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MAY 21 1980

ACTION MEMORANDUM TO THE ADMINISTRATOR

THRU: ES

57239

FROM: AA/DS, Sander Levin *Sander*

Problem: To reply to the March 28, 1980 GAO report, "U.S. Energy Assistance to Developing Countries: Clarification and Coordination Needed"

Discussion: The GAO completed work on this report in June 1979. Nine months later the report was issued. GAO has sent the report to the Departments of State, Treasury and Energy, and I.D.C.A., O.M.B. and A.I.D.

State, Treasury, Energy, I.D.C.A. and A.I.D. have considered the report in the context of the Interagency Energy Steering Group. It is the consensus of the Interagency Steering Group that the report is dated, overly negative in tone, and narrow in view. The membership of the Steering Group is approaching the report non-argumentatively, however. Each agency is providing a brief and limited response.

The report contains only two recommendations, neither directed to A.I.D. for lead action. One, directed to I.D.C.A., recommends that the Director of I.D.C.A., in conjunction with the Secretaries of State, Energy and Treasury, and the Administrator of A.I.D., ensure that a comprehensive policy on U.S. energy assistance to developing countries be formulated and promulgated. The other recommendation, directs the Secretaries of State and Energy and the Director of I.D.C.A. to determine the global need for the Department of Energy International Energy Development Program. This program provides financing for the Department of Energy to aid developing nations analyze their energy needs and resources while averting premature or excessive commitments to nuclear energy.

Given the nature of the GAO report, a joint I.D.C.A.-A.I.D. comment has been prepared. The response is brief. The recommendations of the report are accepted. The response advises the Congress that A.I.D. is moving forward with an energy policy paper. I.D.C.A. will use the completed work of the N.S.C. task force on accelerating energy production in the Non-OPEC developing countries to develop a comprehensive energy development assistance program. The Interagency Energy Steering Group coordinates programs of State, D.O.E. and A.I.D., has been operating for two years, and is a unique interagency assistance coordination mechanism.

Recommendation: That you request I.D.C.A. to forward the joint A.I.D.-I.D.C.A. comments to the Congress by signing the attached transmittal memo to Mr. Erlich.

Attachment:

A.I.D.-I.D.C.A. Comments  
on GAO Report

Clearance:

AG, Herbert Beckington \_\_\_\_\_ Date \_\_\_\_\_

DS/EY, Alan Jacobs \_\_\_\_\_ Date \_\_\_\_\_

AA/PPC, Stephen Klein (comments only)

IDCA, Charles Blitzer (comments only)

DS/PO:TO'Keefe:msk:5/19/80:235-9048

Agency for International Development  
and  
International Development Cooperation Agency  
Comments on the General Accounting Office Report  
"U.S. Energy Assistance to Developing Countries:  
Clarification and Coordination Needed"

International Development Cooperation Agency and the Agency for International Development appreciate the useful comments in the General Accounting Office Report, "U.S. Energy Assistance to Developing Countries: Clarification and Coordination Needed." This represents our joint response.

The International Development Cooperation Agency and the Agency for International Development have considered the recommendations of the Report and agree with the need for the formulation of a comprehensive development assistance policy. We also recognize the need for continuing coordination between the various United States agencies with responsibilities in energy development assistance.

The International Development Cooperation Agency has taken a major step toward coordination by setting up an ad hoc task force, chaired by the National Security Council, on initiatives of the United States in expanding both conventional and new and renewable energy resources for the developing countries. The Agency for International Development, the Department of State, the Department of Energy, Office of Management and Budget, the Department of the Treasury and the Overseas Private Investment Corporation are represented. There are various subcommittees considering specifics such as oil exploration and new energy technologies. The Interagency Task Force will identify both the scope and the focus of United States initiatives in this area, and also will make recommendations for the division of labor and coordination between the appropriate United States agencies in development assistance for energy. The International Development Cooperation Agency then will take the lead in developing a comprehensive United States Government energy development assistance policy using the completed work of the task force. We anticipate completing this effort this fiscal year.

Coordination of United States energy development assistance with other donors and with the multilateral banks is a shared responsibility of the International Development Cooperation Agency and the Department of the Treasury. The International Development Cooperation Agency's Senior Energy Advisor and the Agency for International Development's Assistant Administrator of the Bureau for Development Support recently attended a meeting on energy assistance of the Development Assistance Committees of the Organization for Economic Cooperation and Development. The International Development Cooperation Agency has taken the lead in setting up with the Development Assistance Committees a working group on energy development assistance and in planning for a donor organized energy assistance newsletter.

In order to have an input into World Bank and regional bank energy programs, the International Development Cooperation Agency, the Agency for International Development, and the Department of Treasury maintain informal multilateral development bank contacts and review major energy projects. The Department of Treasury and the International Development Cooperation Agency are expanding the United States loan review system to develop information and comment on development bank programs and projects early in the planning stages. This is to assure efficient, non-duplicative and coordinated development activity.

The Interagency Energy Steering Group, comprised of policy-level officials of the Agency for International Development, the Department of State, the Department of Energy and the International Development Cooperation Agency, meets monthly to coordinate and plan respective agency programs. This group, in existence for two years, is a unique Executive Branch coordination mechanism.

Although the General Accounting Office report contains no specific recommendations to the Agency for International Development, it concludes that the Agency should continue its efforts to develop an Agency policy. The Agency for International Development's Energy Coordinating Group chaired by the Agency's Assistant Administrator for Development Support, and comprised of the energy staff of each of the Agency's four geographic bureaus, the Bureau for Program and Policy Coordination, the Bureau for Development Support and the International Development Cooperation Agency's Policy and Budget staff, is continuing to define the Agency for International Development's energy assistance direction. Work is now moving forward on the Agency's energy policy paper. Recent Agency for International Development authorizing legislation, which consolidates and expands the Agency's energy assistance framework, has been useful in this regard.

The General Accounting Office report was completed in June 1979. A number of statements in the narrative of the report have been overtaken by events. Where suggested improvements in the Agency for International Development's program administration remain relevant and appropriate, the suggestions will be adopted. It would not be useful at this time to suggest additional modifications to the report.

We are aware of the immediate demand for energy assistance in the developing countries and are concentrating both our funds and efforts in expanding and improving efforts in energy assistance.

The Agency for International Development and the International Development Cooperation Agency appreciate the General Accounting Office report and its recommendations.

Agency for International Development and  
International Development Cooperation Agency  
May 16, 1980

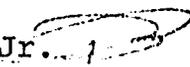
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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

THE ADMINISTRATOR

May 28, 1980

MEMORANDUM FOR THE DIRECTOR, IDCA

FROM : A/AID, Douglas J. Bennet, Jr. 

SUBJECT: Response to General Accounting Office report,  
"U.S. Energy Assistance to Developing Countries:  
Clarification and Coordination Needed"

IDCA and AID have developed a joint response to this GAO report. Normally, AID would forward comments directly to the Congressional Committees. The general subject matter of the report--interagency coordination and the need for a comprehensive U.S. Government energy assistance policy--suggest an IDCA reply is appropriate.

I recommend that you forward to the Congress the AID/IDCA response by signing the four attached letters.

Attachments:

1. Ltr. to Honorable James L. Whitten
2. Ltr. to Honorable Jack Brooks
3. Ltr. to Honorable Warren G. Magnuson
4. Ltr. to Honorable Abraham A. Ribicoff

May 29, 1980

The Honorable Jamie L. Whitten  
Chairman  
Committee on Appropriations  
United States House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the provisions of Section 236 of the Legislative Reorganization Act of 1970, I am enclosing joint comments of the Agency for International Development and the International Development Cooperation Agency on the General Accounting Office report dated March 28, 1980, entitled "U.S. Energy Assistance to Developing Countries: Clarification and Coordination Needed."

Yours very truly,

151

Roger J. Cochetti  
Assistant Director  
Legislative and Public Affairs

Enclosure: a/s

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May 29, 1980

The Honorable Abraham A. Ribicoff  
Chairman  
Committee on Governmental Affairs  
United States Senate  
Washington, D.C. 20510

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Assistant Director  
Legislative and Public Affairs

Enclosure: a/s

8  
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Committee on Appropriations  
United States Senate  
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Legislative and Public Affairs

Enclosure: a/s

May 29, 1980

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Committee on Government Operations  
United States House of Representatives  
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