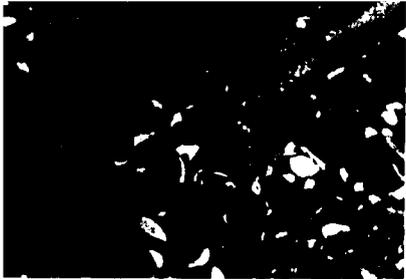


PD-ABC-765



The Private Sector Revolving Fund Fiscal Year 1990 Annual Report

Bureau for Asia & Private Enterprise
United States Agency for International Development

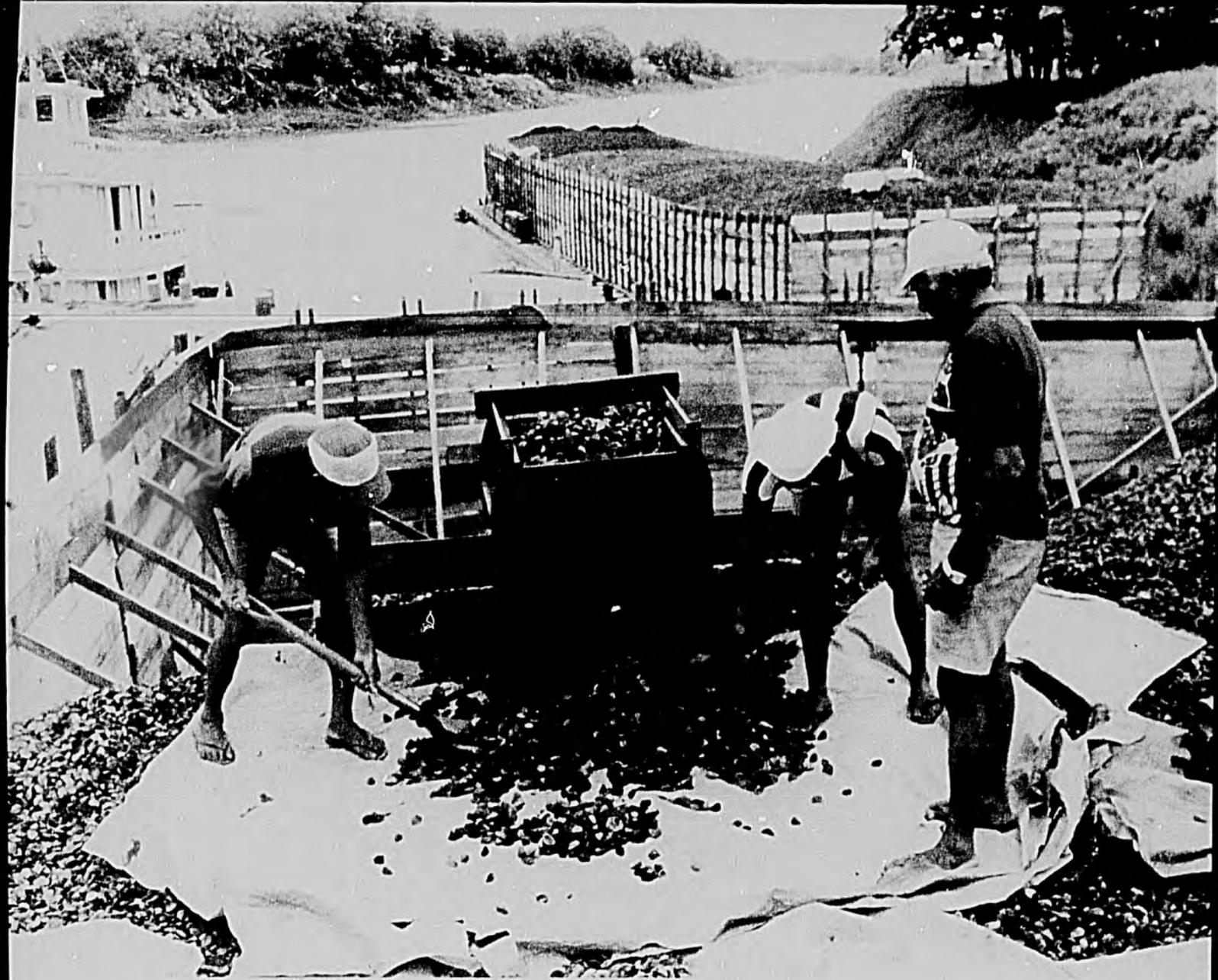
“I believe that the best policy is to unleash the most powerful force on earth: the power of individual workers, individual entrepreneurs and individual dreamers. Why do I believe this? Because it works.”

*President George Bush
Lower Bucks County Chamber of Commerce
Bensalem, Pennsylvania
September 19, 1988*

Cover Photographs: Brazil Nut Industry in the Amazonian Rain Forest

1. After being harvested off the ground during the rainy season by families, nuts are taken to a cooperative to be processed and prepared for sale. Here they are dried, which separates the nut from the outer shell.
2. The nuts are then soaked in water. This means of softening them prevents them from shattering when they are cracked.
3. The next step is hand sorting, separating the nut from the shells.
4. The nuts are then dried in ovens.
5. When the nuts are dried, they are sorted again by quality.
6. The good nuts are sealed in airtight containers to be shipped to market. The rest are used for oil.

Cover photographs by © Paula Lerner 1990, courtesy of Cultural Survival, Inc.



Photograph by © Joao R. Ripper

“The Congress finds that the development of private enterprise, including cooperatives, is a vital factor in the stable growth of developing countries and in the development and stability of a free, open and equitable international economic system. It is therefore in the best interest of the United States to assist the development of the private sector in the developing countries and to engage the United States private sector in that process.”

The Private Sector Revolving Fund
Section 108 of the Foreign Assistance Act of 1961, as amended

Letter from Assistant Administrator Bureau for Asia and Private Enterprise

The world stands at a historic crossroad. As scores of nations change their orientation and choose free market economic systems, the United States stands ready to help. We have learned over the years that sustainable economic growth is the driving force behind reducing poverty. Free market systems meet the challenge of sustained growth more directly and with more vigor than planned economies.

Engaging the local private sector to meet the demands of newly emerging economies is one of the most important jobs facing those of us who seek to spur on this process. The Private Sector Revolving Fund is one of the vehicles we use to encourage access and participation by small and medium sized businesses and individuals to building free market economies.

The Fund is strategically positioned to respond quickly to needs and opportunities for stimulating economic growth. One example was in the Philippines, where we responded immediately following a devastating earthquake in which thousands of homes and businesses were destroyed. We worked with local Philippine banks to arrange a credit program to rebuild small businesses which were damaged or destroyed. We also continue to develop innovative financing vehicles to meet new economic challenges in developing countries as we focus on being responsive to global changes. For example, we have developed a strategy for the Fund to promote environmental activities. In 1990 all direct loans were made to enterprises engaged in environmentally beneficial activities. Some examples are an ecological tourism project in Costa Rica, a worldwide renewable energy project and a rainforest preservation project.

1990 was a very successful year. We achieved a growth rate of +5.1% in demand for our loan and guarantee products with only a 2% provision for loan losses and a 25% provision for guarantees, both of which are considered to be conservative. The Fund is an effective and versatile tool to meet the challenge of engaging the local

private sectors in the growing needs of a developing world. It makes loans available to private enterprises through indigenous financial institutions and by doing so makes our goal of self reliance for these countries more attainable.

We are entering an era in which global economic interests may be the dominant force in international relations. Efforts which support local businesses and private institutions are essential as the underpinning of market economic systems. The relationship of the United States to these newly emerging economies will be critical to their success. Likewise, our own competitive edge may depend, in large part, on our positive response to these trends around the world.



A handwritten signature in dark ink, which appears to read "Henrietta Holsman Fore". The signature is written in a cursive style.

Henrietta Holsman Fore
Assistant Administrator
Bureau for Asia & Private Enterprise

Letter from the Director of the Investment Office

It is with genuine satisfaction that I review the accomplishments of the Office of Investment over the past year. In less than a decade, over 100 investment projects have been initiated in 25 A.I.D. assisted countries. These facilities have stimulated over \$300 million in local private sector financing to a LDC borrower community which heretofore had relatively limited access to income-generating credit.

This is a remarkable achievement by any measure. The staff of the Office of Investment is justifiably proud of this diversified portfolio of investment transactions. Collectively, it represents an important shift both in perspective and methodology - a shift which demonstrates and encourages the expanded use of private sector financing for traditional development objectives.

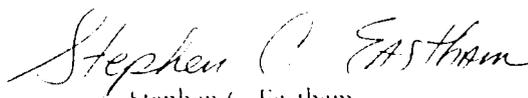
Building on the lessons learned during the transactions completed in the 1980s, we are now ready to respond to the challenges of the 1990s. Identifying sound developmental projects and creating innovative ways to integrate private sector financing is the challenge we shall pursue. We will demonstrate that targeted economic development can be accomplished through commercially viable private sector financing.

Our response also includes the setting up of new financial mechanisms appropriate to our vision of the needs of LDCs in the year 2000 and beyond. For example:

- Leasing of capital equipment continues to grow in popularity, responding to the needs of cash-poor small businesses for more sophisticated technology to grow and expand.
- Venture capital will continue to respond to an increasing demand for innovative forms of transactional financing, beyond that which is available from commercial banks.
- Privatization transactions will be also emphasized as A.I.D. seeks to develop specific financing techniques to assist emerging democracies in their efforts to convert centrally planned economies to free market systems.

The Investment Office is uniquely suited to assist in the surge of activity surrounding debt-for-development swaps. This represents a symbiosis between the guarantee mechanism—which leverages significant amounts of local currency—and A.I.D.'s over-arching objectives of addressing trans-global issues, such as environmental consciousness and growth-inhibiting debt burdens in LDCs.

Finally, we look forward to the expansion of our Guarantee program, as we seek to convert our highly successful Guarantee Authority into an Agency-wide financing vehicle. A.I.D. missions and the Investment Office will begin to work more closely in tailoring private sector financing mechanisms to the unique development needs of each recipient country.



Stephen C. Eastham

Director

Office of Investment

The Private Sector Revolving Fund

Fiscal
Year
1990

Annual
Report

Table of Contents

Chapter One – The Private Sector Revolving Fund: An Overview

- Program Summary
- Guarantees
- Loan Portfolio Guarantees
- Forfaiting
- Leasing
- Training
- Future Programs

Chapter Two – Review of Operations

- Financial Summary
- Risk Management
- Private Sector Revolving Fund Highlights

Chapter Three – 1990 Finance Projects

- Loan Portfolio Guarantees
- Forfaiting
- Leasing
- Direct Loans

Chapter Four – Financial Information

- Balance Sheet
- Statement of Income
- Statement of Capital & Retained Earnings
- Statement of Cash Flows
- Notes to Financial Statements
- Portfolio Summary

The Private Sector Revolving Fund: An Overview

Program Summary

Origin and Legislative Mandate

The Private Sector Revolving Fund ("the Private Sector Fund" or "the Fund") was created by Congress in 1983 to promote private sector development in Less Developed Countries (LDCs) primarily through the strengthening of small private sector enterprises. It was enacted under Section 108 of the Foreign Assistance Act of 1961, as amended, which asserts that "private sector development is vital to the attainment of stable growth of developing countries and in the development and stability of a free, open and equitable international economic system."

Both start-up and existing enterprises in developing countries encounter difficulty in obtaining adequate financing due to the conservative practices of lending institutions and the lack of alternative sources of finance outside the formal banking sector. A primary factor which contributes to such

conservative lending practices is the perceived risk inherent in small business lending. The Fund provides a helpful vehicle to assist LDC lending institutions in gaining experience in small business lending. In addition, while reducing their risk from such transactions, often such financial institutions determine that small business lending can be profitable, both in terms of loan/interest repayment and increased bank deposits from these new clients. The enabling legislation emphasizes the development of local lending institutions and the mobilization of credit for small enterprises because of their multiplier effects on employment, income, education, and related socio-economic benefits.



Rattan Furniture In The Dominican Republic

"I knew of no other program of this kind. Businessmen are left with precious few options for borrowing working capital...this is why the value of programs like this cannot be underestimated. Without the A.I.D. loan, my business would have become completely stagnant."

Porfirio Peralta, President
Rattan Dominicano
Santo Domingo,
Dominican Republic

Porfirio Peralta, started his career as an adolescent, working for a Chinese family which had opened a rattan furniture factory in Santiago. Building on the skills they had acquired, he and his brother started their

Continued on next page

own rattan furniture manufacturing company in 1979. Their reputation for producing quality products resulted in ever-growing sales. Demand was such that the brothers began exporting in 1984. Unable to find alternative financing, they were able to secure their first working capital from FINADE under a Private Sector Revolving Fund loan arrangement. In addition to assisting in financing exports, the loan resulted in the creation of 12 positions, and the securing of 30 others. Growth of the company necessitated expanding their facilities, which was enabled through an A.I.D. loan.

The Private Sector Fund aims to facilitate development that is sustainable over the long-term and does not require continuous reliance on outside assistance. For this reason, the Fund is designed to: 1) stimulate growth and expansion of private enterprises in LDCs by facilitating access to credit; 2) create innovative financing mechanisms to serve as models for the private sector development efforts of local USAID Missions; 3) strengthen local, private financial institutions by helping them develop new markets and learn new lending techniques; and 4) involve the United States private sector in Third World development.

Moreover, Section 108 (c) (2) of the enabling legislation stipulates that assistance under the Fund can be provided only to those projects which:

- have a demonstration effect;
- are innovative;
- are financially viable;
- maximize development impact; and
- are primarily directed to small businesses.

Such emphases make the Private Sector Fund a unique mechanism for financing private sector-led development in emerging market economies.

Management

The Private Sector Fund is managed by the Office of Investment in A.I.D.'s Bureau for Asia & Private Enterprise. The management staff is recruited primarily from the United States private sector and has extensive experience in international banking and finance. Regional Senior Investment Officers in

Washington work with USAID Missions and host country private sectors in locating potential investment opportunities which meet the Private Sector Fund's legislative criteria. These candidate projects are then analyzed and evaluated as outlined in the Portfolio Risk Management section.

Since its inception, the Office of Investment has served both as a laboratory for innovation/research and development and as a catalyst. In the first capacity, the Office of Investment creates financial facilities to address identified market imperfections. In its capacity of catalyst, the Office of Investment works closely with USAID Missions in increasing the proportion of new and traditional A.I.D. projects financed, owned and operated by the local private sector. These projects include venture capital, privatization, new bond instruments, debt-for-development swaps, as well as projects in more traditional development assistance areas such as agribusiness, health delivery systems, and education.

Evolution of the Fund

The structure and uses of the Fund have evolved since its inception in 1983. The primary investment vehicles used during the Fund's early years were loans. Operating through U.S. commercial banks, these loans were designed to finance letters of credit issued by U.S. banks in favor of private intermediary financial institutions (IFIs) in LDCs to guarantee up to 50% of the loans made to small-sized enterprises, as an inducement to increase the volume of their small business lending portfolios. A few direct loans were also made by A.I.D. to LDC borrowers.

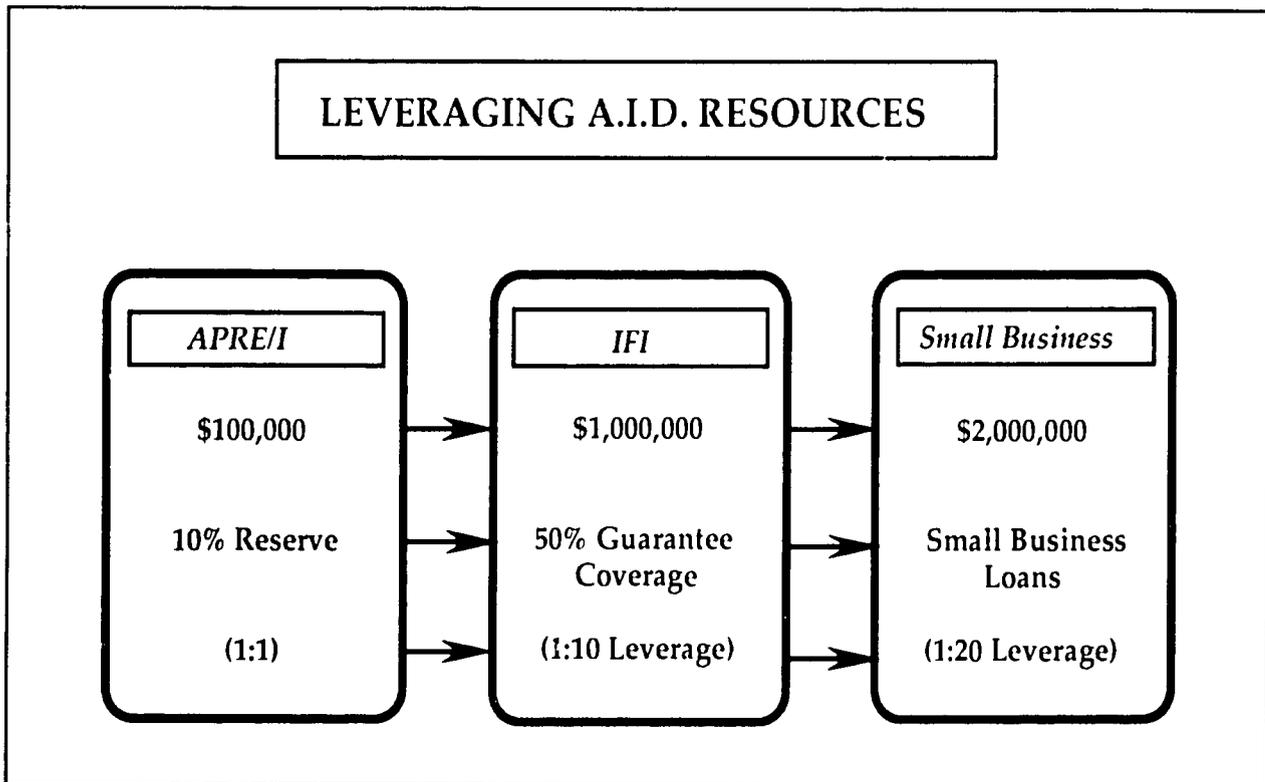
Due to the Fund's success and the growing need for the services that it provides, Congress, under the Omnibus Trade and Competitiveness Act of 1988, added loan guarantee authority to the dollar lending authority of the Fund. This full faith and credit Guarantee Authority has replaced the A.I.D. Direct Loan-Backed/Guarantee vehicle. Guarantees, the Private Sector Fund's training component and potential future projects are outlined below.

The Guarantee Authority

The addition of the loan guarantee authority to the dollar lending authority of the Fund in 1988 indicated Congress' intent that loan guarantees backed by the full faith and credit of the United States Government would henceforth be the primary instrument used by the Fund to meet its legislatively mandated objectives. The foremost advantage of the Guarantee Authority is that it makes

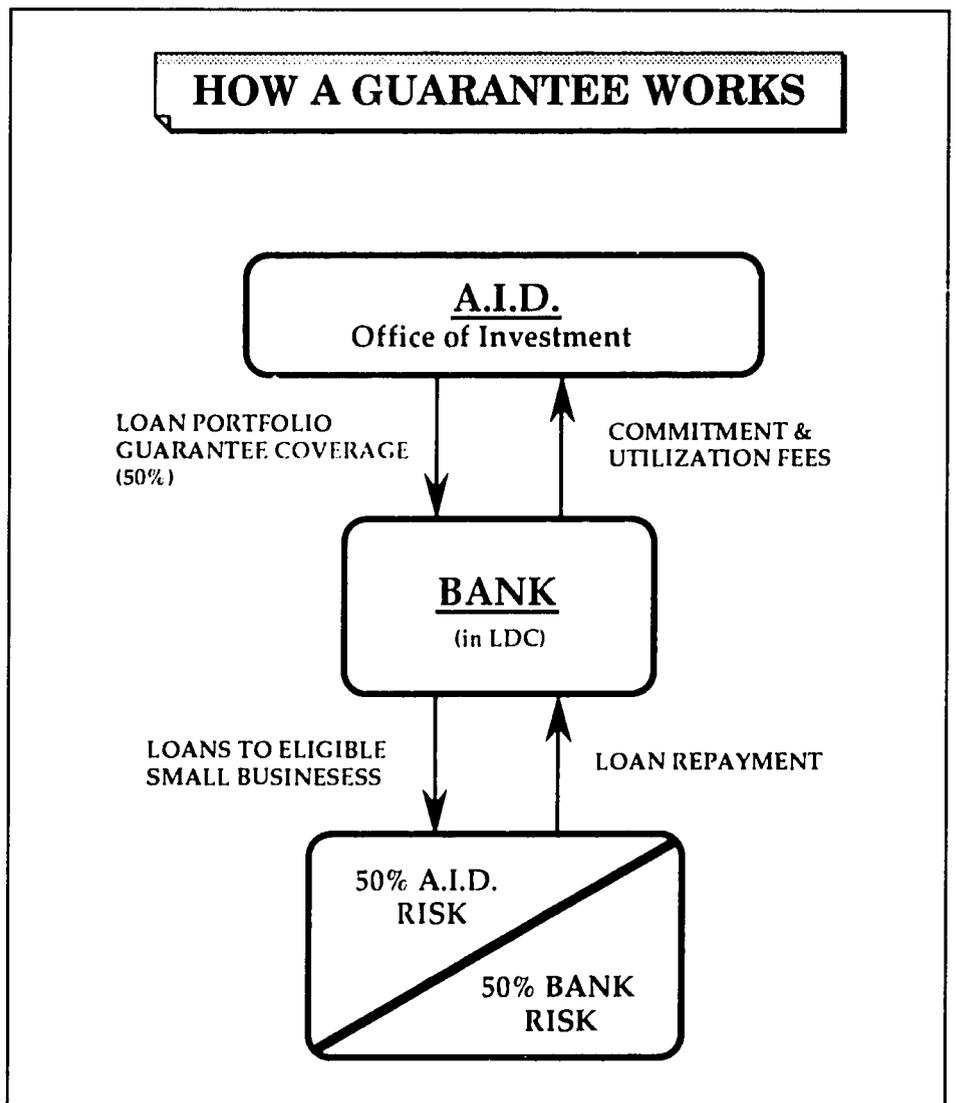
maximum use of U.S. taxpayer dollars by leveraging a reserve account into small business lending on a ratio averaging approximately one to ten. This leverage is achieved as follows:

- Guarantees are issued on behalf of IFIs to cover 50% of their principal exposure on eligible loans placed under coverage. An A.I.D. guarantee of \$10 will therefore result in at least \$20 of credit being made available.
- A prudent reserve account is maintained against the Fund's outstanding liability. At the present time, Fund management is maintaining the 25% reserve required under prior law, but future reviews of individual transactions will likely reduce this percentage. Assuming that a reserve level of approximately 10% is maintained, for every \$1 held in reserve, A.I.D. may issue \$10 of guarantees, which then will result in \$20 of local credit being extended.



An important element of this program is that the risk on each loan transaction is shared equally between A.I.D. and the LDC financial institutions. Since the IFI remains equally at risk with A.I.D. on each loan, a strong incentive is maintained for prudent lending practices by such institutions. Such risk sharing between A.I.D. and the IFI serves to enhance the probability of achieving a two-fold success: 1) a relatively low loss ratio for the Private

Sector Fund, and 2) the financial institution's profitable experience with small business lending. Such results provide the best inducement for IFIs to continue lending without the added comfort of a guarantee. It is this feature that enables Fund management to allow all credit decisions underlying loan transactions to rest with the local financial institutions.



Under the current enabling legislation, no loan guaranteed may exceed 50 percent of the financial support for any project or \$3 million, whichever is less. Fees are charged for all Fund facilities. Revenue from these investments is returned to the Fund to be used for future investments.

Under the Guarantee Program actual outlays of U.S. dollars occur only in the event of a

claim under a guaranteed loan and fees charged by the Fund are used to offset such claims. A.I.D. maintains a reserve for each facility as described above. If a claim occurs, A.I.D.'s net outlay is further reduced by any recovery from liquidated security.



Manufacturing Shoes In Ecuador

Fabian Izurieta founded his business. Condecuero, in 1980

manufacturing expensive, all leather dress shoes.

Due to a recession, he switched to a more casual shoe and was given the Ecuadorean franchise for manufacturing Hush Puppies. His operation now has a reported \$250,000 in fixed assets, including a shoe factory, store chain, a tannery and shoe part factory. He employes some 200 workers, three-quarters of whom are women. With four letters of credit totalling some \$50,000

under the A.I.D. guarantee facility with local financiera FINIBER, Mr. Izurieta was able to import machines, parts, and a new type of simulated leather. Condecuero continues to grow steadily in spite of a sluggish economy, thanks to the credit from A.I.D..

Garment Manufacturing In Manila

After eight years of subcontracting to a larger manufacturer, Philip and Lulu Duyango incorporated their own garment manufacturing firm in 1984. In their first two years of incorporation, their revenues increased 200 percent and their export quota allocations doubled. With the help of an A.I.D. guarantee facility with Far East Bank, they were able to obtain a \$46,908 export packing credit line. The bank's credit was promptly repaid and rolled over, resulting in foreign exchange profits and larger credit lines for the Duyangos to finance imports of yarn and machines.



Sorting and storing raw materials at TRIMACA, Inc. in the Philippines.

Loan Portfolio Guarantee Program

The Loan Portfolio Guarantee (LPG) Program was designed as one type of innovative financial vehicle under the Guarantee Authority. The LPG Program emphasizes a standardized approach, utilizing partial guarantees to assist intermediary financial institutions in expanding their involvement in small business lending. Under the LPG facility A.I.D. provides 50% guarantee coverage on a portfolio of loans to small

businesses. As described herein under "Portfolio Risk Management", participating IFIs undergo extensive A.I.D. external and internal credit and risk analysis. Borrower history and loan repayments are monitored regularly. The Institutions eligible to participate in this program can be locally owned commercial banks, finance companies, specialized financial institutions, insurance companies, leasing companies, or other similar private financing entities.



Forfaiting

Under a forfaiting arrangement a U.S. exporter accepts a negotiable note from developing country customers as guaranteed by a developing country bank, which it then immediately sells to a forfait house. In essence, by "cashing out" the U.S. exporter, the forfaiting house issues credit, in the form of a trade note receivable, to an LDC entrepreneur who needs financing to purchase U.S. manufactured goods. A.I.D. guarantees cover 50 percent of the risk undertaken by the forfait house upon purchase of the LDC note. The notes are purchased, without recourse to the exporter. The purpose of this facility is to promote U.S. exports to LDCs by inducing forfait banks to accept LDC notes that they might deem too risky without a partial guarantee from A.I.D.

Leasing

During 1989, under its existing Guarantee Authority, the Office of Investment developed a new program to extend its risk-sharing coverage to transactions involving the leasing of capital equipment by small businesses. Lease financing is an important source of funding for small businesses in LDCs. The growth of the leasing industry in developing countries has been aggressively promoted and encouraged by the International Finance Corporation of the World Bank and other multilateral donor groups. Leasing provides a business owner with the use of state-of-the-art technology while preserving bank lines of credit for the many other needs of a growing business.

Furniture In the Dominican Republic

"In five years I could be a tremendous producer. I am constantly rejecting requests. The lack of available financing is what holds us back. What we need are more credit programs like the Revolving Fund to get the working capital we need."

When Luis Reyes, President and

Founder of Muebles Nacionales Diversos—a Dominican furniture manufacturer—first started his company eleven years ago, his first innovation was to offer his customers shorter term financing over six months as opposed to the typical 36 month period. The resulting reduced cost



Continued on next page

of the furniture not only appealed to the customers, but also turned the inventory over much faster. This has now become common practice among furniture vendors. Dissatisfied with the quality and detail of other manufacturers' products, he hired a few carpenters and began manufacturing his own distinctive, high quality items. He also became the country's first manufacturer of lacquered furniture, which had become increasingly popular.

Muebles Nacionales Diversos expanded rapidly, outgrowing its original factory and employing almost 189 workers. With production capability exceeding local demand, Mr. Reyes turned to exporting. Currently some 70% of their distinctive, high-

Continued on next page

For its part, the Office of Investment succeeded in establishing lease guarantee facilities during the initial year of this new program with eight (8) new financial entities.

This innovative use of the Guarantee Authority allows the Bureau for Asia & Private Enterprise to reach smaller lease financing companies and provide them with important risk-sharing coverage. Such risk sharing with A.I.D. allows the leasing companies to expand their service to meet the needs of a broader range of developing country small businesses.

Training

To complement its guarantee programs, the Office of Investment designs and implements training programs for bankers and small business owners in LDCs. In addition to the successful implementation of past training programs, a new program has been

recently started which will add a series of 54 one-week courses over a three year period in selected A.I.D. countries. The purpose is two-fold: 1) to work with intermediary financial institutions in improving their small business lending practices by increasing their knowledge of small businesses and the way loans to them can be structured and managed, and 2) to work with small business owners in improving their financial management techniques, as well as increasing their knowledge of how to successfully obtain and repay loans. Increasing IFI's familiarity with small businesses, and assisting small business owners to successfully identify and utilize the potential resources available to them, facilitates the development of a more efficient local capital market, which in turn leads to long-term financial self-reliance.



Weighing and packaging catfish to be sent to market in Thailand.

There are two one-week courses available to banks and entrepreneurs. The first training course is available to financial institutions participating in the Program. These institutions in turn will help identify existing or potential small business clients as candidates for the second course designed for small business entrepreneurs. The course for banks is specifically designed for lending and credit officers, as well as branch managers. It covers small business lending practices, particularly methodologies for assessing sustainable growth rates, avoiding potential financial problems, and monitoring loans. The second course is designed for managers of businesses which have been operating for at least two years, but may include new businesses as well. This course focuses primarily upon the basics of small business borrowing, financial analysis, accounting practices, taxes, and analyzing cashflows.

Future Programs

The Fund is strategically poised to meet the challenges of the 1990s and to take advantage of the opportunities that have grown with global political and economic changes. Eastern Europe, Panama, Nicaragua, Sri Lanka and Nepal are some of the emerging democracies which are being tested in the face of economic and political instability and may need future assistance to achieve economic stability. The Fund's management is positioned to meet these challenges by building on its experience and its vision, developing new programs and refining existing ones. Moreover, management remains committed to helping small businesses, strengthening local capital markets, and creating private enterprises that are environmentally pro-active and commercially viable. In addition to creating new financing vehicles such as guarantees on subordinated bonds, there are also many opportunities in the area of LDC debt reduction through a variety of

quality wood furniture is exported to Puerto Rico, Miami, and the Virgin Islands. He identifies financing as the biggest problem faced by any businessman in the Dominican Republic. Through a Private Sector Revolving Fund guarantee-backed loan of \$132,000, Mr. Reyes was able to expand his business.

Dried Produce And Fragrance Extracts In Ecuador

Jose Bermeo is the founder of Extractos Andinos, the first business in Ecuador to produce dried produce and fragrance extracts. These products are then sold to other manufacturers as inputs for such products as candy, soft drinks and perfume. Mr. Bermeo expanded to natural coloring agents, and by 1986 his sales surpassed those of the country's largest coloring agent manufacturer. Today the company has fixed assets in excess of \$400,000 and employs some 35 workers. A.I.D.

Continued on next page

The main vehicle for taking advantage of these growing opportunities is the anticipated expansion of the existing Guarantee Authority into an Agency-wide financing vehicle. Under this new program, A.I.D. Missions can collaborate with the Office of Investment in developing financing mechanisms for a variety of private sector development projects and programs. Its main purpose is to eliminate financial market imperfections and help shift the financing of important development projects to private sector sources, rather than utilizing traditional public sector financing. This will be achieved through: 1) increasing the level of

credit to private borrowers in sectors of interest to A.I.D. such as agribusiness and newly privatized companies; 2) launching or developing financial instruments that promote private sector business, e.g., corporate bonds, short-term debt instruments, and subordinated debt; 3) assisting banks and specialized IFIs in attracting additional capital to expand their existing loan/investment portfolios; and 4) creating new financial entities to assist in private sector financings, such as venture capital companies, forfait houses, and leasing companies.



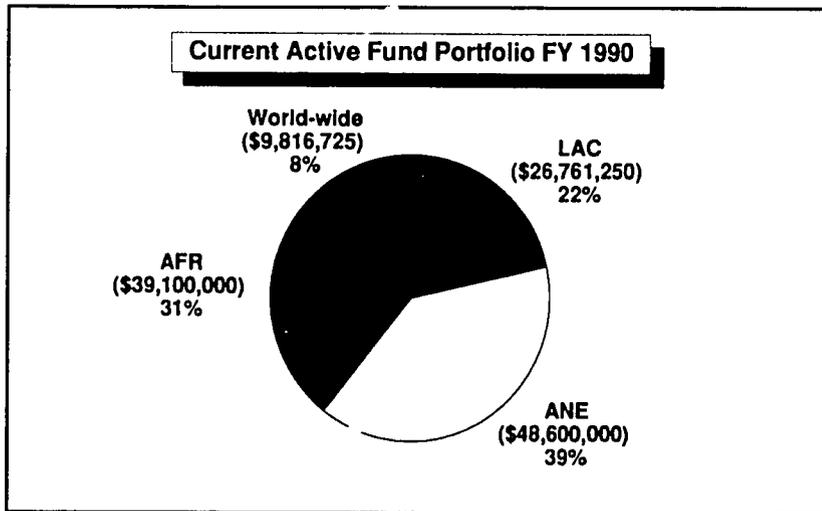
2 Operational Review

Financial Summary of the Fund

Fiscal Year 1990 was another record year for the Private Sector Revolving Fund in terms of both financial success and developmental impact. Fund management committed \$45.9 million in Guarantee Authority (contingent liability) and obligated \$3.4 million in new direct loans in 1990, compared to 1989's investment of \$25 and \$5 million, respectively. These new Fund activities brought the total value of the portfolio to \$132 million, and increased the Fund's revenues from fees and interest to a record \$4.0 million, as compared to \$2.7 million in 1989.

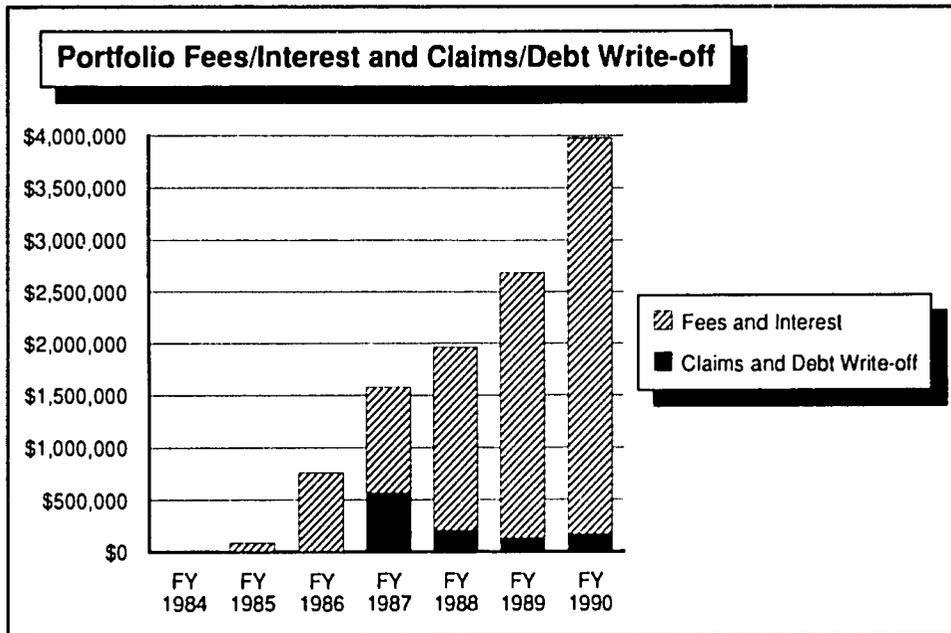
A record number of guarantee facilities were committed in 1990. The growth in the Guarantee Authority program reflected both the increased emphasis of Fund management on the use of guarantees as a more effective means of achieving Fund goals, and the increased interest by LDC lending institutions, particularly in the Loan Portfolio Guarantee (LPG) Program. Forty-five applications were reviewed for potential guarantee facilities, some of which were from institutions that had experienced success with the Fund's previous programs. Of these applications, 29 facilities were approved during 1990

provided Bermeo with the badly needed credit to purchase a variety of new equipment for expansion. Mr. Bermeo was able to obtain four lines of credit totalling approximately \$150,000 as a result of an A.I.D. guarantee facility with FINIBER, a local Ecuadorean financiera.



under the LPG Program. These new investments totalled \$44 million in guarantee commitments in 17 countries, and will mobilize at least \$88 million in credit over time for small businesses. These results compare favorably to the \$25 million FY 1989 program in which 17 LPG and 2 forfaiting facilities were approved. In addition to new LPG transactions, in FY 1990 one Forfait Guarantee facility was committed in the amount of \$1.9 million.

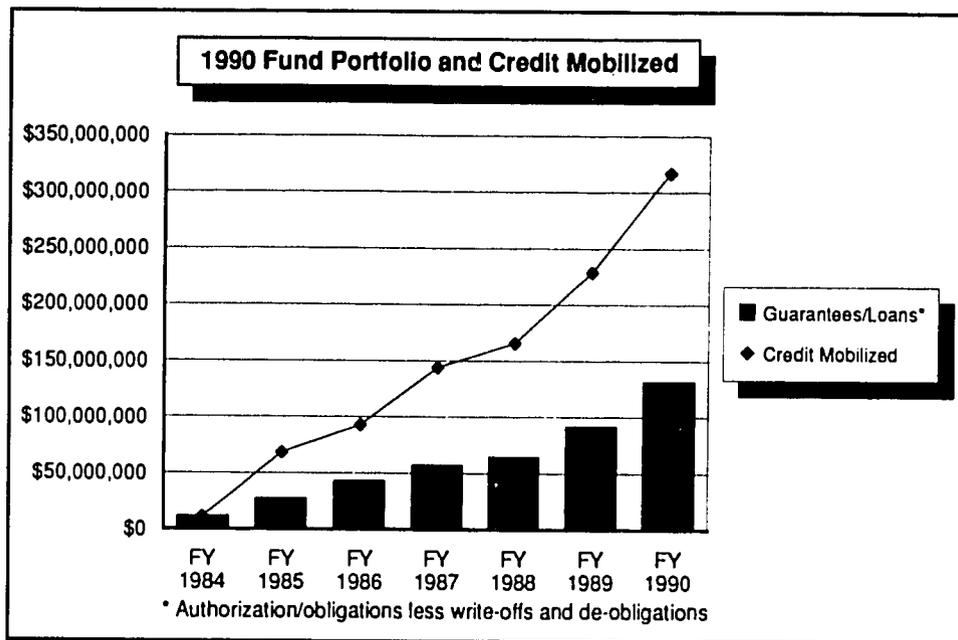
Eleven and a half million dollars (25% of contingent liability) were maintained as reserves against the \$45.9 million contingent liability incurred with the new facilities created in 1990. This brought the total amount of reserves for the portfolio to \$17.7 million.



The Fund's current active portfolio consists of 25 A.I.D. Loan-Backed/ Guarantee projects, 5 Direct Loan projects, 38 Loan Portfolio Guarantee projects, 8 Lease Guarantee projects, and 3 Forfait Guarantee projects. These 79 projects cover 22 individual countries in all A.I.D. assisted regions, with 5 regional and world-wide projects. The 3 new direct loans and the 30 new guarantee commitments for FY 1990 will mobilize \$100 million of

credit for LDC small businesses, increasing the total amount mobilized primarily for the small business sector in LDCs by the portfolio to \$324 million.

A comparison of activity in each fiscal year since the 1983 inception of the Fund can be found in the Financial and Statistical Data section of this report.



Portfolio Risk Management

Fiscal Year 1990 saw a continuation of the Fund's Risk Management strategy of developing a thorough and effective process for minimizing and managing risk exposure while maximizing resources for developmental purposes. The process can be roughly divided into three categories: 1) Risk Sharing; 2) Rigorous Credit Analysis of the IFIs; and 3) Controls, Audits and Evaluations.

The first category - 50% risk sharing - maximizes resources and minimizes risk both to the Fund and the IFIs by encouraging LDC financial institutions to exercise a high degree of due diligence because they share the risk.

The second category - credit analysis - consists of a series of risk assessments undertaken by a number of analysts and review boards before final approval of a proposed transaction. Following a financial analysis, an Investment Opportunity Proposal is reviewed by an internal Policy and Credit Committee, which examines the intermediary financial institution through:

- audited financial statements;
- confidential portfolio quality data;
- credit checks;
- in-person assessment of management & operations;
- review of small business lending policies & plans; and
- projected development impact.

Once cleared internally, the proposal is reviewed and analyzed by a Bureau-wide approval committee. Following review by this committee, the investment proposal is then submitted to the Assistant Administrator for final approval.

The third category - controls, audits & evaluations - consists of an on-going risk management process following project approval. This includes internal controls and monitoring, reporting by intermediaries and projects, and A.I.D. sponsored audits and evaluations of the project's compliance and developmental impact.

Fund Highlights

Continued careful selection of investment projects and effective portfolio risk management have proved integral to the success of the Fund. The Fund has been successful in meeting both its financial and developmental objectives.

Developmental Impact on LDC Borrowers and Lenders

While the Private Sector Fund is only seven years old, making it difficult to fully and conclusively gauge the success of the program as a whole, recent reviews of case studies show that individual loan guarantee transactions demonstrate the overall success of the program. These studies indicate that both the small business borrower and the lending banks are significantly

impacted. As a result of Bureau assistance, small businesses experience significant increases in net revenue, export and foreign exchange earnings, and numbers of employees, particularly full-time female employees.

IFI lenders have had an equally positive experience. From formal evaluations of the Bureau's guarantees, several themes emerge: 1) many borrowers are brought into formal banking channels for the first time; 2) large amounts of credit are mobilized for borrowers, many of whom would otherwise be unable to obtain loans; 3) there have been extremely low default rates experienced on loans made; 4) financial sector capabilities are improved; and 5) lending institutions have received practical training from the Office of Investment in dealing with routine credit applications.

Maximizing Limited U.S. Taxpayer Resources

The program is also successful from the perspective of the U.S. taxpayer. First, the claims paid as the result of sub-loan default and loan write-offs are relatively small compared to the cumulative loans made under the Fund's loan and guarantees portfolio. As of FY 1990, claims amounted to less than 1% of the cumulative portfolio. Few government programs, if any, can boast a comparable track record in leveraging U.S.

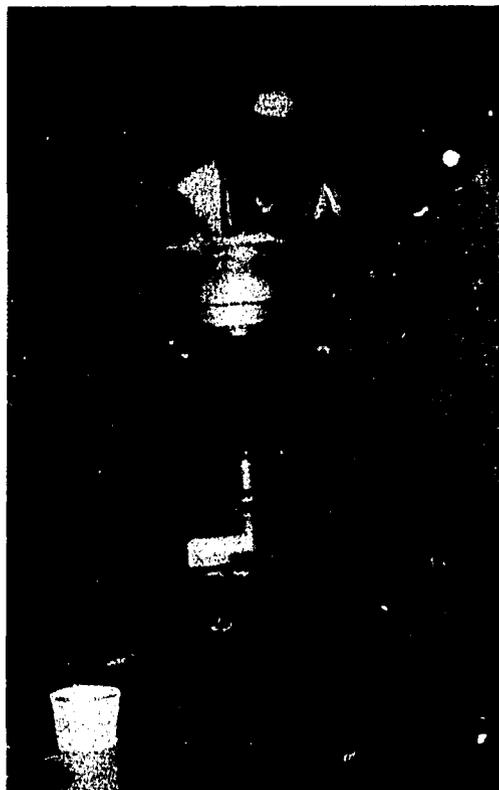
taxpayer dollars and obtaining positive results. Secondly, as programs have been refined, an increasing amount of credit has been mobilized. By FY 1990, \$132 million in guarantees have been committed, which over time will mobilize well over \$300 million in credit for LDC small businesses.

Promoting U.S. Exports

The programs developed for LDCs are also directly beneficial to U.S. interests. A number of loans and guarantees have generated direct business for U.S. companies. For instance, a \$2,500,000 direct loan in 1984 to Thailand Live-stock Meat Processing financed the purchase of new meat processing equipment from U.S. companies. A 1988 guarantee to the Far East Bank and Trust generated \$4.4 million in loans to businesses that were importing U.S. capital goods.

Tortilla Factory In Mexico

Antonio Somarriba Aubert, recipient of a loan under the Fund facility with ACCION International, runs a partially mechanized "tortilleria" in Monteray, Mexico that produces 375 kilos of tortillas per month. The machine pictured gives Mr. Aubert an edge over his competitors, because with it he produces a constant flow of better quality tortillas.



3 1990 Finance Projects

Loan Portfolio Guarantees

A record 29 Loan Portfolio Guarantee facilities were committed in FY 1990, bringing the total number of LPG facilities in the Private Sector Fund portfolio to 46. These 29 facilities were chosen from 45 reviewed applications. These new investments totalled \$44 million in guarantee commitments in 17 countries, and will mobilize at least \$88 million in credit for small businesses. The countries covered and amounts (in \$ millions) of the new LPG facilities are as follows:

Bangladesh	.5	Nigeria	3.0
Cameroon	1.0	Pakistan	3.5
Costa Rica	2.0	Panama	1.5
Dominican Republic	.5	Philippines	5.0
Indonesia	3.5	Sri Lanka	5.5
Jamaica	2.0	Thailand	3.0
Kenya	1.0	Togo	3.0
Mali	.5	<u>Tunisia</u>	<u>4.0</u>
Morocco	4.5	17 countries	\$44.0

Forfaiting

In Fiscal Year 1990, another forfait guarantee facility was added to the Private Sector Revolving Fund portfolio. Security Pacific Trade Finance's application for forfait guarantee facility was approved for the amount of \$1,916,725. As described earlier, forfait guarantee projects cover 50% of the risk

of U.S. suppliers' medium term trade notes. These notes finance the importation of U.S. goods by businesses in LDCs. This new facility will generate up to \$3,833,450 in new trade related notes. This third forfait project will help expand the program as necessary to generate competition between forfait banks.

Processing Raisins In Turkey

Mustafa Ilhan and his two sons cultivate grapes and other agricultural products, and maintain their own raisin processing plant in Izmir, Turkey. His company, the Ilnahar Raisin Processing Company, received a Revolving Fund loan under a facility with Securitized Trade that offers him trade finance and close technical assistance, and also makes it possible for him to export raisins to Europe. After obtaining the Fund loan, his company jumped from 50 to 150

employees and \$500,000 to \$10 million in sales.



Lease guarantees

In 1990 a new lease guarantee program was initiated for the Fund. It is expected that this successful new program will be continued in future years as the leasing industry in LDCs continues to expand. The leasing facilities committed in 1990 were as follows:

Industrial Development Leasing Co.	Bangladesh
Mercantile Leasing Ltd.	Sri Lanka
Wafabail	Morocco
Pakistan Industrial & Commercial Leasing	Pakistan
National Development Leasing	Pakistan
FEB Leasing & Financial Corporation	Philippines
Mercator Finance Corporation	Philippines
Financiera CONFISA	Dominican Republic

Direct Loans

As indicated earlier, over the years the thrust of the Fund's programs has emphasized the use of guarantees, whether loan-backed or full faith and credit, rather than direct loans. For Fiscal Year 1990, however, the Private Sector Fund had the opportunity to utilize \$3.4 million in direct lending authority for three unique environmental projects. These projects target environmental issues of concern not only to A.I.D. and the U.S. Government, but to the world community at large. The issues are: rainforest preservation;

development of renewable energy resources; and preservation of other fragile ecosystems. The details of these Direct Loan facilities are discussed below.

Cultural Survival Enterprises

Cultural Survival Enterprises (CSE) is the trading division of Cultural Survival, a non-profit human rights organization whose primary objective is to aid indigenous people who inhabit some of the world's most threatened ecosystems. Cultural Survival's mission is to assist these people in: 1) protecting their legal rights to hold land and derive income from the world's rain forests; and 2) finding and developing alternative sources of income that will not destroy either the environment or their resource base. CSE has been established as the trading division to

help in carrying out this mission. CSE will accomplish this by purchasing non-timber raw materials harvested in the rain forests by inhabitants and reselling these products on international markets. A product that utilizes raw materials purchased from CSE which is attracting a great deal of publicity and interest is Rain Forest Crunch™, a gourmet type candy brittle made from cashews and Brazil nuts.

A.I.D. assistance to this venture will take the form of a \$500,000 loan. The project is responsive to the 1989 and 1990 Global Warming Initiative which makes it possible for A.I.D. to invest in a project whose primary activities will take place in Brazil. Bolivia and other Amazonian countries will also benefit.



Photos by Paula Lerner



Environmental Enterprises Assistance Fund

The Environmental Enterprises Assistance Fund is a non-profit corporation affiliated with the Winrock International Institute. The Institute, a world leader in technical assistance for agricultural and rural development, funds major programs for renewable energy and the environment. The Environmental Enterprises Assistance Fund is the facility that will spearhead a program to promote the creation of successful commercial enterprises for renewable energy in developing countries. This program will also serve to:

- generate local capital investment;
- create profitable business opportunities;
- transfer environmental and renewable energy technology; and
- generate employment, particularly in critical rural areas.

A.I.D. has approved a loan not to exceed \$2,400,000 that will contribute the initial portion of the Fund's target of \$20 million. The proceeds of the A.I.D. loan will be used to provide financing to enterprises engaged in activities related to renewable energy.

Costa Rica Ecological Tourism Project

Costa Rica Expediciones is a small private business that specializes in ecological tourism. Four years ago they built a lodge near a sanctuary for nesting green sea turtles in Costa Rica. The company has been immensely successful in offering tourists an unforgettable, ecological tourism experience in viewing the creatures in their natural habitat. They have been doing this and offering other similar tours for many years in collaboration with the Tropical Science Center. Their latest collaborative effort with the Tropical Science Center is involved in building two rustic lodges near the Monteverde Cloud Forest Preserve, also in Costa Rica. Both lodges will be oriented towards specialized conservation and naturalist tourism. Aside from its pristine beauty, this cloud forest is of vital importance as a watershed and as a home for unique animal and plant life.

Also, nearby is one of the few white sand beaches in the region.

The COFISA Group, a Costa Rican financial institution, will be extending a US\$ 1 million loan to Costa Rica Expediciones to build the two lodges. A.I.D. will have a 50% participation in the project for a sum of \$500,000. This project is expected to have a positive economic impact through local employment creation and the influx of tourist money, in addition to being environmentally sound.

In future years, the Bureau, through the Office of Investment, will continue to utilize Direct Loan facilities on a selective basis, where unique developmental objectives can be realized in priority areas such as environment, venture capital, and privatization.



“We know that the future of the Earth must not be compromised, we bear a sacred trust in our tenancy here and a covenant with those most precious to us: our children...”

President George Bush

4 Financial Information

Exhibit A: Balance Sheet

As of September 30, 1990 (in Thousands)

Assets

Fund Balance with Treasury and Cash - Exhibit C	\$39,290
Investments-Short-term U.S. Government Obligations (At amortized cost which approximates market value)	\$22,744
Total Loan Commitments	\$60,943
Less Undisbursed & Repayments	<u>(\$37,895)</u>
Loans Outstanding	\$23,048
Less Provision for Losses	<u>(\$ 1,446)</u>
Net Loans Outstanding	\$21,602
Accrued Interest on Loans	<u>\$ 605</u>
TOTAL ASSETS	<u>\$84,241</u>

Capital

Appropriated Capital	<u>\$76,000</u>
Accumulated Earnings-9/30/89	\$4,717
Net Income, FY 1990-Exhibit B	<u>\$3,524</u>
Accumulated Earnings-9/30/90	<u>\$ 8,241</u>
TOTAL CAPITAL	<u>\$84,241</u>

(Exhibit D-Notes to Financial Statements are an integral part of this statement.)

Exhibit B: Comparative Statement of Income

Ended September 30, 1989 and September 30, 1990

(In Thousands)

Operating Income

	1989	1990	Increase/ Decrease
Income from U.S. Government Obligations	\$ 987	\$1,460	\$ 473
Income from Loan Investments and Guarantee Authority:			
Interest	\$1,504	\$2,286	\$ 782
Fees	<u>\$ 187</u>	<u>\$ 239</u>	<u>\$ 52</u>
Gross Income	\$2,678	\$3,985	\$1,307
Less Provision for Losses	<u>\$ 487</u>	<u>\$ 461</u>	<u>(\$ 26)</u>
NET INCOME-EXHIBIT A	<u>\$2,191</u>	<u>\$3,524</u>	<u>\$1,333</u>

(Exhibit D-Notes to Financial Statements are an integral part of this statement.)

Exhibit C: Comparative Statement of Funds Available and Utilized

Fiscal Years 1989 and 1990 (In Thousands)

	Fiscal Year Ended September 30,	
	1989	1990
Funds Available		
Fund Balance Beginning	\$41,485	\$41,510
Appropriated Capital	\$ 8,650	-0-
Net Income	\$ 2,191	\$ 3,524
Loan Principal Repayments	\$ 6,550	\$ 6,021
Non-cash Provision for Losses	\$ 487	\$ 461
Less Loan Write-Off	(\$ 146)	-0-
Non-cash Increase in Accrued Income	<u>(\$ 74)</u>	<u>(\$ 477)</u>
TOTAL FUNDS AVAILABLE	<u>\$59,143</u>	<u>\$51,039</u>
 Funds Utilized		
Loan Disbursements	\$ 8,254	\$ 4,714
Increase in Treasury Bills (At Cost)	<u>\$ 9,379</u>	<u>\$ 7,035</u>
TOTAL FUNDS UTILIZED	<u>\$17,633</u>	<u>\$11,749</u>
 Ending Fund Balance-Exhibit A	 <u>\$41,510</u>	 <u>\$39,290</u>

(Exhibit D - Notes to Financial Statements are an integral part of this statement.)

Exhibit D: Notes to Financial Statements

September 30, 1990

NOTE A - During fiscal year 1989, Congress authorized a loan guarantee program to be conducted as part of the Revolving Fund's activities. The legislation authorized the Bureau for Asia and Private Enterprise to issue guarantees with a reserve against losses equal to 25 percent of the guarantees outstanding. During Fiscal Year 1989, the Revolving Fund authorized and committed total guarantees of \$25 million and in fiscal year 1990 had total commitments of \$45.9 million. These commitments have resulted in a total reserve of \$17.7 million. Accordingly, up to \$17.7 million of the Private Sector Revolving Fund balance with Treasury and U.S. Government obligations as of September 30, 1990 has been reserved and is not available for further use by the Revolving Fund until such a time as any related contingent liability for the guarantees is eliminated or the reserve itself is decreased as permitted by law.

NOTE B - In accordance with generally accepted accounting principles and a policy decision taken by Fund managers early in Fiscal Year 1988, the current financial statements as of September 30, 1990 have been adjusted to reflect a Provision for Losses of two (2) percent of the loans outstanding at the end of the fiscal year. This policy has been applied consistently during all years of the Private Sector Revolving Fund's operations and resulted in a provision for losses in Fiscal Year 1990 of \$460,960. The total Provision for Losses remains at \$1,446,028 since there were no write-offs of uncollectible loans during Fiscal Year 1990. The Fund managers consider this balance to be adequate to cover expected future losses.

Portfolio Summary

LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND AS OF SEPTEMBER 30, 1990

1984 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total Refunds	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
Caribbean Basin Corporation (Caribbean-wide) 940-0002.41	.261	-	12.7%	5 yrs.	5 yrs.	261,250	100	\$ 62,500	Venture capital fund finances new businesses in the Caribbean.
Finade (Dominican Republic) 940-0002.25	2.0	.05	Based on yield of qualifying investments	4 yrs.	7 yrs.	2.0 MM	100	560,712	Guarantee generates \$4 million to develop non-traditional export businesses.
Healthlink (Thailand, Indonesia) 940-0002.31 (T) 940-0002.32 (I)	.314	-	Based on yield of qualifying investments	5 yrs.	9 yrs.	314,000	100	297,826	Guarantees a pool of loans for health projects providing less expensive health products for use in A.I.D.-assisted countries.
Thailand Pacific Foods (Thailand) 940-0002.36	2.5	.07	10.25%	3 yrs.	10 yrs.	2.5 MM	100	545,9856	Direct loan finances new meat processing equipment from the United States.
Watabank (Morocco) 940-0002.34	2.5	.05	Based on yield of qualifying investments	1.5 yrs.	7 yrs.	2.5 MM	100	2,833,546	Provides short-term hard currency credit for small Moroccan businesses.

Portfolio Summary

LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND AS OF SEPTEMBER 30, 1990

1985 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total Refows	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
Accion Micro-Lending Guarantee Pool (Latin America/Caribbean) 940-0002.44	1.0	.191	180 day T-bill	19 mos.	5 yrs.	1,000,000	100	122,344	Guarantee generates credit for micro-businesses throughout Latin America.
Bank Niaga (Indonesia) 940-0002.46	2.0	.05	9.5%	1.5 yrs.	7 yrs.	2.0 MM	100	1,281,815	Guarantee supports \$4 million in credit to small and medium enterprises outside Jakarta.
Far East Bank & Trust I (Philippines) 940-0002.49	2.0	-	3 year T-Note plus .1%	1.5 yrs.	5 yrs.	2.0 MM	100	2,038,692	Guarantee generates at least \$4 million in credit to small and medium-sized pre-export firms.
International Multifoods (Latin/America/Caribbean) 940-0002.52	1.0	-	1 year T-Bill plus 2%	5 yrs.	5 yrs.	1.0 MM	100	578,892	Loan to U.S. company finances agribusiness loans, provides sophisticated technology, agricultural expertise.
Bank Umum Nasional (Indonesia) 940-0002.47	2.35	-	3 year T-Bill plus .1%	1.5 yrs.	4 yrs.	600,000	26	2,348	Guarantee mobilizes \$5.7 million in credit to enterprises in less-populated areas of rural Indonesia.
Thai Danu Bank (Thailand) 940-0002.48	2.35	.05	3 year T-bill plus .1%	1.5 yrs.	6 yrs.	2.35 MM	100	2,271,564	Guarantee generates \$4.7 million in loans to small and medium-sized rural enterprises.

Portfolio Summary

LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND AS OF SEPTEMBER 30, 1990

1986 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total Reflows	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
Bank of the Philippine Islands (Philippines) 940-0002.58	2.4	-	90 day T-bill plus .6%	2 yrs.	5.5 yrs.	1,000,000	42	61,345	Guarantee generates \$4.8 million to finance small and medium-sized rural agribusinesses.
EDESA (Sub-Sahara Africa) 940-0002.67	2.0	-	90 day T-Bill plus .375%	3 yrs.	7.5 yrs.	1.5 MM	75	435,372	Guarantee generates \$4 million to develop Sub-Saharan small business sector.
MetroBank (Philippines) 940-0002.57	2.1	-	90 day T-Bill plus .5%	2 yrs.	5.5 yrs.	500,000	24	251,134	Guarantee generates \$4.2 million to finance rural lending.
Philippine Commercial International Bank (Philippines) 940-0002.59	2.4	-	90 day T-Bill plus .375%	2 yrs.	5.5 yrs.	2.4 MM	100	1,654,791	Guarantee generates \$4.2 million to finance rural lending to small and medium enterprises.
Union of Bolivian Banks (Bolivia) 940-0002.60	2.0	.06	90 day T-Bill plus .375%	1.5 yrs.	4 yrs.	1.6 MM	80	212,626	Guarantee opens credit to enterprises previously without access to the formal financial system.

Portfolio Summary

LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND AS OF SEPTEMBER 30, 1990

1987 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total RefloWS	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
Diamond Trust of Kenya (Kenya) 940-0002.73	1.0	.05	3 Month	2 yrs. plus .5%	5 yrs. T-bill	500,000	50	32,242	Guarantee generates \$2 million for credit to Kenyan businesses.
Guatemala Commercial Financial Institutions* (Guatemala) 940-0002.74	3.0 (A.I.D.) 5.5 USAID)	-	90 day T-Bill plus .375%	3 yrs.	5 yrs.	.5 MM	17	538,623	Guarantee provides credit to artisans, farmers and agri-business.
Securitized Trade* (Turkey) 940-0002.56	2.4	-	180 day	13 mos. T-Bill plus .375%	3 yrs.	2.4 MM	100	2,833,496	Guarantee of Turkish finance company's borrowing on U.S. capital market to finance small business trade exports.
Thai Venture Capital (Thailand) 940-0002.71	3.0	.05	4% plus Profit Participation	5.5 yrs.	10 yrs.	878,354	29	-0-	Direct loan established first Thai venture capital company to make equity investments in small business sector, assist U.S. technology imports.
Trident Foods, Ltd.* (Mauritius) 940-0002.70	1,236	-	10%	2.5 yrs.	7 yrs.	1,236 MM	62	1,530,583	Direct loan established tuna fishing and processing firm.

* These loans were repaid in full during FY 1990

Portfolio Summary

LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND AS OF SEPTEMBER 30, 1990

1988 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total Reflows	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
Bank of Jordan (Jordan) 940-0002.77	3.0	-	90 Day T-Bill plus .375%	2.5 yrs.	5 yrs.	1,000,000	33	102,308	Guarantee generates \$6 million in loans to private businesses needing U.S. imports.
Bank of Credit and Commerce Loan Guarantee Facility (Botswana) 940-0002.83	.350	-	90 day T-Bill plus .65%	2.5 yrs.	8 yrs.	150,000	43	17,175	Guarantee mobilizes \$700,000 to finance businesses in urban and rural areas.
Barclays Bank Loan Guarantee Facility (Botswana) 940-0002.83	.750	-	90 day T-Bill plus .65%	2.5 yrs.	8 yrs.	250,000	33	27,734	Guarantee mobilizes \$1.5 million to finance businesses in urban and rural areas.
Cairo Amman Bank (Jordan) 940-0002.78	2.0	-	90 Day T-Bill plus .375%	3 yrs.	5 yrs.	500,000	25	67,074	Guarantee generates \$4 million in loans to private businesses needing U.S. imports.
Far East Bank and Trust II (Manila, Philippines) 940-0002.80	2.186	-	3 Month T-Bill	24 mos. from plus .6% first disburse- ment	6 yrs.	2,186,000	100	100,821	Guarantee generates \$4.372 million in loans to businesses importing U.S. capital goods.
Masstock Ltd. (Zambia) 940-0002.85	3.0	-	11.25%	3.5 yrs.	6.5 yrs.	2,409,983	80	193,454	Direct loan to construct, equip and operate farm to improve domestic wheat production.
Standard Chartered Loan Guarantee Facility (Botswana) 940-0002.81	.5	-	90 day T-Bill plus .65%	2.5 yrs.	5 yrs.	250,000	50	26,101	Guarantee mobilizes \$1 million to finance businesses in urban and rural areas.

Portfolio Summary

**LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND
AS OF SEPTEMBER 30, 1990**

1989 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total Reflovs	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
AIG Jamaica (Jamaica) (940-0002.89)	2.0	-	T-Bill	2.5 yrs.	7.5 yrs.	-0-	-0-		Creates medium-term credit for small businesses through Jamaican financial institutions.
AIG Kenya (Kenya) (940-0002.88)	3.0	-	Lesser of 90 Day T-Bills or 6.5 Year T-Bonds	7.5 yrs.	7.5 yrs.	-0-	-0-		Creates medium-term credit for small businesses through non-banking financial institutions in Kenya.

Portfolio Summary

LOAN PORTFOLIO - PRIVATE SECTOR REVOLVING FUND AS OF SEPTEMBER 30, 1990

1990 OBLIGATED PROJECTS

Name/Country Project Number	Funding (MM)		Terms			Disbursement		Total Reflows	Project Description
	Loan	Grant	Rate	Grace	Term	\$	%		
Costa Rica Ecotourism (Costa Rica) 940-0002.90	0.5	-	LIBOR plus 3%	3 yrs.	10 yrs.	-0-	-0-		Direct loan to help finance construction of two lodges in the Monteverde Cloud Forest, promoting conservatist and naturalist tourism.
Environmental Enterprises Assistance Fund (Worldwide) 940-0002.92	2.4	-	180 day T-Bill plus .75%	5 yrs.	10 yrs.	-0-	-0-		Direct loan to support and assist the development of renewable energy technology and environmental management.
Cultural Survival (Worldwide) 940-000291	.5	-	180 day T-Bill plus .75%	6 yrs.	10 yrs.	-0-	-0-		Direct loan to provide working capital for trade financing of non-timber Amazon rainforest production.

Portfolio Summary

**PSRF GUARANTEE AUTHORITY - LOAN PORTFOLIO GUARANTEES
AS OF SEPTEMBER 30, 1990** **1989 COMMITMENTS**

Institution	Guarantees Authorized	Guarantees Committed
Banco de Comercio Dominicano (Dominican Republic) 517-9G-03A	\$3,000,000	\$1,000,000
Banco de Desarrollo BHD (Dominican Republic) 517-9G-02A	500,000	500,000
Banco de Desarrollo Nacional (Dominican Republic) 517-9G-05A	1,500,000	1,000,000
Banco Nacional de Credito (Dominican Republic) 517-9G-04A	1,500,000	1,000,000
Bank Bali (Indonesia) 497-9G-02A	1,000,000	1,000,000
Bank of Nova Scotia (Jamaica) 532-9G-02A	3,000,000	3,000,000
Banque Indosuez (Kenya) 615-9G-04A	1,000,000	1,000,000
Barclays Bank of Kenya (Kenya) 615-9G-03A	1,000,000	1,000,000
Chase Manhattan Bank (Dominican Republic) 517-9G-01A	1,500,000	1,500,000
Citibank (Ivory Coast) 624-9G-01A	500,000	500,000
COFISA (Costa Rica) 515-9G-01A	500,000	500,000
Jamaica Citizens Bank (Jamaica) 532-9G-03A	500,000	500,000

Portfolio Summary

PSRF GUARANTEE AUTHORITY - LOAN PORTFOLIO GUARANTEES **1989 COMMITMENTS**
AS OF SEPTEMBER 30, 1990

<u>Institution</u>	<u>Guarantees Authorized</u>	<u>Guarantees Committed</u>
Middle Africa Finance Co. (Kenya) 615-9G-01A	500,000	500,000
Mutual Security Bank (Jamaica) 532-9G-01A	3,000,000	3,000,000
Pan Indonesia Bank (Indonesia) 497-9G-01A	2,000,000	2,000,000
SolidBank (Philippines) 492-9G-01A	1,000,000	1,000,000
Tabiti Finance Company (Kenya) 615-9G-02A	1,000,000	1,000,000

Portfolio Summary

**PSRF GUARANTEE AUTHORITY - LOAN PORTFOLIO GUARANTEES
AS OF SEPTEMBER 30, 1990** **1990 COMMITMENTS**

Institution	Guarantees Authorized	Guarantees Committed
Arab Tunisian Bank (Tunisia) 664-OG-02A	2,000,000	2,000,000
Banco de Comercio (Costa Rica) 515-OG-02A	2,000,000	2,000,000
Banco Continental (Panama) 525-OG-01A	1,500,000	1,500,000
Bank Niaga (Indonesia) 497-OG-03A	3,000,000	3,000,000
Bank of Africa (Mali) 688-OG-01A	500,000	500,000
Bank of Asia (Thailand) 493-OG-01A	3,000,000	3,000,000
CAISSE Commune (Cameroon) 631-OG-01A	1,000,000	1,000,000
Century National Bank (Jamaica) 532-OG-04A	2,000,000	2,000,000
Chartered Bank, Ltd. (Nigeria) 620-OG-01A	1,000,000	1,000,000
Credit Foncier et Commercial (Tunisia) 664-OG-01A	2,000,000	2,000,000
Ecobank (Togo) 693-OG-01A	3,000,000	3,000,000

Portfolio Summary

**PSRF GUARANTEE AUTHORITY - LOAN PORTFOLIO GUARANTEES
AS OF SEPTEMBER 30, 1990** **1990 COMMITMENTS**

Institution	Guarantees Authorized	Guarantees Committed
Finance Company Limited (Sri Lanka) 383-OG-04A	500,000	500,000
Hatton National Bank (Sri Lanka) 383-OG-03A	3,000,000	3,000,000
Investment Banking & Trust, Ltd. (Nigeria) 620-OG-02A	1,000,000	1,000,000
Meridien Equity Bank (Nigeria) 620-OG-03A	1,000,000	1,000,000
Nusa Bank (Indonesia) 497-OG-04A	500,000	500,000
Philippine Commercial International Bank (Philippines) 492-OG-05A	3,000,000	3,000,000
Planter's Development Bank (Philippines) 492-OG-02A	1,000,000	1,000,000
Sampath Bank, Ltd. (Sri Lanka) 383-OG-02A	1,500,000	1,500,000
Standard Chartered Bank (Kenya) 615-OG-06A	1,000,000	1,000,000
Wafabank (Morocco) 608-OG-01A	3,000,000	3,000,000

Portfolio Summary

**PSRF GUARANTEE AUTHORITY - FORFAITING GUARANTEES
AS OF SEPTEMBER 30, 1990**

1989 COMMITMENTS

Financial Institution

Guarantee Commitment

Midland Bank Aval, Ltd.
(Worldwide)
940-0002.80

\$ 2,500,000

**PSRF GUARANTEE AUTHORITY - FORFAITING GUARANTEES
AS OF SEPTEMBER 30, 1990**

1990 COMMITMENTS

Financial Institution

Guarantee Commitment

Security Pacific Trade Finance
(Worldwide)
940-3002.02

\$ 1,916,725

Portfolio Summary

**PSRF GUARANTEE AUTHORITY - LEASING GUARANTEES
AS OF SEPTEMBER 30, 1990**

1990 GUARANTEES

<u>Financial Institution</u>		<u>Guarantee Commitment</u>
CONFISA Leasing (Dominican Republic) 517-OG-06A	500,000	500,000
FEB Leasing & Financial Corp. (Philippines) 492-OG-03A	500,000	500,000
Industrial Development Leasing Company (Bangladesh) 388-OG-01A	500,000	500,000
Mercantile Leasing (Sri Lanka) 383-OG-01A	500,000	500,000
Marcator Finance Corporation (Philippines) 492-OG-04A	500,000	500,000
National Development Leasing (Pakistan) 391-OG-09A	3,000,000	3,000,000
Pakistan Industrial & Commercial Leasing (Pakistan) 391-OG-01A	500,000	500,000
Wafabail (Morocco) 608-OG-02A	1,500,000	1,500,000