conclusions, except in such cases as the Secretary finds that compelling financial or other nondevelopmental reasons (in other words, express legislative requirements) require a different U.S. position. Differences between the Director and the Secretary may be submitted to the President for resolution.

The Committee acted favorably on the reorganization on the basis of this directive, and on the following statements by the Administration about the meaning and effect of this directive:

(1) Ambassador Owen on behalf of the Administration assured the Committee at its meeting on the plan May 22, 1979, that the directive would be signed, and that it would be signed by the President personally.<sup>20</sup> In response to a question at the hearing, the Administration assured the Committee that the directive will be issued in a form that will be binding on the agencies affected "until such time as altered or superseded by or at the direction of this or a future President." (Appendix B, p. 15.) The directive will be a permanent and public part of this reorganization, unless this President or a future President acts specifically to formally amend the order.

(2) The Treasury Department may override the developmental judgment of IDCA only for compelling financial reasons or compelling "other nondevelopment reasons (in other words, express legislative requirements)." The Committee expects that the category of cases falling under the term "financial" will relate to those basic issues of bank policy which will affect the financial stability of the bank. This would include overall policy questions about the lending programs of the bank which would significantly affect the ability of the bank to raise money in U.S. capital markets, and the ability of a country to pay a proposed loan back. Questions about the proper mix of development projects within a country or the effectiveness of a particular project on a country's overall development plans will be decided by IDCA. The phrase "other nondevelopment reasons" refers only to those instances where an express legislative requirement compels the Treasury to act contrary to the way proposed by IDCA. To the knowledge of the Committee, there are only five different sections in three acts of Congress containing such applicable restrictions.<sup>21</sup> The term "other nondevelopment reasons" applies only to this limited category. IDCA will seldom be overruled on the grounds of these "other nondevelopment reasons." (See Appendix B, p. 14.)

The mere presence of a financial consideration, or the possible applicability of an express legislative requirement, will not be sufficient to override the conclusions of IDCA on the same matter. The Presidential directive requires that this only occur when these other considerations *compel* a different position. This should occur infrequently because IDCA's judgment is entitled to great weight as the agency charged with the primary responsibility for establishing overall development assistance, for coordinating international development activities, and for serving as the President's principal advisor on development matters. On the matter of commodity restrictions, IDCA will have broad responsibilities in this area anyway as an advisor to the President on trade matters affecting the developing world. IDCA,

<sup>20</sup> "Senator Ribicoff. We have made the request both to the Secretary of State, and in the hearings that we held, that there would be a directive signed by the President stating the relationship between the IDCA Director, the Secretary of State, and the Secretary of the Treasury. I am assuming, Henry, that that is going to be done."

"Ambassador HENRY OWEN. Yes, sir."  
Committee on Governmental Affairs, May 22, 1979, p. 10 of transcript of Committee meeting.

<sup>21</sup> The applicable legislative restrictions are: Section 701(a), 701(b)(1), (3) and (4), and section 901(a) of Public Law 95-118 (human rights, terrorism, accounting of MIAs, nuclear non-proliferation and commodities); sections 21 and 22 of Public Law 92-248 (environment and drug abuse); and section 609 of Public Law 95-481 (surplus commodities).

as well as Treasury, will be charged with knowledge of the applicable legislative restrictions in any event, and should already have assessed the relevance of these statutes when preparing a position for the United States in the first place. In the case of section 901 of Public Law 95-118, for example, section 6(c) of the plan transfers to IDCA the responsibility the State Department and the Treasury Department now have to file an annual report with Congress describing the progress made by the multilateral development banks in achieving certain goals. This includes the avoidance of projects that hurt U.S. producers of certain commodities.

(3) Since the Director's conclusions with respect to the developmental issues before the multilateral development banks may not be changed on developmental grounds by the Treasury, the Presidential directive states that "... the Director's conclusions with respect to the developmental merits of issues before the MDBs will normally be determinative, as provided below." The reference to the word *normally* in the Presidential directive is solely intended to refer to those unusual cases where the Secretary finds that compelling financial or express legislative requirements require a different U.S. position. (See Appendix B, p. 14.)

(4) IDCA will have the responsibility to monitor the development of each proposed report from the beginning. It is when the host country and the bank are first formulating a proposed plan that input from the United States is most likely to be effective. In addition, IDCA will review each loan when it is formally submitted for approval and prepare for each proposal a full U.S. position on the loan, which would be determinative unless the Treasury changed it for compelling financial reasons or because of express legislative requirements to the contrary. (Appendix B, p. 14)

(5) IDCA will have the additional responsibility to take the lead, in consultation with Treasury, for evaluating the effectiveness of the programs and individual development projects of the banks. For example, section 125(b) of the Foreign Assistance Act of 1961, as amended, provides that the President shall report on actions taken by the international financial institutions and the United Nations Development Program to improve the evaluation of projects and programs conducted by these institutions. Since this authority is vested in the President it will be delegated to the Director of IDCA by Executive Order. The IDCA Director will exercise it in consultation with the Treasury Department. (See Appendix D, p. 26.) The lead responsibility of IDCA for such evaluations was confirmed by the Administration in statements to this Committee. (Appendix B, p. 18.)

(6) IDCA will have the choice of being represented on all U.S. delegations conducting replenishment negotiations concerning U.S. contributions to the multilateral development banks. This includes the right of IDCA to participate in all the various working groups within the executive branch considering replenishment issues. (Appendix B, p. 37. IDCA will have a "principal role" in these inter-agency considerations of Treasury budget proposals. (Appendix B, p. 12 and Appendix C, p. 25.) IDCA will include the programs and budgets of the multilateral development banks in its comprehensive review and analysis of the foreign assistance program, and will coordinate the Administration's presentation of the budget request for the banks to the Congress. (Appendix C, p. 53.)

(7) The Treasury Department and IDCA will consult in advance about the selection of both the Executive Director and the Deputy Executive Director of the multilateral development banks. If the two agencies cannot agree, there will be a referral of both names to the President. After a Presidential resolution of the differences, the President will in each case make the appointments, except in the one case of the African Development Fund where the formal appointment authority is vested by statute in the Treasury Department. (Appendix B, p. 37 and Appendix C, p. 53.)

(8) The authority of the Treasury Department to instruct U.S. representatives to the multilateral development banks is substantially reduced by this new arrangement. Treasury, however, will continue in a formal sense to be the conduit to the Executive Director of U.S. instructions. Only in this formal sense is the authority of the Treasury not diminished by the organization. (Appendix B, p. 37.)

#### *B. Relationship Between IDCA and the State Department Generally*

IDCA will be established by the reorganization plan as an independent agency in the executive branch that will report directly to the President. The plan as originally submitted, provided in section 2 that the Director of the agency shall also report to the Secretary of State on all matters. Subsequently the plan was amended by the President to provide that the Director of IDCA shall report to the Secretary of State only on foreign policy matters. (Appendix A, p. 30.) The Director will not report on all matters to the Secretary of State as AID now does. The Secretary of State may now revise the budget proposals of AID. IDCA will submit its budget directly to OMB. The Administration stated "IDCA will consult with the Secretary of State regarding the entire IDCA budget, but State will not control the budget, and cannot change it." (Appendix B, p. 37.)

Although the Director of IDCA shall remain subject to the foreign policy guidance of the Secretary of State, the Committee expects that considerable care will be exercised by the State Department when invoking this authority. Such care should be exercised in order to protect the separate and distinct developmental perspective of IDCA which the reorganization seeks to ensure.

#### *C. Role of IDCA in International Organizations*

The reorganization will vest with IDCA lead budget and policy responsibility for U.S. participation in the UN Development Program, UNICEF, the World Food Program, the UN Disaster Relief Organization, the Organization of American States Technical Assistance Funds, UN Capital Development Fund, the UN Educational and Training Program for Southern Africa, and FAO Post-Harvest Losses. This alters current arrangements by which AID only advises the State Department on U.S. participation in these international organizations. The relevant Executive order will specify that the responsibility of IDCA in this area includes, in addition to the 8 named programs or organizations, "any other international programs whose purpose is primarily developmental." (Appendix D, p. 55.) The lead responsibility of the IDCA in the area of international organizations will include, according to the Administration, serving as "the decision point in determining U.S. policies" regarding these international organizations and programs. It will determine the level of budget requests

for the specified U.S. voluntary contributions. It will have the final responsibility for recommending to the Secretary of State the membership and composition of U.S. delegations to governing bodies and other meetings of these international organizations. The State Department will continue its day-to-day representational functions in these international organizations and programs and provide back-up support. However, this day-to-day role of the State Department will be subject to IDCA policy direction and will be conducted in consultation with IDCA. (Appendix B, p. 37.) IDCA will have the final authority to instruct the U.S. delegation to a meeting of each of the organizations regardless of who heads the delegation. (Appendix B, p. 37.)

*D. Role of IDCA in Establishing Overall Development Policy*

Section 2 of the Reorganization Plan was amended at the request of the Committee to make IDCA the advisor to the President not just on international development matters, as the original plan provided, but also on "all trade, science and technology, and other matters significantly affecting the developing nations." Section 2 of the plan further specifies that "the Director shall have primary responsibility for establishing overall development assistance policy and coordinating international development activities supported by the United States."

IDCA will have access to, and an opportunity to participate fully in, any executive branch meetings and committees when necessary to effectively carry out its role as an advisor to the President on matters significantly affecting the developing world. (Appendix B, p. 37.) The Administration testified that the Director of IDCA will "become a member of a variety of formal and informal policy councils including, besides the DCC [Development Coordination Committee] the National Advisory Council on International Monetary and Financial Policies (NAC), and the Trade Policy Committee. In addition, the Director can expect to be invited to attend cabinet meetings when development issues are under discussion, and will participate in Policy Review Committee discussions involving foreign assistance issues." (Appendix B, p. 37.) In further explanation to the Committee, the Administration stated that "IDCA will be made a member of those policy councils having an important impact on developmental issues." (Appendix B, p. 37.)

IDCA will have broad authority through the budget process for establishing and enforcing an overall development policy applicable to all federal agencies. The Director of IDCA will be responsible for preparing an annual development policy statement covering all U.S. policies and their budgets having a major impact on the developing nations for submission to the President. (Appendix B, p. 37.) The Administration further stated that if "approved by the President [this annual development policy statement] would serve as general guidance to the involved agencies in preparing their budget requests and managing their program." (Appendix B, p. 37.) The Administration further explained that "this assessment will constitute broad budget guidance, provide an analytical basis for the Executive branch's presentation to the Congress, clarify the nature and priority of U.S. development goals, and better ensure the consistency of U.S.

actions with those goals." (Appendix B, p. 37.) IDCA will have the further responsibility of monitoring the actual budget requests of the other agencies to ensure that they conform with the broad guidance provided in the annual development policy statement as approved by the President, and to comment to OMB on such budget requests of other agencies. (Appendix B, p. 37.) IDCA will lead the Administration's presentation to the Congress of the comprehensive foreign assistance budget. (Appendix A, p. 30.)

• The head of IDCA as Chairman of the Development Coordination Committee will be the official responsible for establishing the exact nature and structure of any interagency coordination efforts he concludes necessary. The Executive Order to be issued upon implementation of the reorganization shall specify that, as Chairman of the Development Coordination Committee, the head of IDCA may establish subcommittees of the committee and designate the chair of each of the subcommittees. (Appendix B, p. 37 and Appendix D, p. 55.) The director of IDCA will decide on the number, jurisdiction and chairing of all subcommittees, including, for example, the subcommittees on multilateral aid and on food aid policy.

#### *E. Agency for International Development*

AID will constitute the largest component within IDCA. The Director of IDCA will control the budget of AID, make recommendations to the President concerning the appointment and tenure of senior AID officials, and give policy direction to AID programs to the extent necessary. (Appendix B, p. 37.) AID will maintain, however, its individual identity and substantial day to day operating autonomy. (Appendix B, p. 37.)

The reorganization provides IDCA with an important opportunity to revitalize and reshape the operations and thinking of AID. It is essential that IDCA do so. It will be the responsibility of IDCA to ensure that AID personnel become fully aware of the overall responsibilities of IDCA for U.S. participation in multilateral development assistance programs, and for other aspects of development policy. IDCA will have to see that in the future AID devotes more time to cross-program reviews. IDCA will have to see that in the future AID improves its ability to conduct macro analysis of national economies and national development plans.<sup>22</sup> For IDCA to succeed, AID must supply valuable advice and expertise to the Director of IDCA, serving as his eyes and ears in connection with IDCA's responsibilities for U.S. participation in the multilateral development banks, the UN development agencies, and in other areas. AID will have to play this role in both the capitals of the developing countries, and in the field.

#### *F. Overseas Private Investment Corporation*

The reorganization largely preserves the current status of the Overseas Private Investment Corporation (OPIC). Currently OPIC is run by a board of 6 private citizens and 5 representatives of the government. By statute, AID is now Chairman of this board. Since AID will become a unit within the new IDCA, the reorganization plan substitutes the Director of IDCA, for the AID Administrator, as the

<sup>22</sup> In his testimony before the Committee, Comptroller General Staats stated "A major need seems to be the reconstitution of the U.S. capability for macro analysis of national economies and national development plans."

Chairman of the Board. Otherwise the status of OPIC is largely unchanged by this reorganization. This is especially so since OPIC, as a profit making government corporation, is not subject in a normal sense to the regular budget process. Even if there were a budget request for OPIC, IDCA could comment on the budget but it could not control it in the way that it will be able to control the budget of AID or the Institute for Technological Cooperation. (Appendix B, p. 37.)

By approving the reorganization plan, the Committee does not intend thereby to prejudge whether OPIC should be included within any reorganization of this government's trade and investment functions. The Committee now has pending before it a bill S. 377, to establish a new Department of International Trade and Investment which would transfer OPIC to the new trade department. The Committee intends to examine the question thoroughly in connection with its consideration of the trade reorganization proposals.

*G. The Institute for Technological Cooperation*

Separate legislation approved by the Committee on the same day as consideration of this reorganization plan directs the President to establish an Institute for Technological Cooperation. This legislation is contained in title II of S. 588, the International Development Assistance Act of 1979.<sup>23</sup> If established, the Institute would provide research money for scientists in this country and in the Third World to develop scientific and technological knowledge especially applicable to conditions in developing countries.

It is the Committee's expectation that the new Institute will be part of IDCA in the same manner as AID. The Presidential message accompanying submission of Reorganization Plan No. 2 stated that if legislation authorizing the Institute becomes law the President intends to delegate to the Director of IDCA the authority in the legislative to establish an Institute for Technological Cooperation. The IDCA Director would redelegate these functions as appropriate to the Institute. (Appendix A, p. 30.) The Presidential message further states that the IDCA Director would establish and control the budgets and policies of the Institute. He would make recommendations to the President concerning the appointment and tenure of the Institute Director. (Appendix B, p. 37.) The Administration further testified before this Committee that if the appropriate legislation is enacted, the Institute would be established within IDCA "much on the AID pattern. ISTC will have clear day-to-day operating autonomy within the framework of basic policies and overall budget established by the IDCA Director." (Appendix B, p. 37.)

REORGANIZATION PLAN NO. 2 OF 1979

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JUNE 18, 1979.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. Brooks, from the Committee on Government Operations,  
submitted the following

ADVERSE REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H. Res. 231]

[Including cost estimate of the Congressional Budget Office]

The Committee on Government Operations, to whom was referred the resolution (H. Res. 231) to disapprove Reorganization Plan No. 2 transmitted by the President on April 10, 1979, having considered the same, report unfavorably thereon without amendment and recommend that the resolution do not pass.

SUMMARY AND PURPOSE

Reorganization Plan No. 2 of 1979 creates an International Development Cooperation Agency (IDCA). It will be headed by a Director to whom is transferred most of the functions of foreign assistance being performed by the Agency for International Development now in the State Department. The AID, as an entity, will later be transferred into the new agency by executive order. The plan also makes the Director of IDCA the chairman of the board of directors of the Overseas Private Investment Corporation which corporation will also later become a component of IDCA.

This plan is part of a more extensive restructuring of development assistance programs being undertaken by the President. It is expected, for example, that the Institute for Scientific and Technological Cooperation, if established by legislation currently being considered by the Congress, will be made a part of IDCA. Other changes will be made by executive orders to be issued when Reorganized Plan No. 2 becomes effective.

In his message transmitting the plan to Congress, the President said :

The purposes of this reorganization are to make more coherent our economic policies and programs affecting the developing nations and to improve the effectiveness of United States foreign development activities.

According to the President, the Director of the International Development Cooperation Agency would be the principal international development advisor to the President and to the Secretary of State. The Director will replace the AID Administrator in chairing the Development Coordination Committee composed of interdepartmental and agency representatives; will make recommendations to the President concerning the appointment and tenure of senior officials of each component of IDCA; and would establish and control the budgets and policies of AID and the Institute for Scientific and Technological Cooperation, if enacted. Although the Director will have the authorities just noted the AID, the OPIC and the ISTC will retain their individual identities and substantial day to day operating autonomies.

The IDCA director will also participate in the selection of U.S. Executive Directors of the multilateral development banks (World Bank Group, Inter-American Development Bank, Asian Development Bank and the African Development Fund) and advise these Executive Directors on development policy and proposed projects and programs. IDCA will assume lead responsibility for budget support and policy concerning United States participation in those organizations and programs of the United Nations and the Organization of American States whose purpose is primarily developmental.

It is estimated that no significant costs will be incurred by this plan and the President has indicated that the IDCA Director would be supported by only a small staff. The plan authorizes a Deputy Director and two Associate Directors who, along with the Director, will be appointed by the President and confirmed by the Senate. It abolishes one executive level position in AID.

The Committee supports Reorganization Plan No. 2 as an appropriate use of the President's authority under the Reorganization Act. It should provide the machinery for needed coordination of our country's development assistance to less fortunate nations and achieve greater consistency and balance among the policies, major programs, and budgets of the involved agencies. It is the committee's understanding, however, that the memoranda and executive orders clarifying the relationship between IDCA and its component agencies and particularly between IDCA and the Treasury Department regarding the multilateral banks will be issued when (and preferably before) the International Development Cooperation Agency is implemented.

#### COMMITTEE VOTE

H. Res. 231 disapproving Reorganization Plan No. 2 of 1979 was ordered reported by the Committee on Government Operations on June 12, 1979; by voice vote with a recommendation that it do not pass. The committee, therefore, supports the reorganization plan.

## HEARINGS

Hearings on Reorganization Plan No. 2 were held by the Subcommittee on Legislation and National Security at which time representatives of the Administration, the Comptroller General of the United States and other witnesses testified.

### GENERAL STATEMENT

United States foreign economic assistance has become extensive in the funds involved and the program being carried out. The Agency for International Development which primarily provides bilateral assistance to specific countries will expand 1,775 billion dollars in fiscal year 1980. The Overseas Private Investment Corporation which provides insurance and guarantees to American private investors abroad has a budget in excess of 1 billion dollars. Contributions of 200 million dollars will be made by the United States to development programs conducted by international organizations. Public Law 480 agricultural programs will involve 1.3 billion dollars. Multilateral development banks are budgeted for 3.6 billion dollars and security supporting assistance amounts to nearly 2 billion dollars. These figures indicate the tremendous outlays involved in these varied means of assistance.

The programs are not only helpful to the recipients but it is recognized that there is a strong link between the vitality of the American economy and prosperity in the developing nations. In 1978, the developing countries purchased more than one-third of all U.S. exports, and, it has been estimated, have provided more than one quarter of all the raw materials this country consumes. In spite of the frequent complaints about American generosity abroad, it is clear that our nation's well-being is enhanced by encouraging and assisting rapid and equitable growth in the developing world.

The programs we conduct, however, though each plays a special and significant role in overall development assistance, are not effectively coordinated and frequently are overlapping and duplicative. This has been a matter of concern to the President and to the Congress.

Four serious problems were identified by the President and reported to us as follows:

First, there was no single U.S. official charged with responsibility for formulating a comprehensive development strategy and seeing to the implementation of that strategy throughout the Government. The Agency for International Development was responsible for the U.S. bilateral program, the Department of Agriculture (with AID) for the administration of our food aid program, the State Department managed U.S. participation in the development assistance activities of international organizations, and the Treasury Department handled U.S. participation in the multilateral development banks (MDBs).

Second, decisions on trade, monetary, and other non-aid economic issues that affect developing nations were often taken without the participation of an authoritative spokesperson for development, with the result that developmental concerns were at times accorded insufficient weight in those decisions.

Third, none of the agency heads testifying before the Congress about particular portions of our foreign assistance effort was able to speak authoritatively for that effort or to show the place of his own programs in the Administration's overall development policies and priorities.

Fourth, insufficient attention was given to the use of science and technology to overcome developing country problems and to the support of long-term development research.

A study of development coordination is presently being undertaken by the General Accounting Office. In testimony during the hearings Comptroller General Staats provided some tentative conclusions.

The present system of developmental coordination, he said, is centered in an interdepartment Development Coordination Committee which has a number of specific limitations:

The first is that the coordination responsibility is currently lodged in AID which administers one of the programs that is to be coordinated. Unfortunately, AID is not perceived as a neutral "honest broker" by other agencies, but rather as a party at interest with its own set of views and concerns.

A second problem has been that the development coordinator needs, if he is to be effective, more status and authority than has been accorded in recent years to the Administrator of AID. When the DCC was organized last May, the reorganization did not increase the power of the Chairman of the DCC because it did not touch existing program responsibilities or upset existing power and influence relationships.

The third major difficulty with the present system is that it is much better organized for interagency coordination than it is for coordination among programs. The DCC subcommittees and DCC staff are organized around existing programs—around the multilateral bank programs, the AID program, P.L. 480 and the like. Efforts at cross-program coordination have been quite limited.

In general, we found that, while there have been some improvements in the operations of some of the committees brought under the DCC umbrella, those improvements have had more to do with the leadership of the particular committees than with the fact that they are now a part of the DCC structure.

The objective of this reorganization is to resolve these difficulties. As was stated by a representative of the administration:

The purpose of IDCA is not to operate the programs of its constituent elements, or to second guess administrative arrangements or project details. It is to devise for the President's approval an effective national strategy for development, to review that strategy with the Congress, to communicate that strategy and the basis for it to the American people; and to insure that, to the maximum degree possible, all actions of the U.S. Government that affect, support and advance that strategy.

### *Powers of IDCA Director*

Some have expressed concern that the director of IDCA will not have sufficient authority to coordinate development programs and achieve the needed consistency among them. It should be observed that the director will be the principal advisor to the President in this area. For the bilateral agencies, he will have directive authority—the principal functions of AID will be in his hands, he will become the chairman of the board of OPIC and will control the budgets of these agencies and of the Institute for Scientific and Technological Cooperation. He has the power to recommend to the President the appointment and removal of senior officers. Thus, although the director will delegate day to day operating authority he will have the clout to get the job done.

### *Relationship to Multilateral Development Banks*

During the hearings administration witnesses were questioned closely concerning the multilateral banks and how their actions will be made to conform to the overall policies of IDCA. It was pointed out by members of the subcommittee that policy coordination could not be achieved unless these banks with their vast resources and loan making activity in developing countries could be brought into line with the bilateral programs. We were advised that the Director of IDCA would be consulted by the Secretary of the Treasury in the selection of candidates for the U.S. Executive Director and other positions in the multilateral banks. He would also have the power to shape the instructions that go to the U.S. director for each bank "so that unless there are overriding Congressional financial considerations, then his view as to how the U.S. director should vote regarding a specific project will prevail."

It was added, however, that this will not ensure that our view will always succeed because the United States does not have a majority vote in the multilateral banks, but to the extent that the U.S. representative's vote affects the outcome, the head of IDCA will shape that outcome. Therefore, if in a given country, for example, the Director of IDCA believes agricultural development should receive priority "he will tell the U.S. bilateral agencies to act accordingly, and he will shape the instructions that go to the U.S. Executive Director in the multilateral development banks so that they will follow the same policy."

Ambassador at large Henry Owens, the Administration's principal spokesman for this reorganization advised the subcommittee that a draft memorandum had already been prepared in the White House for transmission to the Secretary of State, the Secretary of the Treasury and the Director of IDCA detailing the relationships between the three agencies with respect to participation in the multilateral development banks. The memorandum will be issued when the reorganization plan becomes effective. The instruction of the President is stated as follows:

1. The Secretary of the Treasury will consult with the IDCA Director regarding the selection of candidates for the U.S. Executive Director and Alternate Executive Director positions. Any differences between them as to positions requiring Presidential appointment will be submitted to the President for resolution.

2. The Secretary of the Treasury will continue to instruct U.S. representatives to the MDBs. The Director shall advise both the Secretary and the U.S. representatives on development programs and policies, and on each development project of the MDBs. Given his position as principal development advisor to the President, the Director's conclusions with respect to the developmental merits of issue before the MDBs will normally be determinative, as provided below.

The instructions issued by the Secretary of the Treasury will accord with those conclusions except in such cases as the Secretary finds that compelling financial or other nondevelopmental reasons (in other words, express legislative requirements) require a different U.S. position. Differences between the Director and the Secretary may be submitted to the President for resolution.

3. The Director will have a principal role in interagency consideration of Treasury budget proposals concerning the MDBs, including replenishments. IDCA will include MDB programs and budget matters in its comprehensive review and analysis of the foreign assistance program, and will coordinate the presentation of the MDB budget to the Congress with the presentation of other components of the aid program.

4. Nothing in this memorandum is intended to derogate from the responsibilities of the Secretary of State as to the foreign policy of the United States.

#### *IDCA Support Staff*

It is expected that IDCA will have a relatively small staff to support the Director, Deputy Director and two Associate Directors. This should consist of no more than 35-50 professional staff and 70 total staff. All positions other than the 4 executive level positions will come from transfers from other agencies; some from State, some from Treasury, and most from AID. We have been assured that there will be no increase in personnel ceilings. The new agency will be established within the budget limits and workforce ceilings set forth in the Fiscal Year 1980 budget for those constituent agencies and functions included within IDCA. While no immediate budgeting or workforce savings are assured by this reorganization economies may be possible through integration of certain support services such as payroll. This integration will be explored.

#### *Conclusion*

As the previous discussion makes clear this reorganization is needed to promote effective interagency coordination in foreign development assistance and a more logical distribution of responsibilities. As noted in a statement to the committee by Chairman Clement J. Zablocki, chairman of the House Foreign Affairs Committee supporting the plan, while the reorganization is not all that had been sought or hoped for, it is an important step in the right direction.

THE WHITE HOUSE

WASHINGTON

September 29, 1979

MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE DIRECTOR, INTERNATIONAL DEVELOPMENT  
COOPERATION AGENCY.

SUBJECT: United States Participation in Multilateral  
Development Banks

Reorganization Plan No. 2 of 1979, effective October 1, 1979, establishes the International Development Cooperation Agency (IDCA) and gives the Director of IDCA primary responsibility for establishing overall development assistance policy and coordinating United States support for international development activities. The Plan also provides that the Director shall serve as principal advisor to the President on international development matters and advisor on other matters significantly affecting the developing nations.

I have today signed an Executive Order amending Executive Order 11269 with regard to United States participation in the multilateral development banks. In carrying out your responsibilities under Executive Order 11269, the relationship among your three agencies shall be as follows:

1. The Secretary of the Treasury will consult with the IDCA Director regarding the selection of candidates for the U.S. Executive Director and Alternate Executive Director positions. Any differences between them as to positions requiring Presidential appointment will be submitted to the President for resolution.
2. The Secretary of the Treasury will continue to instruct U.S. representatives to the MDBs. The Director shall advise both the Secretary and the U.S. representatives on development programs and policies, and on each development project of the MDBs. Given his position as principal development advisor to the President, the Director's conclusions with respect to the developmental merits of issues before the MDBs will normally be determinative, as provided below.

The instructions issued by the Secretary of the Treasury will accord with those conclusions except in such cases as the Secretary finds that compelling financial or other nondevelopmental reasons (in other words, express legislative requirements) require a different U.S. position. Differences between the Director and the Secretary may be submitted to the President for resolution.

3. The Director will have a principal role in interagency consideration of Treasury budget proposals concerning the MDEs, including replenishments. IDCA will include MDE programs and budget matters in its comprehensive review and analysis of the foreign assistance program, and will coordinate the presentation of the MDE budget to the Congress with the presentation of other components of the aid program.
4. Nothing in this memorandum is intended to derogate from the responsibilities of the Secretary of State as to the foreign policy of the United States.

JIMMY CARTER

KEY DOCUMENTS

REORGANIZATION PLAN NO. 2 OF 1979

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REORGANIZATION PLAN TO CONSOLIDATE CERTAIN FOREIGN ASSISTANCE ACTIVITIES OF THE UNITED STATES GOVERNMENT, PURSUANT TO 5 USC 903



APRIL 10, 1979.—Message and accompanying papers referred to the Committee on Government Operations and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1979

## REORGANIZATION PLAN No. 2 OF 1979

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 10, 1979, pursuant to the provisions of chapter 9 of title 5 of the United States Code.

### UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

#### Section 1. *Establishment of the United States International Development Cooperation Agency*

There is hereby established in the executive branch an independent agency to be known as the United States International Development Cooperation Agency (hereinafter referred to as the "Agency").

#### Section 2. *Director*

The Agency shall be headed by the Director of the International Development Cooperation Agency (hereinafter referred to as the "Director"), who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate prescribed by law for Level II of the Executive Schedule. Under the guidance of the President, the Director shall have primary responsibility for setting overall development assistance policy and coordinating international development activities supported by the United States. The Director shall serve as the principal advisor to the President and the Secretary of State on international development matters and shall report to the President and the Secretary of State. The responsibility of the Director for the exercise of the functions and authorities vested in or delegated to the Director or the Agency shall be subject to the guidance of the Secretary of State as to the foreign policy of the United States. The Director shall designate the order in which other officials shall act for and exercise the powers of the Director during the absence or disability of the Director and the Deputy Director or in the event of vacancies in both such offices.

#### Section 3. *Deputy Director*

The President, by and with the advice and consent of the Senate, may appoint a Deputy Director of the Agency, who shall receive compensation at the rate prescribed by law for Level III of the Executive Schedule. The Deputy Director shall perform such duties and exercise such powers as the Director may from time to time prescribe and, in addition, shall act for and exercise the powers of the Director during the absence or disability of the Director or during a vacancy in such office.

#### Section 4. *Associate Directors*

The President, by and with the advice and consent of the Senate, may appoint two Associate Directors of the Agency, who shall perform such duties and exercise such powers as the Director may from time to time prescribe and who shall receive compensation at the rate prescribed by law for Level IV of the Executive Schedule.

### Section 5. *Performance of functions*

The Director may from time to time establish, alter, consolidate, or discontinue organizational units within the Agency, and delegate responsibility for carrying out any function or authority of the Director or the Agency to any officer, employee or unit of the Agency or any other officer or agency of the executive branch.

### Section 6. *Transfers of functions*

(a) There are hereby transferred to the Director all functions and authorities vested in the Agency for International Development or in its Administrator pursuant to the following:

(1) sections 233(b), 296(e), 297(d), 298(c)(6), 299(d), 601(a) through (d), and 624(f)(2)(C) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b), 2220a(e), 2220b(d), 2220c(c)(6), 2220d(d), 2351(a) through (d), and 2384(f)(2)(C));

(2) section 407 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a); and

(3) section 706 of the Foreign Relation Authorization Act, Fiscal Year 1979 (49 U.S.C. 1518).

(b) There are hereby transferred to the Director all functions and authorities vested in the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 or in its Administrator pursuant to sections 101(b), 119, 125, 531(a)(2), 601(e)(2), and 640B of such Act (22 U.S.C. 2151(b), 2151q, 2151w, 2346(a)(2), 2351(e)(2), and 2399c).

(c) There are hereby transferred to the Director all functions and authorities vested in the Secretary of State pursuant to the following:

(1) section 622(c) of the Foreign Assistance Act of 1961, insofar as it relates to development assistance (22 U.S.C. 2382(c)); and

(2) section 901 of Public Law 95-118 (22 U.S.C. 262g).

### Section 7. *Abolition*

One of the positions that the President may appoint under section 624(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2384(a), 5 U.S.C. 5315(5)) is hereby abolished.

### Section 8. *Other transfers; interim officers*

(a) So much of the personnel, property, records, and unexpended balances of appropriations, allocations and other funds employed, used, held, available, or to be made available in connection with the functions and authorities affected by the establishment of the Agency, as the Director of the Office of Management and Budget shall determine, shall be transferred to the appropriate agency or component at such time or times as the Director of the Office of Management and Budget shall provide, except that no such unexpended balances transferred shall be used for purposes other than those for which the appropriation was originally made. The Director of the Office of Management and Budget shall provide for terminating the affairs of any agency abolished herein and for such further measures and dispositions as such Director deems necessary to effectuate the purposes of this reorganization plan.

(b) Pending the initial appointment of the Director, Deputy Director, and Associate Directors of the Agency, their functions and author-

ities may be performed, for up to 60 days after section 1 of this reorganization plan becomes effective, by such individuals as the President may designate. Any individual so designated shall be compensated at the rate provided herein for the position whose functions and authorities such individual performs.

Section 9. *Effective date*

This reorganization plan shall become effective on July 1, 1980, or at such earlier time or times as the President shall specify, but not sooner than the earliest time allowable under section 906 of title 5 of the United States Code.

AMENDMENTS TO REORGANIZATION PLAN  
NO. 2 OF 1979

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

AMENDMENTS TO REORGANIZATION PLAN NO. 2 OF 1979,  
PURSUANT TO 5 U.S.C. 903



MAY 21, 1979.—Message and accompanying papers referred to the Committee on Government Operations, and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1979

*To the Congress of the United States:*

I herewith transmit amendments to Reorganization Plan No. 2 of 1979, which I transmitted to the Congress on April 10, 1979. Except as specifically amended hereby, Reorganization Plan No. 2 remains unmodified.

JIMMY CARTER

THE WHITE HOUSE, *May 21, 1979.*

AMENDMENTS TO REORGANIZATION PLAN NO. 2  
OF 1979

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled May 21, 1979, pursuant to the provisions of chapter 9 of title 5 of the United States Code.

Reorganization Plan No. 2 of 1979, which was transmitted to the Senate and the House of Representatives in Congress assembled on April 10, 1979, is hereby amended as follows:

A. Section 2 is amended to read:

"Section 2. *Director*

"The Agency shall be headed by the Director of the United States International Development Cooperation Agency (hereinafter referred to as the 'Director'), who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate prescribed by law for Level II of the Executive Schedule. The Director shall have primary responsibility for establishing overall development assistance policy and coordinating international development activities supported by the United States. The Director shall serve as the principal advisor to the President and the Secretary of State on international development matters and also shall advise the President on all trade, science and technology, and other matters significantly affecting the developing nations. The Director shall report to the President and, on matters relating to foreign policy, to the Secretary of State. The Director shall designate the order in which other officials shall act for and exercise the powers of the Director during the absence or disability of the Director and the Deputy Director or in the event of vacancies in both such offices."

B. Section 3 is amended to read:

"Section 3. *Performance of functions*

"The Director may from time to time establish, alter, consolidate, or discontinue organizational units within the Agency (other than units expressly established by statute or reorganization plan). The Director may from time to time delegate responsibility for carrying out any function or authority of the Director of the Agency to any officer, employee, or unit of the Agency, or any other officer or agency of the executive branch."

C. Section 6 is amended to read:

"Section 6. *Transfers of functions*

"(a) There are hereby transferred to the Director all functions and authorities vested in the Agency for International Development or in its administrator pursuant to the following:

"(1) sections 233 (b), 239 (i), 296 (e), 297 (d), 298 (c) (6), 299 (d), 601 (a) through (d), and 624 (f) (2) (C) of the Foreign Assistance

Act of 1961, as amended (22 U.S.C. 2193(b), 2199(i), 2220a(e), 2220b(d), 2220c(c)(6), 2220d(d), 2351(a) through (d), and 2384(f)(2)(C));

“(2) section 407 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1736a); and

“(3) section 706 of the Foreign Relations Authorization Act, Fiscal Year 1979 (49 U.S.C. 1518).

“(b) There are hereby transferred to the Director all functions and authorities vested in the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961, as amended, or in its Administrator pursuant to the following:

“(1) sections 101(b), 119, 125, 531(a)(2), 601(e)(2), and 640B of such Act (22 U.S.C. 2151(b), 2151q, 2151w, 2346(a)(2), 2351(e)(2), and 2399c); and

“(2) section 602 of the International Security Assistance and Arms Control Act of 1976 (22 U.S.C. 2352 note).

“(c) There are hereby transferred to the Director all functions and authorities vested in the Secretary of State pursuant to the following:

“(1) section 101(b) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151(b)), insofar as it relates to policy guidance other than foreign policy guidance, and section 622(c) of such Act (22 U.S.C. 2382(c)), insofar as it relates to development assistance; and

“(2) section 901 of Public Law 95-118 (22 U.S.C. 262g).”

EXECUTIVE ORDER

ADMINISTRATION OF FOREIGN ASSISTANCE AND RELATED FUNCTIONS

By virtue of the authority vested in me by the Foreign Assistance Act of 1961, Reorganization Plan No. 2 of 1979, the International Development Cooperation Act of 1979, and section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

1-1. UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

1-101. Establishment of the United States International Development Cooperation Agency. Sections 1, 5, 6, and 8 of Reorganization Plan No. 2 of 1979 are declared effective and the United States International Development Cooperation Agency (hereinafter referred to as "IDCA") is hereby established.

1-102. Delegation of Functions. (a) Exclusive of the functions otherwise delegated, or reserved to the President, by this order, and subject to the provisions of this order, there are hereby delegated to the Director of IDCA (hereinafter referred to as the "Director") all functions conferred upon the President by:

(1) the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.); (hereinafter referred to as the "Act");

(2) the Latin American Development Act (22 U.S.C. 1942 et seq.);

(3) section 402 of the Mutual Security Act of 1954 (22 U.S.C. 1922);

(4) section 413(b) of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2431); and

(5) title IV of the International Development Cooperation Act of 1979 (22 U.S.C. 3501 et seq.) (hereinafter referred to as the "IDC Act of 1979").

(b) The functions under sections 116(e), 491(b), 491(c), 607, 627, 628, 630(3), and 666 of the Act, and section 403(e) of the IDC Act of 1979, delegated to the Director shall be exercised in consultation with the Secretary of State.

(c) The functions under section 125(b) of the Act delegated to the Director shall be exercised in consultation with the Secretary of the Treasury and, with regard to the United Nations Development Program, in consultation with the Secretary of State.

(d) The Director shall exercise the functions of the President under sections 301(a), 301(e)(1), 301(e)(3), and 305 of the Act only insofar as they pertain to the United Nations Development Program, UNICEF, the Organization of American States Technical Assistance Funds, the United Nations Capital Development Fund, the United Nations Educational and Training Program for Southern Africa, the United Nations/Food and Agriculture Organization World Food Program, the Food and Agriculture Organization Post-Harvest Losses Fund, the United Nations Disaster Relief Organization, and any other international programs whose purpose is primarily developmental.

(e) In carrying out the functions under section 653 of the Act that are delegated to the Director, the Director shall consult with the Director of the Office of Management and Budget.

(f) To the extent practicable, the Director will exercise functions relating to Foreign Service personnel in a manner that will assure maximum compatibility among agencies authorized by law to utilize the Foreign Service personnel system. To this end he shall consult regularly with the Secretary of State.

(g) In exercising functions under the Act arising from later-enacted amendments to any law specified in subsection (a) of this section that relate directly to matters of foreign policy, the Director shall consult with the Secretary of State to determine whether such function should more appropriately be exercised by the Secretary or reserved to the President.

1-103. Agency for International Development.

(a) The Director shall continue within IDCA the Agency for International Development, heretofore established in the Department of State.

(b) The Agency for International Development shall be headed by an Administrator appointed pursuant to section 624(a) of the Act.

(c) The officers provided for in section 624(a) of the Act shall serve in the Agency for International Development.

1-104. Office of Small Business. The Office of Small Business provided for in section 602(b) of the Act shall be in the Agency for International Development.

## 1-2. DEPARTMENT OF STATE

1-201. Delegation of Functions. (a) Subject to the provisions of this order, there are hereby delegated to the Secretary of State (hereafter in this Part referred to as the "Secretary") all functions conferred upon the President by:

(1) sections 239(g), 301(a), 301(b), 301(c), 301(e)(1), 301(e)(3), 302(a)(1) as it relates to the Presidential certification concerning the United Nations Relief and Works Agency, 302(a)(3), 305, 481, and 502B of the Act;

(2) section 495F of the Act, insofar as they relate to policy decisions pertaining to refugee programs under such section;

(3) sections 504(a), 505(a) relating to other provisions required by the President, and 505(d), (e), and (g) of the Act;

(4) sections 505(a)(1) and (4) of the Act relating to consent;

(5) section 505(b) of the Act to the extent that it pertains to countries that agree to the conditions set forth therein;

(6) chapter 4 of Part II of the Act, insofar as they relate to policy decisions and justifications for economic support programs under such chapter, including determinations of whether there will be an economic support program for a country and the amount of the program for each country. Such functions shall be exercised in cooperation with the Director.

(7) section 533(b) of the Act;

(8) chapter 6 of part II of the Act;

(9) section 601(b)(3), (4), and (6) of the Act;

(10) section 614(b) of the Act, except that the function of determining which provisions of law should be disregarded to achieve the purpose of the provision is reserved to the President;

(11) section 620(b), (c), (e), (f), (g), (i), (j), (q), and (s) of the Act;

(12) section 620C(d) of the Act;

(13) section 625(d) of the Act, insofar as it relates to personnel in the Department of State;

(14) section 625(k)(1) of the Act;

(15) section 634B of the Act, insofar as it relates to functions delegated to the Secretary under this order;

(16) sections 617 and 653 of the Act, insofar as they relate to chapter 3 of part I and part II of the Act (other than chapter 4 thereof);

(17) sections 657 and 668 of the Act;

(18) other provisions of the Act that relate directly and necessarily to the conduct of programs and activities vested in or delegated to the Secretary;

(19) the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.);

(20) section 8(d) of the Act of January 12, 1971 (22 U.S.C. 2321b (d)); and

(21) section 607 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2394a).

(b) The functions under sections 239(g), 620(e), 620(g), 620(i), 620(j), 620(q), 620(s), and 625(k)(1) of the Act delegated to the Secretary shall be exercised in consultation with the Director.

(c) The functions under section 653 of the Act delegated to the Secretary shall be exercised in consultation with the Secretary of Defense, insofar as they relate to functions under the Act administered by the Department of Defense, and the Director of the Office of Management and Budget.

(d) The Secretary may redelegate to the Director or to any other officer or agency of the Executive branch functions delegated to the Secretary by this order.

### I-3. DEPARTMENT OF DEFENSE

I-301. Delegation of Functions. Subject to the provisions of this order, there are hereby delegated to the Secretary of Defense:

(a) The functions conferred upon the President by Part II (except chapters 4 and 6 thereof) of the Act not otherwise delegated or reserved to the President.

(b) To the extent that they relate to other functions under the Act administered by the Department of Defense, the functions conferred upon the President by sections 602(a), 605(a), 625(a), 625(d)(1), 625(h), 627, 628, 630(3), 631(a), 634E, 635(b) (except with respect to negotiation, conclusion, and termination of international agreements), 635(d), and 635(g) of the Act.

(c) Those functions under section 634A of the Act, to the extent they relate to notifications to the Congress concerning changes in programs under part II of the Act (except chapters 4 and 6 thereof), subject to prior consultation with the Secretary of State.

(d) The functions under sections 627, 628, and 630(3) of the Act delegated to the Secretary of Defense shall be exercised in consultation with the Secretary of State.

1-302. Reports and Information. In carrying out the functions under section 514 of the Act delegated to him by section 301 of this order, the Secretary of Defense shall consult with the Secretary of State.

#### 1-4. INSTITUTE FOR SCIENTIFIC AND TECHNOLOGICAL COOPERATION

1-401. Establishment of Institute for Scientific and Technological Cooperation. There is established within IDCA the Institute for Scientific and Technological Cooperation (hereinafter referred to as the Institute).

1-402. Establishment of the Council on International Scientific and Technological Cooperation. There is established the Council on International Scientific and Technological Cooperation pursuant to section 407(a) of the IDC Act of 1979.

1-403. There are hereby established two additional positions in the Institute pursuant to section 406(c) of the IDC Act of 1979. The officers appointed to these positions shall perform such duties and exercise such powers as the Director of the Institute may prescribe.

#### 1-5. OTHER AGENCIES

1-501. Department of the Treasury. (a) There are delegated to the Secretary of the Treasury the functions conferred upon the President by:

(1) section 301(e)(3) of the Act as it relates to organizations referred to in section 301(e)(2) of the Act;

(2) section 305, insofar as it relates to the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the African Development Fund, and the International Monetary Fund;

(3) the second sentence of section 612(a) of the Act;

and

(4) section 502 of the Mutual Security Act of 1954

(22 U.S.C. 1754).

(b) The Secretary of the Treasury shall continue to administer any open special foreign country accounts established pursuant to former section 514 of the Act as enacted by section 201(f) of Public Law 92-226 (86 Stat. 25) and repealed by Section 12(b)(5) of Public Law 93-189 (87 Stat. 722).

(c) The functions under section 305 of the Act delegated to the Secretary of the Treasury shall be exercised in consultation with the Director, as provided in Executive Order No. 11269 of February 14, 1966, as amended.

1-502. Department of Commerce. There is hereby delegated to the Secretary of Commerce so much of the functions conferred upon the President by section 601(b)(1) of the Act as consists of drawing the attention of private enterprise to opportunities for investment and development in less developed friendly countries and areas.

1-503. Office of Personnel Management. There is hereby delegated to the Director of the Office of Personnel Management the function of prescribing regulations conferred upon the President by the proviso contained in section 625(b) of the Act.

1-504. International Communication Agency. The International Communication Agency shall perform all public information functions abroad with respect to the foreign assistance, aid, and development programs of the United States Government.

1-505. Development Loan Committee. There is hereby established a Development Loan Committee in accordance with section 122(e) of the Act which shall consist of the Director of IDCA, who shall be Chair, the Administrator of the Agency for International Development, the Chairman of the Board of Directors of the Export-Import Bank of the United States, the Assistant Secretary of State for Economic Affairs, the Assistant Secretary of the Treasury dealing with international finance, the Assistant Secretary of Commerce for Industry and Trade, and the officer of the Agency for International Development dealing with development financing.

1-506. Development Coordination Committee. (a) In accordance with section 540B of the Act, there is hereby established a Development Coordination Committee (hereinafter referred to as the Committee). The Committee shall consist of the Director of IDCA, who shall be Chair; the Administrator of the Agency for International Development, the Director of the Institute for Scientific and Technological Cooperation; the Under Secretary of State for Economic Affairs; the Under Secretary of the Treasury for Monetary Affairs; the Under Secretary of Commerce; the Under Secretary of Agriculture; the Under Secretary of Labor; the Under Secretary of Energy; a Deputy Special Representative for Trade Negotiations; an Associate Director of the Office of Management and Budget; a representative of the Assistant to the President for National Security Affairs; the President of the Export-Import Bank of the United States; and the President of the Overseas Private Investment Corporation.

(b) Whenever matters within the jurisdiction of the Committee may be of interest to Federal agencies not represented on the Committee under subsection (a) of this section, the Chair of the Committee may consult with such agencies and may invite them to designate representatives to participate in meetings and deliberations of the Committee.

(c) The Chair of the Committee may establish subcommittees of the Committee and designate the chairs thereof.

(d) Subject to the foreign policy guidance of the Secretary of State, the Committee shall advise the President with respect to coordination of United States policy and programs affecting the development of developing countries, including programs of bilateral and multilateral development assistance.

(e) All agencies and officers of the Government shall keep the Committee informed in necessary detail as to the policies, programs and activities referred to in subsection (d) of this section.

(f) Nothing herein shall be deemed to derogate from the responsibilities of the Secretary of State or the Secretary of the Treasury, or from responsibilities vested elsewhere by law or other Executive orders.

1-6. ADDITIONAL DELEGATIONS AND LIMITATIONS OF AUTHORITY;  
CONSULTATION

1-601. General Delegation of Functions. There are hereby delegated to the heads of agencies having responsibilities for carrying out the provisions of the Act all functions conferred upon the President by:

(a) section 654 (except as reserved to the President);  
and

(b) those provisions of acts appropriating funds under the authority of the Act that relate to the Act, or other acts authorizing such funds, insofar as they relate to the functions delegated by this order.

1-602. Personnel. (a) In carrying out the functions conferred upon the President by the provisions of section 625(d)(1) of the Act, and by this order delegated to the Director of IDCA, the Director shall authorize such of the agencies that administer programs under the Act as he may deem appropriate to perform any of the functions under section 625(d)(1) of the Act to the extent that the said functions relate to the programs administered by the respective agencies.

(b) Persons appointed, employed, or assigned after May 19, 1959, under section 527(c) of the Mutual Security Act of 1954 or section 625(d) of the Act for the purpose of performing functions under such Acts outside the United States shall not, unless otherwise agreed by the agency in which

such benefits may be exercised, be entitled to the benefits provided by section 528 of the Foreign Service Act of 1946 in cases in which their service under the appointment, employment, or assignment exceeds thirty months.

1-603. Special Missions and Staffs Abroad. The maintenance of special missions or staffs abroad, the fixing of the ranks of the chiefs thereof after the chiefs of the United States diplomatic missions, and the authorization of the same compensation and allowances as the chief of mission, class 3 and class 4, within the meaning of the Foreign Service Act of 1946 (22 U.S.C. 801 et seq.), all under section 531 of the Act, shall be subject to the approval of the Secretary of State.

1-604. International Agreements. The negotiation, conclusion, and termination of international agreements pursuant to the Act, title IV of the IDC Act of 1979, or section 402 of the Mutual Security Act of 1954 shall be subject to the requirements of 1 U.S.C. 112b and to applicable regulations and procedures.

1-605. Interagency Consultation. Each officer to whom functions are delegated by this order, shall, in carrying out such functions, consult with the heads of other departments and agencies, including the Director of the Office of Management and Budget, on matters pertaining to the responsibilities of departments and agencies other than his or her own.

#### 1-7. RESERVED FUNCTIONS

1-701. Reservation of Functions to the President.

There are hereby excluded from the functions delegated by the foregoing provisions of this order:

(a) The functions conferred upon the President by sections 122(a), 298(a), 451, 504(b), 613(a), 614(a), 620(a), 620(d), 620(x), 620A, 620C(c), 621(a), 622(b), 622(c), 633(a), 633(b), 640B, 662(a), and 663(b) of the Act.

(b) The functions conferred upon the President by sections 402, 405(a), 406 and 407 of the IDC Act of 1979.

(c) The functions conferred upon the President by the Act and section 408(b) of the Mutual Security Act of 1954 with respect to the appointment of officers required to be appointed by and with the advice and consent of the Senate and with respect to the appointment of officers pursuant to sections 233(b) and 624(c) of the Act.

(d) The functions conferred upon the President with respect to determinations, certifications, directives, or transfers of funds, as the case may be, by sections 303, 481(a), 505(d)(2)(A), 505(d)(3), 506(a), 515(f), 604(a), 610, 614(c), 632(b), 633A, 659, 663(a), 669(b)(1) and 670(b)(1) of the Act.

(e) The following-described functions conferred upon the President:

(1) Those under section 503(a) that relate to findings: Provided, that the Secretary of State, in the implementation of the functions delegated to him under section 505(a)(1), (a)(4), and (e) of the Act, is authorized to find, in the case of a proposed transfer of a defense article or related training or a related defense service by a foreign country or international organization to a foreign country or international organization not otherwise eligible under section 503(a) of the Act, whether the proposed transfer will strengthen the security of the United States and promote world peace.

(2) Those under section 505(b) in respect of countries that do not agree to the conditions set forth therein.

(3) That under section 614(b) with respect to determining any provisions of law to be disregarded to achieve the purpose of that section.

(4) That under the second sentence of section 654(c) with respect to the publication in the Federal Register of any findings or determination reserved to the President: Provided, that any officer to whom there is delegated the function of making any finding or determination within the purview of section 654(a) is also authorized to reach the conclusion specified in performance of the function delegated to him.

(f) Those with respect to determinations under sections 103(b) (first proviso), 104, and 203 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611b(b), 1611c, and 1612b).

(g) That under section 523(d) of the Mutual Security Act of 1954 (22 U.S.C. 1783(d)).

(h) Those under section 607 of the Foreign Assistance and Related Programs Appropriations Act, 1979 (92 Stat. 1591, 1601), with respect to findings.

1-702. Subsequent Amendments. Functions conferred upon the President by subsequent amendments to the Act are delegated to the Director only insofar as they do not relate directly and necessarily to the conduct of programs and activities that either the President or an agency other than IDCA is authorized to administer pursuant to express reservation or delegation of authorities in a statute or in this or another Executive order.

#### 1-8. FUNDS

1-801. Allocation of Funds. Funds appropriated or otherwise made available to the President for carrying out the Act shall be deemed to be allocated without any further action of the President, as follows:

(a) There are allocated to the Director (1) all funds made available for carrying out the Act except those made available for carrying out Part II of the Act (other than chapter 4 thereof), section 481 of the Act, and section 637(b) of the Act, and (2) all funds made available for carrying out title IV of the IDC Act of 1979.

(b) There are allocated to the Secretary of Defense funds made available for carrying out Part II of the Act (except chapters 4 and 6 thereof).

(c) There are allocated to the Secretary of State funds made available for carrying out sections 481 and 637(b) and chapter 6 of Part II of the Act.

1-802. Reallocation of Funds. The Director of IDCA, the Secretary of Defense, and the Secretary of State may allocate or transfer as appropriate any funds received under subsections (a), (b), and (c), respectively of section 1-801 of this order, to any agency or part thereof for obligation or expenditure thereby consistent with applicable law.

#### 1-9. GENERAL PROVISIONS

1-901. Definition. As used in this order, the word "function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

1-902. References to Orders and Acts. Except as may for any reason be inappropriate:

(a) References in this order or in any other Executive order to (1) the Foreign Assistance Act of 1961 (including references herein to "the Act"), (2) unrepealed provisions of the Mutual Security Act of 1954, or (3) any other act that relates to the subject of this order shall be deemed to include references to any subsequent amendments thereto.

(b) References in any prior Executive order to the Mutual Security Act of 1954 or any provisions thereof shall be deemed to be references to the Act or the corresponding provision, if any, thereof.

(c) References in this order to provisions of any appropriation Act, and references in any other Executive order to provisions of any appropriation Act related to the subject of this order shall be deemed to include references to any hereafter-enacted provisions of law that are the same or substantially the same as such appropriation Act provisions, respectively.

(d) References in this order or in any other Executive order to this order or to any provision thereof shall be deemed to include references thereto, respectively, as amended from time to time.

(e) References in any prior Executive order not superseded by this order to any provisions of any Executive order so superseded shall hereafter be deemed to be references to the corresponding provisions, if any, of this order.

1-903. Prior Executive Orders. (a) The following are revoked:

(1) Executive Order No. 10973 of November 3, 1961, as amended;

(2) section 2(a) of Executive Order No. 11579 of January 19, 1971; and

(3) Executive Order No. 10893 of November 8, 1960.

(b) The following are amended:

(1) section 3(a) of Executive Order No. 11846 of March 27, 1975, as amended, by adding the following new

paragraph (12) after paragraph (11):

"(12) The Director of the United States International Development Cooperation Agency";

(2) section 1-202 of Executive Order 12055 of June 28, 1978, by striking out "The Administrator, Agency for International Development" and inserting in lieu thereof "The Director of the United States International Development Cooperation Agency";

(3) section 2(a) of Executive Order No. 11958 of January 18, 1977, by striking out "the Administrator of the Agency for International Development" and inserting in lieu thereof "the Director of the United States International Development Cooperation Agency";

(4) section 3 of Executive Order 10900 of January 5, 1961, by adding thereto the following new subsection:

"(d) The Secretary of State may redelegate to the Director of the United States International Development Cooperation Agency, or to any other officer or agency of the Executive branch, functions delegated to such Secretary by this order."

(5) section 4 of Executive Order 11223 of May 12, 1965, by inserting immediately following "the Secretary of State" the words "or the Director of the United States International Development Cooperation Agency (with respect to functions vested in or delegated to the Director)"; and

(6) the President's memorandum of October 18, 1961, entitled "Determination Under Section 604(a) of the Foreign Assistance Act of 1961" (26 F.R. 10543) is amended by inserting after "the Secretary of State" each time it appears in such memorandum the words "or the Director of the United States International Development Cooperation Agency (with respect to non-military programs administered by such Agency)".

(c) Any reference in any other Executive order to the Agency for International Development or the Administrator thereof shall be deemed to refer also to the International Development Cooperation Agency or the Director thereof, respectively.

(d) As authorized by section 403(c) of the IDC Act of 1979, the reference in Executive Order No. 11223 of May 12, 1965 to "the performance of functions authorized by this Act" shall be deemed to include the performance of functions authorized by section 403 of the IDC Act of 1979.

1-904. Saving Provisions. Except to the extent inconsistent with this order, all delegations of authority, determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, and other actions made, issued, or entered into with respect to any function affected by this order and not revoked, superseded, or otherwise made inapplicable before the date of this order, shall continue in full force and effect until amended, modified, or terminated by appropriate authority.

1-905. Effective Date. The provisions of this order shall become effective as of October 1, 1979.

JIMMY CARTER

THE WHITE HOUSE,  
September 29, 1979.

EXECUTIVE ORDER

MULTILATERAL DEVELOPMENT INSTITUTIONS

By the authority vested in me as President of the United States of America by the Bretton Woods Agreements Act, the International Finance Corporation Act, the Inter-American Development Bank Act, the International Development Association Act, the Asian Development Bank Act, Public Law 95-118, Reorganization Plan No. 2 of 1979, and Section 301 of Title 3 of the United States Code, it is hereby ordered as follows:

1-101. Executive Order No. 11269, as amended, is further amended in Section 1(b) by adding "the Director of the International Development Cooperation Agency," after "the Chairman of the Board of Governors of the Federal Reserve System,".

1-102. Executive Order No. 11269, as amended, is further amended as follows:

(a) In Section 3(a)(1) insert ", subject to the provisions of Section 7 of this Order," after "Authority"....

(b) Add at the end of Section 3(a)(2) the following new sentence: "Such authority, insofar as it relates to the development aspects of the policies, programs, or projects of the International Bank for Reconstruction and Development shall be exercised subject to the provisions of Section 7 of this Order."

(c) In Section 3(e), add ", subject to the provisions of Section 7 of this Order" before the period.

1-103. Executive Order No. 11269, as amended, is further amended in Section 4(a)(2) by adding: ", the Director of the International Development Cooperation Agency," after "the Council" each time it appears.

1-104. Executive Order No. 11269, as amended, is further amended by adding the following new Section 7:

"Section 7. Functions of the Director of the International Development Cooperation Agency. As the principal international development advisor to the President, the Director of the International Development Cooperation Agency shall advise both the Secretary of the Treasury and the appropriate United States representatives to the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, and the African Development Fund on the development aspects of matters relating to those institutions and their activities."

1-105. This Order shall be effective as of October 1, 1979.

JIMMY CARTER

THE WHITE HOUSE,  
September 29, 1979.

October 31, 1980

MEMORANDUM TO THE FILES

FROM:

Tom Ehrlich and Doug Bennet

SUBJECT: AID/IDCA Relationship - Statement of Principles

1. Overview. AID is an IDCA component. The IDCA Director establishes and controls the budgets and policies of AID and the bilateral foreign assistance programs it administers. Most of the authorities under which AID operates are delegated through the IDCA Director to the AID Administrator. The IDCA Director advises the President on the appointment and tenure of senior officials in AID. In these senses, the AID Administrator reports to the IDCA Director.

As one of the components of IDCA, AID retains its individual identity as a separate agency within IDCA with substantial day-to-day operating autonomy. The AID Administrator is responsible for the management and administration of AID and its programs. He carries out these responsibilities in close coordination and consultation with the IDCA Director to ensure consistency with the budget and policy directions of the IDCA Director.

In carrying out his AID-related responsibilities, the IDCA Director does not second-guess AID's administrative arrangements or project details. Nor does he involve himself in the details of personnel actions, auditing or contracting.

2. Policy. Thus, for example, IDCA policy involvement with AID is generally in the context of its broader responsibility for achieving consistency and balance among the policy, major programs, and expenditures of the United States assistance activities. Its involvement is in very substantial part with regard to program policy, as distinct from administrative policy. IDCA's involvement in AID administrative policy matters is limited to situations in which AID's administrative policies have a clear relationship to areas of broader IDCA interest, such as personnel policy matters pertinent to IDCA components other than AID.

3. Budget. AID develops its budget in close consultation with the IDCA Director and his staff. When the IDCA Director has approved the budget, he forwards it to OMB and the Congress. Once an appropriation has been enacted for foreign assistance programs, the Administrator establishes AID's operational year budget with the IDCA Director's concurrence. AID's Bureau of Program and Policy Coordination confers with the IDCA Budget Office on all proposed AID budget changes which require PPC approval. This day-to-day practice serves as a mechanism for ensuring appropriate coordination between the AID and IDCA responsibilities.

4. Personnel. IDCA Director is responsible for advising the President on the appointment and tenure of presidential appointees in AID. Thus, there is close consultation between the AID Administrator and the IDCA Director on such matters. The AID Administrator makes his final decision in consultation with the IDCA Director, and submits his candidate for presidential appointment through the IDCA Director for his concurrence.

In addition to AID presidential appointments, there are a limited number of other key AID positions, both in Washington and overseas, whose functions are particularly relevant to the achievement of AID and IDCA's mutual objectives. These are ones crucial to development policy implementation and/or which have significant responsibility for providing administrative or substantive support to the IDCA Director's Office. They include key Mission Directors, as well as a few senior program and support positions in Washington. As with other non-presidential positions in AID, the AID Administrator has been delegated responsibility to fill these positions. However, he does this in close consultation with the IDCA Director.

The IDCA Director is responsible for allocating positions under IDCA's various appointing authorities to IDCA components within the totals authorized by OMB, OPM and the Foreign Assistance Act. These allocations are made to AID for a given fiscal year. Thereafter, it is the AID Administrator's responsibility to manage that allocation within AID. The IDCA Director does not alter such an allocation unless required to do so by revisions to the allocations to IDCA or for other compelling reasons.

Other Critical Senior Positions - In addition to AID Presidential appointments, there are certain other key AID positions, both in Washington and overseas, whose functions are particularly relevant to achievement of our mutual objectives. These key positions (which will be relatively few in number) are crucial to development policy implementation and/or have significant responsibility for providing administrative or substantive support to the IDCA Director's Office. They include key Mission Directors, as well as a few senior program and support positions here in Washington. While authority has been delegated to the AID Administrator to fill these and all other non-presidential positions in AID, it is important that there be meaningful consultation between the IDCA Director and AID Administrator in the selection of these officials. On the other hand, we will not establish a formal bureaucratic process for IDCA involvement in the filling of these positions. The manner of the IDCA Director's involvement in each case will be discussed during consultation on individual vacancies.

AID Employee Responsibility as Part of IDCA Team - The objective both with regard to the IDCA Director's participation in the selection of presidential appointees and to his less formal involvement in the selection of certain other key AID executives is to ensure that such candidates understand and are committed to the role which they will have to play within AID in furthering the IDCA mandate. The AID Administrator has stressed and will continue to stress to all AID employees their broader responsibilities as part of the IDCA team. At the same time, it is important, and a part of the IDCA Director's legitimate responsibility, that the Director have the opportunity to assess the commitment that candidates for key AID positions have to this goal, just as he does in other areas, as with regard to key positions in the Bureau of International Organization Affairs dealing with development assistance activities. By the same token, the IDCA Director intends to consult the AID Administrator as he appoints key IDCA personnel, since their success in their jobs will depend in significant part in having good working relationships with and the respect of the AID Administrator and his staff.

More generally, where it is appropriate, senior officials in AID will be evaluated by AID on the basis of, among other things, their ability to implement IDCA/AID policy. This review will be accomplished, for example, in the context of AID's normal foreign service procedures for senior foreign service officers and by the Performance Review Board for members of the SES.

Personnel Authority Implementation - To implement the division of responsibility reflected in the attached delegation and this broader understanding, the IDCA Director will authorize the establishment of an operational ERB within AID, and a separate operational ERB for the IDCA Director's Office and TDP. The AID OERB will be responsible for merit staffing for AID's SES personnel, including appointments, evaluation, reassignments, increases in pay levels, etc. The AID OERB will report to the

AID Administrator for all matters relating to AID personnel. The other OERB will operate in the same manner, reporting to the IDCA or TDP Directors, as appropriate. The IDCA Director will also authorize the establishment of an AID PRB and an IDCA Director's Office/TDP PRB. The PRBs will administer evaluation and bonus systems subject to appropriate guidance by the ERB. Where PRB decisions are subject to number limitations, as with bonuses, each PRB will where possible operate under its pro rata share of such limitations. Both operational ERBs will look to the IDCA ERB for general policy guidance regarding SES personnel applicable throughout IDCA. In the areas of its responsibility, the AID OERB will deal directly with the Office of Personnel Management. The AID OERB and PRB will include an IDCA Director's Office employee as a member, and the IDCA Director's Office/TDP OERB and PRB will include an AID employee member.

There are also a number of specific personnel authorities relating to General Schedule employees at all grade levels, which have been delegated to the AID Administrator pursuant to the agreement IDCA reached with the Office of Personnel Management. The IDCA Director will notify OPM that he expects AID to deal directly with OPM on matters relating to these authorities, as well as on other issues relating to AID personnel. However, the Director of AID's Office of Personnel will consult with the IDCA Director's Office whenever questions arise in the exercise of these authorities that raise issues which relate to IDCA's overall policy responsibilities or as they relate specifically to IDCA's Office of the Director. On such matters, the IDCA Director's Office will deal directly with OPM with respect to IDCA-wide personnel policy, and inform AID concerning such matters.

The relationship between the IDCA Director's Office and AID in these personnel matters is an area which requires the exercise of substantial judgment. The AID Director of Personnel will consult with the IDCA Director's Office on issues which may raise questions affecting IDCA's broader responsibilities.

Interrelated Personnel Systems within IDCA - The personnel systems within IDCA are interrelated. Each IDCA component operating in the standard government personnel framework -- the IDCA Director's Office, AID and TDP -- will be responsible for its own personnel. However, the AID Personnel Office, in addition to its direct responsibility for personnel in AID, will continue to provide administrative support for the IDCA Director's Office and TDP. Both because of the AID locus of this administrative responsibility and the fact that the vast preponderance of employees within IDCA are in AID, in most cases AID personnel policies and practices will be made the standard for all employees within IDCA.

The interrelationship between IDCA's personnel systems requires that there not be artificial barriers which might restrict movement of personnel within IDCA. This is especially important for the IDCA Director's Office and TDP, to ensure the ability of these components to make use under a variety of arrangements of

highly qualified AID career employees. For example, while employees of AID are not entitled to positions in TDP or the IDCA Director's Office, neither should they be prevented from competing for available positions in the other components. This is not a problem with regard to Foreign Service employees of AID, who may be assigned to IDCA or TDP while remaining in the AID career service. However, there may be some disincentive for AID career GS employees seeking employment in other IDCA components given the loss of potential security associated with moving from a much larger to a relatively small component. As a general matter this is a normal consequence of career advancement between GS systems. However, there may be circumstances in which it would be appropriate to encourage movement through the use of GS details or, in special circumstances, through the granting of re-employment rights. On the other hand, if the IDCA Director's Office or TDP appoints Foreign Service personnel, those employees would not become a part of AID's career foreign service unless the AID Administrator so decided.

Position Allocations - As a part of the delegation of substantial day-to-day operating autonomy to IDCA components, the IDCA Director will allocate positions under IDCA's various appointing authorities to IDCA components within the totals authorized by OMB, OPM and the FAA. AID allocation decisions will be reached after close consultation with the AID Administrator. Once allocations have been made for a given fiscal year, the AID Administrator will be responsible for managing that allocation within AID. The IDCA Director will not alter such an allocation unless required to do so by revisions to the allocations to IDCA or for other compelling reasons.

**c. International Development Cooperation Agency Delegation of Authority No. 1, October 1, 1979, 44 F.R. 57521**

**INTERNATIONAL DEVELOPMENT COOPERATION AGENCY: FOREIGN ECONOMIC ASSISTANCE**

By virtue of the authority vested in me by the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*) (hereinafter referred to as the Act), title IV of the International Development Cooperation Act of 1979 (22 U.S.C. 8501 *et seq.*), Executive Order No. 12163 of September 29, 1979 entitled "Administration of Foreign Assistance and Related Functions" (hereinafter referred to as the Executive Order), and Reorganization Plan No. 2 of 1979 (44 FR 41185), it is ordered as follows:

**1-1. Concurrent Authority**

1-101. Notwithstanding any provision of this Delegation of Authority, the Director of the United States International Development Cooperation Agency (hereinafter referred to as IDCA) may at any time exercise any function delegated by this Delegation of Authority.

**1-2. Continuation of the Agency For International Development**

1-201. The Agency for International Development (hereinafter referred to as AID), which was established in the Department of State pursuant to State Department Delegation of Authority No. 104, as amended, shall be continued in existence within IDCA headed by an Administrator (hereinafter referred to as the Administrator), as provided in sections 103(a) and 103(b) of the Executive Order. All delegations of authority, determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, designations, and other actions made, issued or entered into under authority existing prior to the date of the Executive Order and not revoked, superseded, or otherwise made inapplicable before the effective date of this Delegation of Authority shall continue in full force and effect until amended, modified or terminated by appropriate authority.

1-202. The officers provided for in section 1-103(c) of the Executive Order shall continue to exercise such functions as the Administrator deems appropriate.

**1-3. Functions of the Administrator**

1-301. Exclusive of the functions otherwise delegated or reserved to the Director of IDCA herein, there are hereby delegated to the Administrator:

(a) The functions conferred upon the Director of IDCA by subsections 1-102(a)(1)-(4) and section 1-601 of the Executive Order.

(b) The functions and authorities contained in sections 125(a), 601(a) through (d), and 601(e)(2) of the Act conferred upon the Director of IDCA by Section 6 of Reorganization Plan No. 2 of 1979.

**1-4. Functions of Technologic**

1-401. Exclusive to the Director of the Institute of Technology (hereinafter referred to as the Director of the Institute of Technology) upon the Director's Executive Order.

**1-5. Functions of the Institute of Technology**

1-501. There are hereby delegated to the Director of the Institute of Technology the administration of the Institute of Technology as follows:

(a) The functions of the Act.

(b) The functions provided in section 4 of the Act.

(c) The functions provided in section 4 of the Act.

(d) The functions determined by the Act, date of the Act, date of the Act.

(e) The functions of the international American Development Corporation of 1 U.S.C. 1

**1-6. Functions of the American Development Corporation**

1-601. Exclusive to the Director of the American Development Corporation Overseas Private Investment Corporation:

(a) The functions 629(b), 630(a) to the operation, its activities, its activities.

(b) The functions that such functions of the Director of the American Development Corporation.

**1-7. Allocation of Funds**

1-701. There are hereby made available to the Director of IDCA by section 1-702.

1-702. There are hereby made available to the Director of IDCA by section 1-702.

#### 1-4. Functions of the Director of the Institute for Scientific and Technological Cooperation

1-401. Exclusive of the functions otherwise delegated, or reserved to the Director of IDCA herein, there are hereby delegated to the Director of the Institute for Scientific and Technological Cooperation (hereinafter referred to as the Institute) the functions conferred upon the Director of IDCA by subsection 1-102(a)(5) of the Executive Order.

#### 1-5. Functions Delegated to the Administrator and to the Director of the Institute

1-501. There are hereby delegated to the Administrator and to the Director of the Institute, respectively, the functions that relate to the administration of the programs of AID and the Institute, respectively, as follows:

(a) The functions under sections 297(d), 299(a) and 625(a) of the Act.

(b) The functions under section 625(d)(1) of the Act, as provided in section 1-602(a) of the Executive Order.

(c) The functions conferred upon the Director of IDCA by section 4 of Executive Order 11223, as amended.

(d) The functions conferred upon the Director of IDCA by the Determination of the President pursuant to section 604(a) of the Act, dated October 18, 1961, as amended.

(e) The functions of negotiating, concluding, and terminating international agreements pursuant to the Act, Title IV of the International Development Cooperation Act of 1979, or the Latin American Development Act, shall be subject to the requirements of 1 U.S.C. 112b and to applicable regulations and procedures.

#### 1-6. Functions Delegated to the Overseas Private Investment Corporation

1-601. Exclusive of the functions otherwise delegated, or reserved to the Director of IDCA herein, there are hereby delegated to the Overseas Private Investment Corporation:

(a) The functions under sections 621(b), 625(d)(1), 627, 628, 629(b), 630 and 635(d) of the Act insofar as such functions relate to the operations of the Overseas Private Investment Corporation, its activities, or personnel.

(b) The functions under section 237(a) of the Act, provided that such functions shall be exercised in consultation with the Director of IDCA.

#### 1-7. Allocation of Funds

1-701. There are hereby allocated to the Administrator all funds made available for carrying out the Act allocated to the Director of IDCA by section 1-801(a) of the Executive Order.

1-702. There are hereby allocated to the Director of the Institute all funds made available for carrying out title IV of the International Development Cooperation Act of 1979, allocated to the Director of IDCA by section 1-801(a) of the Executive Order.

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**1-8. Functions Reserved to the Director of IDCA**

1-801. There are hereby reserved to the Director of IDCA the functions conferred upon the President by:

(a) Sections 102(c), 120(b), 125(b), 209(c)-(d), 298(c)(6), 298(d), 300, 305, 492, 621A, 631(c) and 634B of the Act.

(b) Section 625(a) of the Act, with respect to personnel in IDCA, other than as delegated in section 1-5 of this delegation.

(c) Sections 403(e) and 411 of the International Development Cooperation Act of 1979.

1-802. The functions contained in sections 109, 632(a) (insofar as they relate to allocation or transfer of funds) and 653 of the Act delegated herein shall be exercised in consultation with the Director of IDCA.

**1-9. Foreign Service Personnel Authorities**

1-901. The authority of the Foreign Service Act of 1946, as amended, to appoint, employ, and assign personnel, which the Director of IDCA, the Administrator and the Director of the Institute are authorized to exercise pursuant to section 625(d)(2) of the Act, and the provisions of the Foreign Service Act which apply to personnel so appointed or assigned shall consist of:

(a) The authority available to the Secretary of State under the Foreign Service Act of 1946 (including section 571 of that Act) relating to Foreign Service Reserve officers, Foreign Service Staff officers and employees, and alien clerks and employees.

(b) The authority available to the Secretary of State under sections 1021 through 1071 of the Foreign Service Act of 1946.

(c) The authority available to the Board of Foreign Service and under the Foreign Service Act of 1946.

(d) The authority to prescribe or issue in pursuance of Foreign Service Act of 1946 and the Act, such regulations, orders and instructions, as may be incidental to, or necessary for, or desirable in connection with, the carrying out of the provisions of section 625(d)(2) of the Act or the provisions of this Delegation of Authority.

(e) The prohibitions contained in sections 1001 through 1005 of the Foreign Service Act of 1946.

**1-10. General Provisions**

1-1001. Any reference in this Delegation of Authority to any act, order, determination, or delegation of authority shall be deemed to be a reference to such act, order, determination, or delegation of authority as amended from time to time.

1-1002. Any reference in this Delegation of Authority to provisions of any appropriation act shall be deemed to include a reference to any hereafter enacted provisions of law which are the same or substantially the same as such appropriation act provisions.

1-1003. The Administrator and the Director of the Institute may, to the extent consistent with law:

(a) Delegate or assign any of the functions delegated or assigned to them by this Delegation of Authority to any other officer of IDCA, including any component agency thereof, or to any officer of the Department of State; and

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(b) Authorize any officer to whom functions are so delegated or assigned to successively redelegate or reassign any of such functions.

1-1004. Functions conferred by this delegation shall be carried out in consultation with the heads of other departments and agencies as provided in Section 605 of the Executive Order.

1-11. Effective Date

1-1101. This delegation shall become effective as of October 1, 1979, except that delegations to the Director of the Institute contained herein shall not become effective until so ordered by the Director of IDCA.

THOMAS EHRLICH,  
*Director, United States International  
Development Cooperation Agency.*

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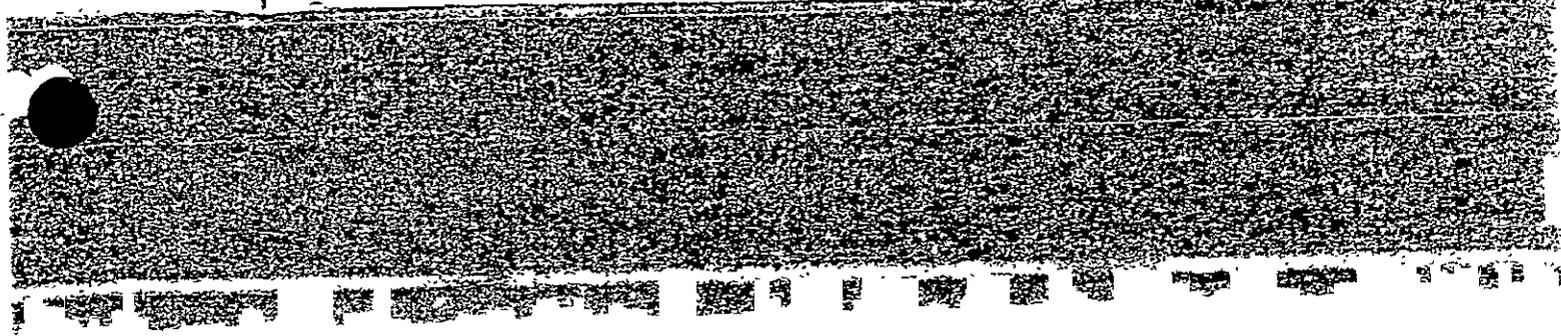
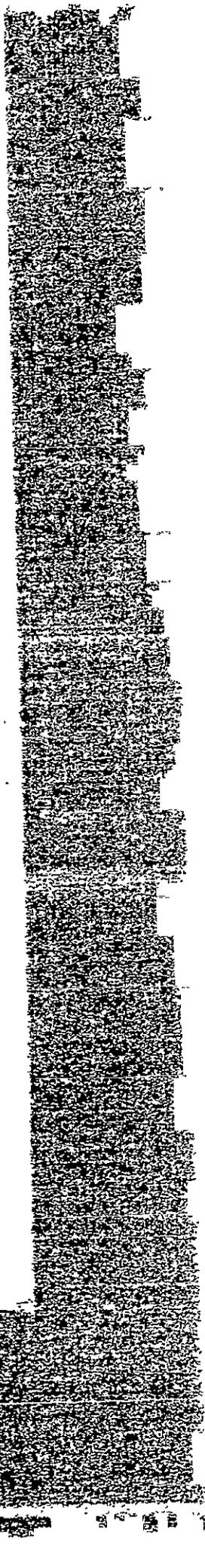
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UNITED STATES  
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
WASHINGTON D C 20523

DIRECTOR

AMENDMENT NO. 1  
TO  
DELEGATION OF AUTHORITY NO. 1

Pursuant to the authority vested in the Director of the United States International Development Cooperation Agency ("IDCA") by Reorganization Plan No. 2 of 1979 (44 F.R. 41185) and Executive Order No. 12163 of September 29, 1979. (44 F.R. 56673), I hereby amend IDCA Delegation of Authority No. 1, dated October 1, 1979, 44 F.R. 57521, as follows:

1. Section heading 1-9 entitled "Foreign Service Personnel Authorities" is changed to "Personnel Authorities."

2. Section 1-901 is deleted in its entirety and replaced by the following:

"1-901. The authority of the Administrator and the Director under section 625(a) of the Act, with respect to personnel in AID and the Institute respectively, shall include any authority available to me under any statute, regulation, or delegation of authority, relating to any aspect of personnel authority or administration, including, but not limited to:

- a) the Act;
- b) the Foreign Service Act of 1980, Pub. L. 96-465, 94 Stat. 2071;
- c) Title 5 of the United States Code; and
- d) Delegations of Authority from the Office of Personnel Management."

This amendment is effective immediately.

Date

Oct. 31, 1980

  
Thomas Ehrlich  
Director

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United States  
Office of  
Personnel Management

Washington, D.C. 20415

Standard Form 64

Your Reference.

OCT 17 1980

Mr. Thomas Ehrlich  
Director  
International Development  
Cooperation Agency  
320 21st Street, N.W.  
Washington, DC 20523

Mr. Douglas J. Bennet, Jr.  
Administrator  
Agency for International Development  
320 21st Street, N.W.  
Washington, DC 20523

Dear Messrs. Ehrlich and Bennet:

This is in response to your joint request for the opinion of the Office of Personnel Management (OPM) on whether the Agency for International Development (AID) is an "agency" for the purpose of making appointments to the Senior Executive Service (SES) under Title IV of the Civil Service Reform Act (CSRA).

After a thorough review of the statutory language and legislative history of Title IV of the CSRA and title 5 of the United States Code, we find that AID is not an "agency" under the SES criteria prescribed in 5 U.S.C. §3132(a), and that AID's entitlement to SES flows from its component relationship with the International Development Cooperation Agency (IDCA), the Executive agency. However, in view of AID's history of managing its internal personnel affairs and the legislative history of Reorganization Plan No. 2 of 1979, we suggest that IDCA consider, where practicable, delegating SES functions to AID.

SES Criteria

Under the CSRA, SES entitlement is based both on the requirement that positions satisfy the SES position definition in 5 U.S.C. §3132(a)(2) and that the positions be in agencies that are Executive agencies not otherwise excluded, 5 U.S.C. §3132(a)(1).<sup>1/</sup>

<sup>1/</sup> 5 U.S.C. §3132(a)(1) states in pertinent part:

(a) For the purpose of this subchapter --

(1) "agency" means an Executive agency, except a Government corporation and the General Accounting Office, but does not include --

Such Executive agencies alone have the responsibility of identifying and designating all their SES positions based on the SES criteria. OPM, in turn, authorizes a specific SES allocation for each of them, 5 U.S.C. §3133. In addition, each Executive agency has the responsibility of establishing executive resource boards to make recommendations and conduct the merit staffing of SES candidates, 5 U.S.C. §3393(b). Thus, since the basic authority over SES positions is tied by definition to Executive agencies, only Executive agencies have the authority to make SES appointments unless an Executive agency, in its discretion, chooses to delegate the authority to a component. Further, in determining whether an "agency" is an Executive agency for 5 U.S.C. §3132(a)(1) purposes, we are bound by the title 5 definitions in 5 U.S.C. §§105 and 104 which apply expressly to all of title 5.2/ We must therefore examine whether AID's status as an "agency" could satisfy these definitions.

1/ cont'd. --

(A) any agency or unit thereof excluded from coverage by the President under subsection (c) of this section; or

(B) the Federal Bureau of Investigation, the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and as determined by the President, an Executive agency, or unit thereof, whose principal function is the conduct of foreign intelligence or counterintelligence activities; or

(C) the Federal Election Commission; . . .

2/ "Executive agency" is expressly defined in 5 U.S.C. §105 as

"For the purpose of this title, "Executive agency" means --  
an Executive department, a Government corporation, and an independent establishment.

(P.L. 89-554, Sept. 6, 1966, 80 Stat. 379; amended P.L. 91-376, §C(c)(2), Aug. 12, 1970, 84 Stat. 775.)

An "independent establishment" is defined in 5 U.S.C. §104 as

"For the purpose of this title, an "independent establishment" means --

(1) an establishment in the Executive branch (other than the United States Postal Service or the Postal Rate Commission) which is not an Executive department, military department, Government corporation, or part thereof, or part of an independent establishment; and

AID's Status as an "Agency"

AID was established by Executive Order 10973 of November 3, 1961, pursuant to the Foreign Assistance Act of 1961, as an agency within the Department of State.<sup>3/</sup> The Act vested certain foreign aid functions in the President who, in turn, directed the Secretary of State to create AID within State. In Delegation No. 104, the Secretary of State, while reserving concurrent authority, delegated to the AID Administrator the authority to manage AID's internal affairs and to appoint AID's own personnel. Thus, from the outset, AID was considered a component of State but with a large amount of autonomy. In 1979, this organizational structure was changed. Reorganization Plan No. 2, effective October 1, 1979, implemented by Executive Order 12163 of September 29, 1979, established IDCA as an independent establishment in the Executive Branch and, replacing State, IDCA was designated to be the Executive agency over AID.<sup>4/</sup>

Thus, AID's status as a component of an Executive agency is not and never was sufficient to satisfy the Executive agency definition in 5 U.S.C. §105 or the independent establishment definition in 5 U.S.C. §104. Clearly, AID cannot be labeled an Executive agency under the 5 U.S.C. §105 criteria as it is neither an Executive department, a Government corporation, nor an independent establishment. The 5 U.S.C. §104 definition of "independent establishment" excluding a part of an independent establishment from being an "independent establishment" would disqualify AID, as AID is a component of IDCA, and IDCA is the agency created as "an independent agency in the Executive branch" to bring it under the 5 U.S.C. §104 definition. Moreover, it has been our position that given the fact that Congress and the President are normally very specific with language when bestowing "Executive agency" status on government entities, unless such express language is used, there

2/ cont'd. --

(2) the General Accounting Office.

(P.L. 89-554, Sept. 6, 1966, 80 Stat. 379, amended P.L. 91-375, §6(c)(2), Aug. 12, 1970, 84 Stat. 775.)

3/ Section 102 of Executive Order 10973 states:

"(a) The Secretary [of State] shall establish an agency in the Department of State to be known as the Agency for International Development."

4/ Section 1-103 of Executive Order 12163 states:

"(a) the [IDCA] Director shall continue within IDCA the Agency for International Development, heretofore established in the Department of State."

is no basis to presume it was intended. Our position is further bolstered by the indisputable fact that AID, originally within State and now continued within IDCA, remains in a component status with an Executive agency. Finally, even though a component such as AID may by delegation have substantial day-to-day responsibility to manage its own internal affairs, including delegated appointing authority, that responsibility or appointing authority alone cannot create the inference that it is an Executive agency. Thus, since AID cannot satisfy the Executive agency definition in 5 U.S.C. §§105 and 104, and as we have determined, 5 U.S.C. §3132(a)(1) relies on those title 5 definitions except as noted, for its "agency" definition, we must conclude that AID, as a matter of law, is not an agency for 5 U.S.C. §3132(a)(1) purposes.<sup>5/</sup>

Reorganization Plan No. 2 of 1979

The purpose of Reorganization Plan No. 2 of 1979 was to bring substantial control over the United States' various development assistance programs under a single Executive agency to ensure consistency in the United States' policy towards the developing nations. IDCA was created as that agency and was accorded "primary responsibility for setting overall development assistance policy and coordinating international development activities supported by the United States."<sup>6/</sup> To implement this scheme, express functions and authorities formerly vested in AID and in the Secretary of State were transferred to IDCA.<sup>7/</sup>

The legislative history expands on IDCA's new role and the contemplated component status for AID. Senate Report No. 96-210 of June 13, 1979, page 2 states, "IDCA will also include the Agency for International Development (AID)" and that "[t]he Director of IDCA will have budget and policy control over AID . . ."

In addition, the Report makes specific note both of AID's former and its continued component status. The Report states on page 12 that "[a]lthough it [IDCA] will have direct control over the budget and policy of AID and the Institute for Technological Cooperation, IDCA will have an identity separate from either of these component units." [Emphasis added.] Page 13 of the Report also makes reference to AID's former status as "an administrative

<sup>5/</sup> The argument has been advanced that since the 5 U.S.C. §104 historical note provides that the new definition resulting from the 1966 Code revision was not intended to bring about any substantive changes as to the former rights or authorities possessed by the agencies, AID cannot be deprived of the direct personnel authority it had prior to 1966. However, we don't find merit in this argument as AID's authority was never direct but resulted from a delegation from the parent agency.

<sup>6/</sup> Reorganization Plan No. 2 of 1979, Section 2.

<sup>7/</sup> Supra, section 6.

unit within the State Department." While observing, on page 19, that AID will constitute the largest component within IDCA and that along with IDCA's budget and policy control over AID and its authority to make appointment and tenure recommendations of senior AID officials, the Report acknowledges that "AID will maintain, however, its individual identity and substantial day-to-day operating autonomy." [Emphasis added.] But even allowing for AID's substantial responsibility for managing its internal affairs, the Report nonetheless views the IDCA/AID relationship as a component one. Even the Minority Report on page 28 argues that under the component format, "the IDCA Director will have real authority over only one of these components, the Agency for International Development (AID)."

The House Report, No. 96-284 of June 18, 1979, takes a similar view of AID's status within IDCA. Thus, the Report notes at page 1 that AID would "as an entity . . . be transferred into the new agency and emphasizes at page 4 that IDCA would "not . . . operate the programs of its constituent elements, or . . . second-guess administrative arrangements or project details'" (quoting an administration representative). On the other hand, the Report emphasizes at page 5:

"For the bilateral agencies, [the IDCA Director] will have directive authority -- the principal functions of AID will be in his hands, he will become the Chairman of the Board of OPIC and will control the budgets of these agencies and of the Institute for Scientific and Technological Cooperation. He has the power to recommend to the President the appointment and removal of senior officers. Thus, although the director will delegate day-to-day operating authority, he will have the clout to get the job done."

Thus, the Reorganization Plan and its legislative history offer no support for an Executive agency inference or, for that matter, for the contention that Congress intended AID to have absolute control over its personnel.

#### Conflict with SES

We agree that Congress intended that AID, from its inception, operate with a substantial degree of autonomy. Nevertheless, we should not lose sight of the fact that AID essentially operated and continues to operate under delegated authority. The Senate Report, page 26, makes that clear, stating:

For example, AID is now an administrative unit within the State Department. It is an agency established with authorities flowing from the President to the Secretary of State by executive order, and then to the Administrator of AID by secretarial delegation. When IDCA is created, the President will delegate those authorities by Executive Order to the Director of IDCA. He will instruct the IDCA Director to establish within IDCA the

Agency for International Development. Authorities now delegated to AID through State may instead be redelegated to AID by IDCA.

This report followed the President's intent as he had set it out in the message transmitting the Reorganization Plan to Congress:

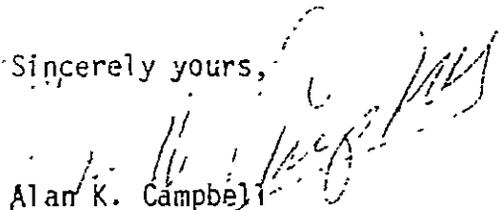
"When IDCA is established, I intend to delegate to it the principal authority for the bilateral development assistance program administered by AID . . . most functions relating to the assistance program will be delegated directly to the IDCA Director, who will in turn redelegate these functions, as appropriate, to the Administrator of AID. (Page 3.)

However, even if AID had been accorded an unqualified independent appointing authority, we still would be faced with the problem of that authority conflicting with the SES. In interpreting the broad sweep of the SES authority that we believe Congress intended in the CSRA, we have consistently maintained that in cases where separate statutory authority conflicted with the SES, absent an express provision to the contrary, the SES would take precedence by impliedly cancelling the authority with which it conflicts. For example, while the Inspector General Act, P.L. 95-452 of October 12, 1978 clearly granted Inspector Generals independent appointing authority, because of their component status with Executive agencies to thereby conflict with the SES Executive agency requirement, we concluded that the Inspector General appointing authority for SES was qualified wherever the CSRA vested a particular SES authority in an Executive agency. Thus, even if AID had an independent appointing authority, we would find that authority to be qualified for SES purposes.

### Conclusion

In view of our analysis, we conclude that AID is not an "agency" under the SES criteria prescribed in 5 U.S.C. §3132(a) and that AID's appointing authority for SES derives from IDCA, the Executive agency. However, consistent with the President's Reorganization Plan and the intent of Congress to give AID substantial independence over its day-to-day operations, we suggest that IDCA consider the possibility of delegating SES functions to AID where appropriate.

Sincerely yours,

  
Alan K. Campbell  
Director

APR 24 1980

MEMORANDUM TO THE SECRETARY

SUBJECT: Relationship Between IDCA and the Department  
of State Concerning International Organiza-  
tions and Programs

I am very pleased with the attached memorandum from Bill Maynes reflecting as it does the outcome of long and complex discussions in which the IO Bureau, Ben Read and his people, and AID have taken part.

The relationships as Bill has spelled them out represent an imaginative approach to a difficult bureaucratic problem. They provide for the IO Bureau to use the development expertise of AID personnel on regular assignments and in return to give IDCA and AID the support in the IO area they need. The real significance of the new relationship is the opportunity presented for the U.S. Government to do a better job in managing the development aspects of our involvement in international organizations while at the same time maintaining unified management of our participation in the United Nations system.

IDCA's overall relationship with the Department, of which the work with the IO Bureau is only a part, is going very well. IDCA has been able to work constructively with the Regional Bureaus, with Tony Lake on budget matters, with Deane Hinton and Tom Pickering on a whole range of issues related to development, and with Ben Read, Dick Cooper, Brian Atwood, Roberts Owen and many of their and your colleagues. We are grateful to them for their help so far and look forward to a continuation from this good beginning.

SIGNED BY:  
THOMAS EHRlich

Thomas Ehrlich

Attachment: Memo from Charles William Maynes

April 11, 1980

MEMORANDUM

TO: IDCA - Mr. Ehrlich  
FROM: IO - Charles William Maynes  
SUBJECT: IDCA and IO

My understanding of the relationship of the IO Bureau to the International Development Cooperation Agency is set forth in the attachment to this memorandum. As you know, we have already begun to implement its provisions. I am sure I can speak for this Bureau in anticipating a long period of productive collaboration.

I know you will share with me grateful appreciation to Ben Read for all he has done to make these arrangements possible.

Attachment:

As stated.

cc: OES  
EB

Clearance: M/MO - Amb. Miller

ATTACHMENT

1. The U.S. International Development Cooperation Agency (IDCA), in carrying out the responsibilities pursuant to Section 2 of Reorganization Plan No. 2 of 1979 and Section 102(d) of Executive Order 12163 of September 29, 1979, shall establish over-all development assistance and budget policy for U.S. participation in international organization programs whose purpose is primarily developmental. Its Director serves as the principal advisor to the President and the Secretary of State on international development matters.

2. Current responsibilities of the Assistant Secretary of State for International Organization Affairs (IO) for management, direction, and coordination of U.S. participation in international organizations and programs, including international conferences and meetings, are not affected by this IDCA/IO understanding.

3. The Bureau of International Organization Affairs shall seek implementation of IDCA-approved development strategies and policies in those programs covered under E.O. 12163 and in other international organizations with a meaningful development role.

4. IDCA will utilize eight positions which have been transferred from State to permit the detail under the agreed State/IDCA arrangement of developmental personnel, approved by the IO Assistant Secretary of State, to the IO Bureau in Washington for full tours on a regular and continuing basis. This augmented staff will strengthen IO's ability to deal with development activities of international organizations and programs in which the U.S. participates, and to provide necessary support and assistance to IDCA in the discharge of its mandated responsibilities.

5. The Bureau of International Organization Affairs is the focal point in the U.S. Government for U.S. participation in the UN and other international organizations. In addition to the U.S. Mission to the United Nations (USUN) in New York, there are 7 overseas missions to international organizations which report to the Assistant Secretary of IO. All messages sent to the United States Mission to the United Nations in New York or any of the other missions to international organizations must be authorized or cleared by IO.

6. The positions, funded by AID in the IO missions, shall continue to function and be responsible to the respective Chief of Mission. The number and location of these positions may vary from time to time by AID/IO agreement.

7. IO shall examine its organizational structure and staffing arrangements and make any adjustments necessary in order to permit it to discharge effectively its development assistance responsibilities and to accommodate the increased staff.

8. The Assistant Secretary of IO and the Director of IDCA shall consult on and jointly agree to the selection of individuals to occupy key IO positions dealing with development assistance activities of the various international organizations and programs.

9. The Director of IDCA has lead responsibility for recommending to the Secretary of State the membership and composition of U.S. delegations to governing bodies and other special and/or periodic meetings of those international organizations specified in the President's reorganization decision.

10. The IO Bureau and IDCA's components, notably AID, shall be mutually supportive and shall work in liaison with each other on all developmental concerns relating to international organizations and programs.

(file)

Agreement  
Between the  
Department of State  
and the  
Agency for International Development

I. Authority

This Agreement is entered into to carry out responsibilities pursuant to the establishment of the U.S. International Development Agency (IDCA), under Section 2 of Reorganization Plan No. 2 of 1979 and Section 102(d) of Executive Order 12163 of September 29, 1979.

II. Purpose

This agreement will establish a mechanism and relationship between the Department of State and AID, for Fiscal Years 1980 and 1981, regarding funding of the assignment of developmental personnel to the Department of State, as specified in the attached memorandum of April 11, 1980 from Charles William Maynes to Tom Ehrlich, regarding the IO/IDCA relationship.

III. Funding

The Department of State will provide for the payment of salaries and personnel compensation for all AID personnel assigned to the Department under this agreement for the period June 1, 1980 to September 30, 1981. All costs associated with personnel assigned under the terms of this agreement not related to personnel compensation will be borne directly by the Department of State for the same period.

Funds will be provided to AID by the Department of State upon receipt of a bill for salaries and personnel compensation of the persons assigned. The Department will advance funds to AID to cover its continuing expenses for any activities previously authorized by the Department of State.

The attached budget is an integral part of this agreement, subject to revision when actual costs vary from those projected in the budget.

Attachments:

As stated.

For the Department of State:



Roger B. Feldman,  
Comptroller

Date: May 23, 1980

For the Agency For  
International Development:



J. William Auer  
Chief International and  
Inter-Agency Branch

Date: 5/2/80

## ATTACHMENT

STATUS REPORT IDENTIFICATION OF PERSONS FROM AID  
WHO WILL WORK IN IO UNDER AGREEMENT WITH IDCA

	Annual Salary 1980	FY 1980		FY 1981	
		Salary	Benefits	Salary	Benefits
H. Petrequin	50,112	19,273	1,812	50,112	4,710
B. Wickland	35,249	13,557	1,274	35,249	3,313
K. Poe	29,375	6,779	637	30,354	2,853
A. Mehu	18,694	7,190	676	18,694	1,757
S. Whitmer	28,427	7,653	719	28,427	2,672
S. Pulaski	28,427	8,746	822	28,427	2,672
H. Miller	37,067	4,990	469	38,303	3,600
1 P/4	<u>32,312</u>	<u>2,762</u>	<u>241</u>	<u>33,234</u>	<u>3,123</u>
	259,663	70,950	6,650	262,800	24,700

	<u>SUMMARY</u>	<u>1980</u>	<u>1981</u>
Salary		70,950	262,800
Benefits		<u>6,650</u>	<u>24,700</u>
Total		<u>77,600</u>	<u>287,500</u>

UNITED STATES  
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
Washington, D C. 20523

JR 3 299

Director

MEMORANDUM TO ALL EMPLOYEES

SUBJECT: Establishment of the Trade and Development Program  
within the United States International Development  
Cooperation Agency

*Colleagues -*

I am delighted to announce that, effective July 1, 1980, the Trade and Development Program (TDP) is established as an organizational unit within the United States International Development Cooperation Agency (IDCA). As the attached IDCA General Notice 80-3 explains, TDP will carry out the program formerly carried out by the Office of Reimbursable Development Programs within the Agency for International Development (AID).

TDP will promote U.S. exports and economic development in developing countries as part of the Administration's effort to contribute to their self-sustaining equitable growth.

*Thomas Ehrlich*

Thomas Ehrlich

Attachment: IDCA General Notice 80-3

Distribution:

Office of the IDCA Director  
AID (Washington and Overseas), List H, Position 5; and List B-1,  
Position 10.  
OPIC

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Washington, D.C. 20523

IDCA General Notice No. 80-3  
July 1, 1980  
Issue date: 7-9-80

SUBJECT: Establishment of the Trade and Development Program

- I. Pursuant to the authority vested in the IDCA Director by the Foreign Assistance Act of 1961, as amended ("FAA"), Reorganization Plan No. 2 of 1979, and Executive Order 12163 of September 29, 1979, entitled "Administration of Foreign Assistance and Related Functions," he has approved, effective today, the establishment of the Trade and Development Program ("TDP") as an organizational unit within IDCA. TDP will carry out the functions authorized by Sections 607(a) and 661 of the FAA (except as the former relates to the excess property program of the Agency for International Development ("AID")), formerly carried out by the Office of Reimbursable Development Programs in AID.
  
- II. The IDCA Director established TDP by issuing today IDCA Delegation of Authority No. 4 which delegates the functions authorized by Sections 607(a) and 661 to the Director of the new Trade and Development Program and rescinds the delegation to AID, except as it relates to the excess property programs of AID. Accordingly, the Assistant Administrators of the AID Geographic Bureaus will no longer exercise policy control and approval over reimbursable development programs for countries in their respective regions; nor will they exercise Section 607(a) and related approval authorities for programs undertaken by other U.S. Government agencies in countries within their regions. Similarly, the Assistant Administrator for the Bureau for Private and Development Cooperation will no longer exercise Section 607(a) and related approval authorities, except as those authorities relate to AID's excess property program, concerning the furnishing of services on an advance of funds or reimbursable basis by international organizations having a membership consisting primarily of foreign governments, by the American Red Cross and by voluntary nonprofit relief agencies registered with and approved by AID.

IDCA Delegation of Authority No. 4 also delegates to the Director of TDP those functions under the FAA which are necessary to carry out the functions authorized by Sections 607(a) and 661.

TDP will be headed by a Director who shall be subject to the budget and policy guidance of the Director of IDCA.

The Director of TDP shall keep the IDCA Director, the Administrator of AID, and the President of the Overseas Private Investment Corporation advised of programs undertaken pursuant to Sections 607(a) and 661 of the FAA.

- III. TDP will continue to rely on AID for administrative and support services. Until further notice, AID should continue to provide TDP services including but not limited to personnel, financial management, contracts, legal, procurement, travel, and program support such as engineering. A Support Services Agreement governing the provision by AID to TDP of designated support services is being prepared by representatives of IDCA, AID, and TDP. In providing such services, AID will use its regulations, directives and procedures except as otherwise determined by appropriate authority. A separate operating budget for TDP will be included in the IDCA/AID Congressional Presentation for FY 82.
- IV. The IDCA Director has named David A. Raymond to be Acting Director of the Trade and Development Program. Former RDP personnel continue in the new program.
- V. Until further notice the Office of the Director of TDP is located in Room 223, SA-8, 235-1800. Official memoranda and cables should be addressed to the Office of the Director IDCA/TDP.

DISTRIBUTION:

Office of the IDCA Director  
AID (Washington and Overseas), List H, Position 5 and List B-1, Position 10  
OPIC  
OMB  
State  
USTR  
Commerce  
Treasury

July 1, 1980

SECTION BY SECTION DESCRIPTION OF DELEGATION OF AUTHORITY NO. 4

By Delegation of Authority No. 4, the Director of the United States International Development Cooperation Agency (hereinafter referred to as "IDCA"), establishes a Trade and Development Program as a new unit within IDCA, and delegates to the Director of the Trade and Development Program functions to carry out the programs authorized by Sections 607(a) and 661 of the Foreign Assistance Act of 1961, as amended (hereinafter referred to as the "Act"), except that the functions relating to the excess property program of the Agency for International Development continue to be delegated to the Administrator of the Agency for International Development.

Section 1-101 establishes a new organizational unit within IDCA called the Trade and Development Program (hereinafter referred to as the "Program").

Section 1-102 continues all delegations of authority, authorizations and other actions made under authority in effect on the effective date of this Delegation until modified or terminated by appropriate authority.

This section shall also be construed to continue all administrative arrangements and agreements now in effect between AID and the Office of Reimbursable Development Programs, so as to maintain uninterrupted performance of the TDP functions.

Section 1-103 rescinds the prior IDCA delegation to the Administrator of the Agency for International Development (hereinafter referred to as "A.I.D.") of the functions under Sections 607(a) and 661 of the Act, except that the functions under Section 607(a) relating to the excess property program of A.I.D. continue to be delegated to the Administrator of A.I.D.

Section 1-104 re delegates to the Director of the Program the functions under Sections 607(a) (except as it relates to the excess property program of A.I.D.) and 661 of the Act which were conferred upon the IDCA Director by Executive Order 12163.

Section 1-201(a) provides that the Director of the Program shall be responsible for determining, under Section 607(a) of the Act, when it would be consistent with and in furtherance of the purposes of Part I of the Act to furnish services and commodities on an advance of funds or reimbursable basis to friendly countries, international organizations, the American Red Cross and voluntary non-profit relief agencies registered with and approved by A.I.D. This delegation does not include functions under Section 607(a) which might relate to the excess property program of A.I.D.

Section 1-201(b) delegates the Section 661 functions to the Director of the Program. Section 661 authorizes the President to use Foreign Assistance Act funds in friendly countries, particularly in those in which either development assistance programs have been concluded or no assistance is being provided under Part I of the Act, to facilitate fair and open access to natural resources of interest to the U.S. Government and to stimulate reimbursable development programs, as well as to promote trade-based development in developing countries in coordination with the export of U.S. technology.

Section 1-202 states that the Director of the Program will be subject to the policy and budget guidance of the IDCA Director.

Section 1-203 delegates to the Director of the Program "such functions contained in the Act as are necessary to carry out the programs authorized under Sections 607(a) and 661 of the Act..." This Section shall be construed as delegating to the Director of the Program the functions necessary to carry out the full scope of programs authorized under Sections 607(a) and 661 of the Act. These are to include, but shall not be limited to, authority to: contract, procure, authorize travel, hire personnel, send personnel overseas, lease buildings and obligate and expend funds as provided by the Act. The above functions are specifically included in the following sections of the Act: 601, 604, 612(a), 615, 621, 625(a) and (b), 626, 627, 628, 629, 631(a), 632 (the functions under §632 shall be exercised in consultation with the IDCA Director), 635, and 636.

Section 601 of the Act states the sense of Congress that participation of private enterprise in the development process should be encouraged and facilitated to the maximum extent possible. Section 601(b)(1) directs the President to make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less developed countries and areas. Section 601(b)(5) directs the President to carry out programs of assistance through private channels, to the maximum extent practicable.

Section 604 of the Act authorizes procurement within the United States and outside the United States, under appropriate circumstances and regulations.

Section 612 of the Act provides for the use of Foreign Currencies. Section 612(a) authorizes the Secretary of Treasury to sell to U.S. agencies, certain local currencies for the agencies to pay obligations outside the United States.

Section 615 of the Act provides contract authority by stating that provisions of the Act authorizing appropriation of funds shall be construed to authorize the granting in any appropriation Act of the authority to enter into contracts, within the amounts so authorized to be appropriated, thereby creating obligations in advance of appropriations.

Section 621(a) of the Act authorizes the head of any agency or officer of the USG through which the President exercises the functions conferred

upon him by the Act, to utilize the goods and services of private enterprise and other Federal agencies.

Section 621(b) of the Act provides for the issuance of regulations determining the eligibility of any person to receive funds made available under the Act. This includes conflict of interest regulations for persons contracting with A.I.D. or IDCA.

Section 625(a) and (b) of the Act provide for the employment of personnel. Section 625(b) authorizes the appointment of a limited number of personnel without regard to the provisions of any law. This is the "AD" authority.

Section 626 of the Act authorizes the hiring of experts and consultants.

Sections 627, 628 and 629 of the Act authorize the detail of personnel to foreign governments and international organizations.

Section 632 of the Act authorizes the President to allocate or transfer to any agency of the USG, any part of any funds available for carrying out the purposes of this Act, consistent with the authority granted under the Act. In particular, § 632(b) authorizes any officer carrying out functions under the Act to utilize the services and facilities and procure commodities from any agency of the U.S. Government at the direction of the President or subject to the consent of the head of another agency.

Section 635 of the Act contains general administrative authorities. Among the functions authorized are the making of loans, advances, and grants to furnish development assistance.

Section 636 of the Act contains provisions on the uses of funds.

The authority of the Director of the Program shall not be limited to the functions above if other authorities in the Act are necessary to carry out the functions of the Program. Section 1-203 also delegates the functions in Section 4 of Executive Order 11223 and procurement authority by virtue of a Determination of the President dated October 18, 1961 (as amended), pursuant to Section 604(a) of the Act, as amended, conferred upon the IDCA Director by the Executive Order 12163. Section 4 of Executive Order 11223 provides authority to modify or amend certain contracts without consideration.

Because of the delegation from the IDCA Director to the Director of the Program of the personnel authorities under the Act, the employees of the Office of Reimbursable Development Programs shall be reassigned as Program employees. Consistent with the Program's being an organizational unit within IDCA, Program employees shall continue to be within the IDCA/AID personnel system and covered by all regulations and benefits thereof.

Section 1-204 provides that the functions of negotiating, concluding, and terminating international agreements pursuant to the Act, shall be subject to the requirements of 1 U.S.C. §112b and to applicable regulations and procedures. Such requirements are equivalent to the procedures required by State Department Circular 175.

Section 1-301 provides that the IDCA Director retains concurrent authority over all functions delegated.

Section 1-401 delegates to the Director of the Program the Foreign Service Personnel Authorities as the IDCA Director is authorized to use them pursuant to Section 625(d) of the Act. Such authorities may be used and interpreted by the Program as they are by A.I.D.

Section 1-501 allocates to the Director of the Program those funds available to the IDCA Director to carry out the functions delegated by Sections 1-2 and 1-4 of the Delegation. The funds made available by Section 1-501(b) for the operating expenses of the Program shall come from the operating expense fund appropriated to carry out Section 667 of the Act.

Section 1-601 requires the Director of the Program to advise the IDCA Director, the Administrator of A.I.D. and the President of the Overseas Private Investment Corporation (OPIC) on all of the programs authorized pursuant to Sections 607(a) and 661 of the Act. This is particularly important in the case of Section 661 programs, as the feasibility studies often lead to follow on reimbursable programs that require overall coordination to serve U.S. interests.

Section 1-701 authorizes the Director of the Program to redelegate functions, consistent with applicable law, to any agency of the U.S. Government.

Since the Program will rely on the administrative services of A.I.D., the Director of the Program may redelegate, as necessary, functions to the appropriate officers in A.I.D.

Section 1-801 defines "function" as used in the delegation.

Section 1-901 establishes an effective date for the delegation.

Draft prepared by EClarke

Revised by JHardy

UNITED STATES  
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
Washington, D.C. 20523

Director

Delegation of Authority No. 4

Trade and Development Program

By virtue of the authority vested in me by the Foreign Assistance Act of 1961, as amended (22 U.S.C. §2151 et seq.), Reorganization Plan No. 2 of 1979 and Executive Order 12163 of September 29, 1979 (44 FR 56673), entitled "Administration of Foreign Assistance and Related Functions" (hereinafter referred to as the "Executive Order"), and reserved by IDCA Delegation of Authority No. 1 (44 FR 57521), it is hereby ordered as follows:

1-1. Establishment of Trade and Development Program

1-101. There is hereby established, as an organizational unit within the the United States International Development Cooperation Agency (hereinafter referred to as "IDCA"), the Trade and Development Program (hereinafter referred to as the "Program"). The Program shall be headed by a Director (hereinafter referred to as the "Director of the Program") and shall be considered a component of IDCA.

1-102. All delegations of authority, determinations, authorizations, regulations, rulings, certificates, orders, directives, contracts, agreements, designations, and other actions made, issued or entered into under authority existing prior to the date of this Delegation of Authority and not revoked, superseded, or otherwise

1-203. There are hereby delegated to the Director of the Program such functions contained in the Act as are necessary to carry out the programs authorized under Sections 607(a) and 661 of the Act, the functions conferred upon the IDCA Director by Section 4 of Executive Order 11223, as amended, and the functions conferred upon the IDCA Director under Section 604(a) of the Act consistent with the Determination of the President dated October 18, 1961, as amended.

1-204. The functions of negotiating, concluding, and terminating international agreements pursuant to the Act shall be subject to the requirements of 1 U.S.C. §112b and to applicable regulations and procedures.

1-3. Concurrent Authority

1-301. Notwithstanding any provision of this Delegation of Authority, the IDCA Director may at any time exercise any function delegated by this Delegation of Authority.

1-4. Foreign Service Personnel Authorities

1-401. The authority of the Foreign Service Act of 1946, as amended, to employ and assign personnel, which the Director of the Program is authorized to exercise pursuant to Section 625(d) of the Act and the provisions of the Foreign Service Act which apply to personnel so appointed or assigned, shall consist of:

- (a) the authority available to the Secretary of State under the Foreign Service Act of 1946 (including

Section 571 of that Act), relating to Foreign Service Reserve Officers, Foreign Service Staff officers and employees, and alien clerks and employees;

- (b) the authority available to the Secretary of State under Sections 1021 through 1071 of the Foreign Service Act of 1946;
- (c) the authority available to the Board of Foreign Service and under the Foreign Service Act of 1946;
- (d) the authority to prescribe or issue in pursuance of the Foreign Service Act of 1946 and the Act such regulations, orders and instructions as may be incidental to, or necessary for, or desirable in connection with, the carrying out of the provisions of Section 625(d)(2) of the Act or the provisions of this Delegation of Authority; and
- (e) the prohibitions contained in Sections 1001 through 1005 of the Foreign Service Act of 1946.

1-5. Allocation of Funds

1-501. There are hereby allocated to the Director of the Program:

- (a) funds made available to the IDCA Director by Section 1-801(a) of the Executive Order as may be necessary for carrying out programs authorized under Section 661 of the Act; and
- (b) funds made available to the Director of IDCA by Section 1-801(a) of the Executive Order as may be necessary to pay the operating expenses of the Program.

1-6. Coordination

1-601. The Director of the Program shall keep the IDCA Director, the Administrator of A.I.D., and the President of the Overseas Private Investment Corporation advised of programs authorized pursuant to Sections 607(a) and 661 of the Act.

1-7 General Authorities

1-701. The Director of the Program may to the extent consistent with law:

- (a) delegate or assign any of the functions delegated or assigned to him by this Delegation of Authority to any other officer of IDCA including any component agency thereof, or to any officer or executive of any executive agency of the Executive Branch; and,
- (b) authorize any officer to whom functions are so delegated or assigned to successively redelegate or reassign any of such functions.

1-8. Definition

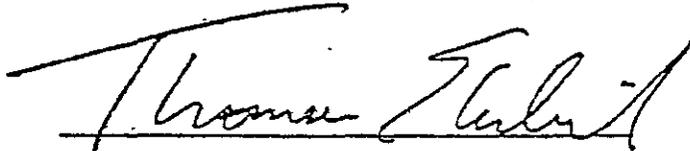
1-801. As used in this delegation, the word "function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion or duty.

1-9. Effective Date

1-901. This delegation shall become effective as of July 1, 1980.

Dated:

6/27/80



Thomas Ehrlich, Director  
United States  
International Development  
Cooperation Agency

certified to be a true copy of the original document Have reviewed  
Authorized representative