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THE CASE FOR A U.S. OVERSEAS PRIVATE ENTERPRISE DEVELOPMENT CORPORATION

The International Private Investment Advisory Council

(IPIAC)

December 1968

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PN-ABE-662
ISN 67075

This report of the International Private Investment Advisory Council (IPIAC), presented to the Administrator of the Agency for International Development, has been reprinted and distributed by A.I.D. in response to requests from the public. The IPIAC was established by the Congress under the Foreign Assistance Act of 1966. Members of the IPIAC and its working panel which developed this report are listed on pages 19-22.

The International Private Investment Advisory Council has considered the findings of its working panel of businessmen and bankers to study the advisability of establishing a government-supported corporation for the promotion and support of private enterprise in less developed countries (LDCs).

While recognizing that the following proposal is a draft to be further developed and refined, the Council recommends the organization of an overseas private enterprise development corporation of and funded by the United States, as responsive to the Javits Amendment to the 1968 Foreign Assistance Act, and a sound basis for legislative consideration. Implementation of its recommendations would further the economic and foreign policy interests of the U.S. and would foster private sector growth in developing countries.

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THE BACKGROUND

The Foreign Assistance Act recognizes the importance of private investment in development and urges its use to the maximum possible extent to achieve the developmental objectives of the United States and of less developed countries.

Major development values of private investment which cannot be expressed in aggregate capital flow and remittance figures are frequently overlooked. Stated simply, private investment is a powerful stimulus to modernization. It promotes competition and stimulates innovations. By building plants and starting new enterprises, it creates both domestic and export markets. Private investments increase output, create supplier industries, generate jobs, raise income and expand tax revenues. Labor and management skills are upgraded and consumers have access to better and cheaper products. U.S. private technical assistance programs stimulate savings and capital accumulation, provide know-how for agricultural and rural development as well as industrial and urban development.

From the standpoint of American business, export and overseas investment are interdependent and complementary aspects of international business and the healthy growth of both is in the interest of the United States and the world economy.

The importance to the United States of export expansion was recognized 34 years ago when a powerful U.S. Government corporation, the Export-Import Bank, was organized to support U.S. exports. Despite the increasing importance of overseas investment to the U.S., no separate Government organization comparable to the Export-Import Bank now supports overseas investment.

Last April, the International Private Investment Advisory Council, taking note of these considerations, decided to explore the possible advantages of a specialized corporate entity to stimulate U.S. private investment in the developing countries.

Subsequently, Senator Javits sponsored an amendment to the Foreign Assistance Act of 1968 calling for a Presidential reappraisal of all U.S. foreign assistance programs, with specific analysis and consideration to be given to proposals for a federally-chartered corporation "designed to mobilize and facilitate the use of U.S. private capital and skills in less developed friendly countries and areas."

For the past three months, through a select working panel of business and banking experts, the Council has been studying in detail the proposals for a U.S. overseas private enterprise development corporation, taking as a point of departure the investment incentive and other programs of the Agency for International Development's Office of Private Resources.

FACTORS CONSIDERED

Potentials for U.S. private participation in the development process are far from realized, for a variety of reasons.

Many of these are beyond the direct influence of the U.S. Government: the size and stage of development of local markets; availability of local material resources; the desires of the local people; inflation and foreign exchange risks. However, the U.S. Government can directly, and in the long run, significantly stimulate an increased flow of U.S. private investment by taking various steps.

This report deals with only one factor -- the need for an independent U.S. organization to promote, insure and finance private investment and privately-managed technical assistance programs designed to mobilize and strengthen both U.S. and local private enterprise in LDCs. It does not deal with such steps as relaxing foreign direct investment controls, foregoing U.S. procurement requirements, granting tax incentives, or developing international codes for the treatment of private investment.

Past Proposals for a U.S. Overseas Private Enterprise Development Corporation

Over the past two decades, various proposals have been advanced for the establishment of a specialized corporate entity to increase the flow of U.S. private capital and skills to the developing countries.

They have been studied by official or private task forces. Many have not been made public; few have been specific. Some were patterned after private investment companies, such as the multinational Atlantic Development Company for Latin America (ADELA) and the International Basic Economy Corporation (IBEC). Others followed the models of such public institutions as the World Bank's International Finance Corporation, the German Development Company and the Commonwealth Development Corporation. Legislation establishing a Finance Corporation for Developing Countries is now before the Parliament of the Netherlands.

The latest specific proposal, introduced by Senator Jacob K. Javits (R-NY) and co-sponsored by 10 other Senators, is for a federally-chartered corporation financed initially through U.S. Government funds. Their proposal anticipates eventual divestment to private ownership.

Chairman of the House Foreign Affairs Subcommittee on Foreign Economic Policy, Representative Leonard Farbstein (D-NY), has also endorsed the corporate form of organization.

Creation in March 1967 of the present A.I.D. Office of Private Resources and its "one-stop investment incentive service," the Private Investment Center, was a partial realization of the specialized entity concept.

Applicability and Advantages of a Corporation

The programs administered by the A.I.D. Office of Private Resources meet the criteria for the use of the corporate form of organization to carry out government programs which have been accepted since 1948, in that they:

1. Are predominantly of a business nature:

   - Investment promotion, insurance and financing of private enterprise are business operations.

2. Are revenue-producing and potentially self-sustaining:

   - Fee income from present investment insurance and guaranty programs in fiscal 1968 totaled $14.8 million, against claims paid of $438,000. Also, there was in fiscal 1968 interest income of $27.5 million, generated by A.I.D.'s portfolio of prior dollar and local currency loans to private and mixed public-private borrowers and industrial development banks, which might be transferred to a new corporation. Deducting the total projected expenses of both types of A.I.D. transactions, the net would be about $19.7 million per year. (See Schedule A, page 16 , for Projected Statement of Income and Expenses.)

3. Involve a large number of business type transactions with the public:

- A.I.D. directly assisted and dealt with more than 300 specific private investment projects during fiscal 1968, involving companies, banks, and other private organizations. Agreements are now outstanding with some 1500 companies. A.I.D.'s Business Information Service alone handled more than 7,000 service inquiries and requests during the year.

4. <u>Require greater flexibility than the customary type of annual appropriation budget ordinarily permits</u>:

   - Uncertainties inherent in preparing private investment projects in LDCs preclude reliable annual forecasts by program of the needs for funds and guaranty authorities that will be required to help finance them. The long lead-time and heavy investment in project development require assurance to investors that the incentives anticipated will in fact be available to support projects when needed. This has long been recognized in the case of guaranty programs.

   - The diversity and unpredictability of LDC investment requires flexibility and discretion to reallocate funds as needs vary.

<u>These activities, like those of the Export-Import Bank, the Commodity Credit Corporation and the Federal Deposit Insurance Corporation, are better carried out by a corporation rather than the conventional government agency for the following reasons</u>:

- <u>Financing</u>. Capital funds are not subject to annual limitations. A corporation may use and reuse its revenues, may borrow from the U.S. Treasury, and may allocate funds as needs vary.

- <u>Personnel</u>. A corporation has greater flexibility in the handling of personnel, and may be exempted from the Civil Service and Classification Acts.

- <u>Legal Status</u>. A corporation can sue and be sued, enter into contracts and acquire property in its own name. It generally is given greater freedom in making contracts and acquiring and disposing of property than ordinary agencies.

- <u>Authority in Making Expenditures</u>. It may be free of many of the restrictive statutes and clearances normally incurred in the expenditure of public funds.

- Budget. A corporation presents business-type budgets, which are essentially plans of operation with due allowance for flexibility. Congressional approval is of the budget program as a whole, unlike an agency which must request specific annual appropriations.

- Audit. Auditing is in accordance with usual commercial corporate practice.

- Accounts. These normally follow private commercial practice, and are designed to reflect all costs properly attributable to the operation.

Applying the above criteria and advantages to private investment programs, the IPIAC concludes that operating as a corporation could achieve:

- greater administrative and financial flexibility in existing programs of investment incentives;

- greater continuity of operations and more businesslike methods, budgeting and accounting;

- U.S. Government programs more responsive to U.S. private sector needs;

- the development of a professional staff of experienced, business-oriented career personnel;

- a more entrepreneurial-minded management;

- more imaginative identification and more vigorous promotion of investment opportunities;

- widening of present insurance and guaranty programs;

- broader financing programs, including working capital loans and limited minority equity investments by the corporation;

- the promotion of a greater understanding in the U.S. and the LDCs of the needs, the capabilities and the opportunities for the private sector to increase its activity.

Based on current program operations, the Office of Private Resources estimates that existing capital assistance programs (loans and guaranties, excluding political risk insurance) help mobilize about $250 million of private investment per year. Political risk insurance contracts are now being written each year to cover approximately $500 million worth of new U.S. private investment commitments, helping to mobilize total new private investment (both U.S. and foreign) estimated at about $1 billion per year.

Organizing a new corporation cannot of itself directly produce a quantum increase in the volume of direct U.S. private capital flows to developing countries. Better organization should lead to better staffing and improved programs (particularly in investment promotion and project development) and, over time, should mobilize significant increased new investment each year.

A U.S. government-supported overseas private enterprise development corporation is appropriate, applicable and advantageous. This report and its recommendations do not preclude eventual transfer of ownership of such a corporation to private ownership should this be possible. The IPIAC does not regard this to be a realistic expectation.

DRAFT OUTLINE FOR A U.S. OVERSEAS PRIVATE ENTERPRISE DEVELOPMENT CORPORATION

Purposes

Assuming the continuation of government-to-government assistance programs to help LDCs meet their foreign exchange, debt service and infrastructure needs; and

Recognizing the strategic importance to the United States and to the developing nations of the growth of private enterprise in less developed countries; and

Recognizing further the contributions and potentials of the U.S. private sector in the development process;

There shall be created an overseas private enterprise development corporation as an independent agency of and funded by the United States, for the purpose of fostering private sector growth in developing nations through U.S. and local private investors and private technical assistance organizations.

The Corporation shall channel U.S. Government support to U.S. private business and financial organizations and other private organizations of the U.S. and participating developing countries for the purposes of:

(1) mobilizing and increasing private investment having significant direct or indirect U.S. involvement;*

(2) making available and adapting U.S. private sector technology, management and organization methods, and applied research capabilities to local private organizations; and

(3) advising and assisting in the coordination of private development projects and programs with government projects and programs in order to multiply the impact of both. Negotiation of government-to-government assistance shall remain the responsibility of the Agency for International Development.

The Corporation should operate with the following objectives and guidelines:

Objectives

1. To stimulate private enterprise in the LDCs, through the vigorous promotion and insurance of, and financial assistance to, U.S. private investments and privately managed technical assistance programs directly related to its objectives.

2. To confine its support of projects to those properly the responsibility of private enterprise. The activities of the Corporation should complement - and not substitute for - necessary government-to-government assistance. Continued public assistance must provide essential infrastructure and technical assistance which is difficult if not impossible for private investment to undertake. Similarly, the activities of the Corporation should complement, not compete with, private sector projects undertaken without government assistance.

3. Provide needed U.S. Government financing, insurance and guaranties, through a government corporation operating with government funds and government credit, to encourage private sector activities in LDCs.

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* Private investment shall be defined to include loans, equity, patent and "know-how" licensing agreements, management and technical assistance contracts, royalties, fees, etc., involving medium or long-term financial involvement.

4. To achieve effective coordination with other agencies concerned with foreign economic policies and programs, particularly with the U.S. Agency for International Development, especially in the formulation of country development plans and programs.

5. To enlist strong private sector representation in the direction and management of the Corporation and provide for businesslike operating policies and methods in the conduct of its activities.

6. To conduct the operations of the Corporation so that it is revenue producing, and financially self-sustaining. The Corporation should take higher than usual commercial risks but is expected to break even on the aggregate of its operations.

7. To assist projects which have reasonable prospects of servicing and repaying their obligations and returning a profit to their owners.

8. To foster non-governmental intermediate credit and investment institutions.

Guidelines

1. The Corporation should vigorously pursue, initiate and develop opportunities, mechanisms, personnel and organizations that will advance its objectives.

2. Recognizing that the lack of well-planned and prepared investment projects developed from identified opportunities is a major and primary obstacle to investment, the Corporation should emphasize intensive programs of opportunity identification and investment promotion.

3. Projects should be eligible for financial assistance only which have significant (a) private ownership, and (b) U.S. private participation in the project's ownership, management, financing, or as a customer or supplier.

4. In its financial assistance, the Corporation should rely primarily on its guaranty authorities. Direct loans or equity investments by the Corporation should be used only as necessary to enable important projects to go forward, and should in no case compete with unassisted projects that are wholly privately supported.

5. The Corporation should concentrate its technical assistance on those projects and programs which contribute directly to specific private investment projects or to the immediate and tangible development of private enterprise in the LDCs.

6. Since recent agricultural production breakthroughs have outpaced marketing and distribution facilities, and a healthy agricultural sector is vital to economic development, the Corporation should place particular emphasis on assistance to agribusiness marketing projects, including food storage, processing and distribution.

Functions and Programs

1. Corporate Policy and Scope of Business. The Corporation shall act insofar as possible as a private company. It shall exercise broad authority to borrow, lend, buy, sell, insure and guarantee debt obligations and equity shares, and make grants. This authority shall be used for the promotion, insurance, and financing of private investments and privately-managed technical assistance programs which have significant U.S. private involvement and which are closely related to the Corporation's objectives.

In its planning, the Corporation will give first consideration to less developed countries whose governments have demonstrated their willingness to attract and maintain favorable operating conditions for private enterprise.

The Corporation shall foster the growth and development of a "second tier" group of private investment organizations, including non-governmental intermediate credit institutions, capable of carrying out the operating functions of the Corporation. The Corporation shall turn over or divest itself of such of its functions to these institutions as, and to the extent, they demonstrate the capability to carry them out satisfactorily in furtherance of the objectives of the Corporation.

2. Investment Promotion and Pre-Investment Assistance. Recognizing that a major and primary obstacle to development is a lack of specific well-planned investment projects based on identified opportunities, the Corporation shall administer investment promotion incentives designed to help private investors identify and develop their own investment opportunities. Such assistance shall be directed to project search,

through private organizations or private investors with existing in-house capability to find and develop potentially profitable investment proposals, finance (using their own or others' capital) and manage the resulting investments. Such programs shall include:

- dissemination of program and investment information to potential investors through conferences, individual contacts and assistance to investment promotion organizations.

- underwriting a portion - or, in the case of priority investments, all - of the cost of investigation of potential projects by potential investors.

Major emphasis shall be placed on building more efficient systems of distribution and marketing in and for developing countries, and in taking steps to reduce the costs of these elements in LDC economies.

3. Risk-Reduction Activities. The Corporation shall develop and operate programs to insure against risks attendant on private investment in developing countries which are not normally incurred in domestic U.S. investment. The risks will be reduced through:

- political risk insurance against inconvertibility, expropriation, war, revolution and insurrection, and other risks arising from inherently political government decisions;

- extended risk insurance on up to 75% of U.S. equity investments.

4. Capital Assistance Policies and Programs. The Corporation shall provide capital assistance only to projects in which there is substantial private participation and U.S. involvement, which appear to be financially sound, are potentially profitable, and offer reasonable prospect of repayment of their obligations.

The Corporation shall seek to induce and supplement private sources of financing, if available on reasonable terms.

The Corporation shall assist projects through a broad range of guaranties of investor loans, direct loans by the Corporation and, to a limited degree, by the purchase of minority equity participations.

Such assistance shall include:

- extended risk guaranties of loans of private investors, up to 90% of the total amount (provided there is significant exposure to loss of a U.S. lender or investor in the equity or total foreign debt of the project). The loans may be in dollars, or, again when there is U.S. participation in either the lending or borrowing institution, in local currencies.

- direct loans of local currencies, critically important to minimize exchange risks and cover local costs.

- direct loans of dollars.

- minority equity participations where there is U.S. private equity participation. The Corporation shall endeavor to divest itself as soon as possible and advisable to do so.

- under limited and special circumstances, cost-plus-incentive-fee management contracts, or contracts with U.S. firms to build and manage projects, with provisions for eventual divestiture of the U.S. ownership interest as a long-term goal.

Working capital loans may be provided both to new businesses and to expand existing ventures which make an additional contribution to economic development.

5. Technical Assistance. The Corporation shall support, through matching incentive grants, privately-managed development programs of qualified U.S. and developing country private organizations directly related to the development of private investment projects or to the immediate and tangible development of private enterprise in participating developing countries.

Financial Structure, Authorities and Sources of Funds

Capital funds and guaranties should be adequate to provide for the projected annual corporate needs as set forth on Schedules A and B (Pages 16 and 17).

1. Initial Capital. The initial capital of the Corporation may consist of the principal and interest repayments as received, net of losses incurred, of outstanding A.I.D. and predecessor agency dollar loans to

private industrial projects and development banks, local currency loans and Cooley fund availabilities. Reflows shall be earmarked and accumulated as capital in amounts sufficient to provide the minimum annual requirements as listed on Schedule B. (A schedule of such obligations due the U.S. and availabilities as of June 30, 1968, also is attached - Schedule C - page 18.) These schedules need careful study and analysis to determine what the actual capital amounts available would be.

2. Borrowing Authority. The Corporation shall be authorized to borrow from the U.S. Treasury and to issue its own securities on capital markets with principal and interest to be guaranteed by the U.S. Government. Total borrowings from both sources may not exceed a reasonable percentage of combined loans and equity investments outstanding.

3. Transfer of Guaranty Authorities, Commitments and Reserves. Outstanding guaranty authorities, commitments and reserves for payment of claims as of the date of incorporation shall be transferred to the Corporation. These funds shall constitute the reserves of the Corporation; provided, however, that the earned surplus as of the date of incorporation shall be generally available to the Corporation and not earmarked exclusively for payment of claims; and provided further that such additional reserves as deemed necessary shall be requested to be appropriated by the Congress. This may be in the form of cash or authority to borrow from the Treasury in amounts required to assure adequate and prompt payment of claims backed by the full faith and credit of the United States.

4. Insurance and Guaranty Authorizations and Ceilings. Issuing authority for insurance and guaranties shall be requested to be provided by the Congress and shall be available until used. They shall be backed by the full faith and credit of the U.S., with reserves and legal provisions adequate to assure their ready market acceptance, and prompt payment of claims.

Ten billion dollars of additional issuing authority for specific risk insurance to cover five years of future anticipated volume shall be requested.

One billion dollars of additional issuing authority for extended risk guaranties shall be requested.

5. Participations. The Corporation may actively seek to sell participations in loan "packages" and individual loans in its portfolio as rapidly as a market can be established for them, guaranteed as necessary by the Corporation.

6. Local Currencies. New local currency availabilities shall be earmarked under the Cooley Fund provisions of PL 480, and shall be made available to the Corporation.

Organization

The Corporation, an independent agency of the United States, shall be governed by a Board of Directors, which shall determine the policies of the Corporation. The Board shall be presided over by a Chairman, who shall be the President and Chief Executive Officer of the Corporation. He shall be appointed by, and report directly to, the President of the United States. He shall administer all operations and programs of the Corporation in accordance with its charter and the policies established by the Board.

The Board shall be comprised of 13 Directors, appointed by the President of the United States. The Corporation President shall be selected from the U.S. private sector. The remaining 12 Directors shall consist of six private citizens and six officers of the U.S. Government, at least two of whom shall be officers of the Corporation, and one of whom shall be an Assistant Administrator of the Agency for International Development.

The Corporation President and the six Government Directors shall serve at the pleasure of the President of the United States. The terms of the six private sector Directors shall be set at three years each, staggered so that one-third shall be rotated annually. All appointments shall be made on a non-partisan basis, without regard to political party affiliation. All Directors except for the representative of A.I.D., shall serve in their individual capacities, representing only the interests of the Corporation and not of any private organization or U.S. Government Department with which they may be affiliated.

Interagency coordination of the Corporation's policies and programs shall be achieved through the Corporation President and the representative of A.I.D. on the Board.

As Chief Executive Officer, the Corporation President shall nominate the senior Corporation officers, who shall be elected by the Board. The Corporation President shall appoint the staff. To attract and retain a competent executive and professional staff, the Corporation shall be granted exemptions as necessary from the salary and personnel provisions of Civil Service and Classification laws applicable to officers and employees of the United States.

The Corporation President shall take appropriate measures to inform the U.S. private sector of Corporation policies and operating programs, and the opportunities they provide for private enterprise. He shall obtain the advice, and consultation, and enlist the participation of the private sector in the programs of the Corporation.

The Corporation will establish a competent technical staff and advisory service to assist in the evaluation and development of its projects, or of the projects of its clients. The Corporation shall be based primarily in the United States and shall establish appropriate field representation as indicated by business volume and costs. Such representatives shall be members of the country team headed by the U.S. Ambassador.

Agency for International Development missions and regional bureaus shall give the Corporation political and program advice and the Corporation shall advise agency missions and regional bureaus, particularly in the formulation of country and regional programs, and for this purpose the Corporation shall consult with representatives of the U.S. private sector in the developing countries. However, U.S. Government negotiations with host country governments regarding host country policies and programs relating to private sector growth shall remain the responsibility of A.I.D.

Schedule "A"

PROJECTED STATEMENT OF INCOME & EXPENSE

(Million of Dollars)

	FY 1969			FY 1970			FY 1971		
Interest Income	Dollar	Local Currency	Total	Dollar	Local Currency	Total	Dollar	Local Currency	Total
AID Loans (Private & Mixed)	4.352	0	4.352	5.044	0	4.044	5.760	0	5.760
AID Loans (Ind. Development Bks.)	1.306	.861	2.167	2.053	.870	2.923	2.799	.892	3.691
DLF Loans (Private & Mixed)	2.179	7.500	9.679	1.859	7.140	8.999	1.819	7.050	8.869
DLF Loans (Ind. Development Bks.)	.614	1.340	1.954	.574	.980	1.554	.554	.840	1.394
DLF Loans (Spain)	0	.011	.011	0	.010	.010	0	.009	.009
Mutual Security Agy. Loans (Spain)	.444	0	.444	.391	0	.391	.390	0	.390
Cooley Fund Loans	0	11.449	11.449	0	12.837	12.837	0	13.775	13.775
Total Interest Income	8.895	21.161	30.056	9.921	21.837	31.758	11.322	22.566	33.888
Fee Income									
Political Risk Insurance	18.700	0	18.700	23.700	0	23.700	28.700	0	28.700
Extended Risk Guaranties	.787	0	.787	1.969	0	1.969	3.636	0	3.636
Total Fee Income	19.487	0	19.487	25.669	0	25.669	32.336	0	32.336
Other Income									
Short Term Investment	5.500	0	5.500	5.500	0	5.500	5.500	0	5.500
Total Other Income	5.500	0	5.500	5.500	0	5.500	5.500	0	5.500
Total Income	33.882	21.161	55.043	41.090	21.837	62.927	49.158	22.566	71.724
Expenses									
Technical Assistance	7.250	.750	8.000	7.750	.750	8.500	8.250	.750	9.000
Promotional Costs	3.000	0	3.000	3.500	0	3.500	4.000	0	4.000
Administrative Costs	7.000	0	7.000	8.000	0	8.000	9.000	0	9.000
Guaranty Claims Paid									
Political Risk Insurance	3.500	0	3.500	4.500	0	4.500	5.500	0	5.500
Extended Risk Guaranties	4.000	0	4.000	3.000	0	3.000	3.000	0	3.000
Loans Written Off	2.000	1.500	3.500	2.500	2.000	4.500	3.000	2.500	5.500
Total Expenses	26.750	2.250	29.000	29.250	2.750	32.000	32.750	3.250	36.000
NET INCOME	7.132	18.911	26.043	11.840	19.087	30.927	16.408	19.316	35.724

SCHEDULE "B"

ESTIMATED PRIVATE INVESTMENT ASSISTANCE FOR FIRST YEAR OPERATIONS

(Based on FY 1968 actuals, except for Extended Risk Loan Guaranties and Equity Investments)
(Millions of Dollars)

Program	No. of Projects	Net Committed	Investment Mobilized	Sales Volume Generated	No. Jobs Created (1 @ $7500 of Investment Mobilized)
Investment Surveys	17	.088	7.800	15.600	1,040
Capital Financing:					
Loans - $	2	13.200	19.200	38.400	2,560
Equity Investments	6	30.000	60.000	120.000	8,000
Loans - Industrial Dev. Banks	5	33.500	125.000	250.000	16,667
Cooley Fund Loans ($ Equivalent)	21	39.600	181.700	363.400	24,222
Extended Risk Loan Guaranties	10	100.000	400.000	800.000	53,333
Equity Investment Guaranties	3	2.400	5.500	11.000	733
TOTAL (Capital Financing)	47	218.700	791.400 1/	1,582.800 1/	105,515 1/

Program Political Risk Guaranties:	No. of Projects	Net Committed	Investment Mobilized	Sales Volume Generated	No. Jobs Created (1 @ $7500 of Investment Mobilized)
Inconvertibility		1,077.000			
Expropriation		298.000			
War, Revolution, Insurrection		126.000			
Combined Expropriation, War Revolution and Insurrection		999.000			
TOTAL	221	2,500.000	1,569.000 2/	3,138.000	209,200

Program	Net Committed	Additional Resources Attracted
Technical Assistance:	7.500	14.000

1/ Some double counting inherent
2/ Estimate of amount of investment covered

SCHEDULE OF A.I.D. SURVEYS, GUARANTY AND LOAN OBLIGATIONS AND AVAILABILITIES

(Millions of US $)

(As of June 30, 1968)

Schedule "C"

I. SURVEYS				
Committed Surveys		1.827		
Uncommitted Surveys		1.713		
Total Investment Surveys			3.540	
II. GUARANTIES				
Committed Political Risk Guaranties	6,021.800			
Uncommitted Political Risk Guaranties	1,978.200	8,000.000		
Committed Extended Risk Guaranties	82.600			
Uncommitted Extended Risk Guaranties	307.400	390.000		
Total Guaranties			8,390.000	

Accumulated Guaranty Fee Reserve	
Political Risk Guaranties (Net)	58.150
Extended Risk Guaranties (Net)	.500
Sale of Assets	.290
Sub-Total	58.940
Appropriated Guaranty Reserve	57.400
Total Guaranty Reserve Fund	116.340

III. LOANS	Dollar	Local Currency	Total
AID Loans - Private and Mixed	644.461	0	644.461
Less: Undisbursed Balance	(209.214)	0	(209.214)
AID Industrial Development Banks	354.546	24.273	378.819
Less: Undisbursed Balance	(223.920)	(2.733)	(226.653)
PL 480 - Cooley Fund Loans	0	245.177	245.177
Less: Undisbursed Balance	0	(40.683)	(40.683)
Less: Reserve For Exchange Adjustments	0	(42.828)	(42.828)
DLF Loans - Private and Mixed	54.471	187.504	241.975
DLF Loans - Spanish	0	.194	.194
DLF Industrial Development Banks	15.353	33.493	48.846
Mutual Security Loans - Spanish	14.799	0	14.799
Total Loans Receivable	650.496	404.397	1,054.893
AID Loans Authorized But Not Disbursed	433.134	43.416	476.550
Cooley Loan Funds Available (Mostly in India and Pakistan)	0	65.752	65.752
Total Loans Receivable, Loans Authorized But Not Disbursed, and Funds Available	1,083.630	513.565	1,597.195

IPIAC PANEL ON U.S. OVERSEAS PRIVATE DEVELOPMENT CORPORATION

Mr. Paul F. Cornelson
President, International Division
Ralston Purina Company

Mr. Charles S. Dennison
Vice President
International Minerals & Chemical Corporation

Mr. Raph M. Dorman
Vice President
Bechtel International Corporation

Mr. William Druehl
Vice President, International
Del Monte Corporation

Mr. Mark C. Feer, Esq.
Kuhn, Loeb & Company

Mr. Virgil V. Grant
Vice President
Caterpillar Tractor Company

Mr. Robert J. Hampson
Vice President & General Manager
Ford Motor Company, Tractor Division

Mr. Gustave M. Hauser
Vice President
General Telephone & Electronics International, Inc.

Mr. Edward R. Luter
Vice President
Dresser Industries, Inc.

Mr. August Maffry
Senior Consultant
Bank of America

Mr. Cecil Olmstead, Esq.
Assistant to the Chairman of the Board
Texaco, Inc.

Mr. Robert W. Purcell
Chairman, Finance Commitee
International Basic Economy Corporation

Mr. Charles H. Smith, Jr.
President
Steel Improvement & Forge Company

Mr. Jacques R. Stunzi
President
American Overseas Banking Corporation

CONSULTANTS

Mr. William Blackie
Chairman of the Board
Caterpillar Tractor Company

Mr. Walter L. Lingle, Jr.
Executive Vice President
Proctor & Gamble Company

Mr. John E. Countryman
Chairman of the Board
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*At this time Mr. Norris neither endorses nor opposes this report.

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