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Agency for International Development
Washington, D.C. 20523

MEMORANDUM

TO: **AFR/DP, Marge Bonner**
APRE/FPM, Peter Davis
ENE/PDP, Robert Nachtrieb
LAC/DP, Baastian Schouten

FROM: **AAA/PPC/PDPR, Robert W. Kelly**

SUBJECT: **A.I.D. Middle-income Country (MC) Strategy**

Please provide comments or clearance by March 22, 1991, on the attached **A.I.D. Guidelines for Middle-income Country (MC) Programs and Strategies**.

Use of conflicting Advanced Developing Country (ADC) strategies by the regional bureaus, or lack of a strategy in the case of Africa, has led to a persistent long-standing, clearly perceived management problem: A.I.D. speaks without a unified voice on vital MC issues, particularly in its dealings with Congress and OMB. Agreement by the regional bureaus on the MC Guidelines would help correct this long-standing management problem.

The attached MC Guidelines would replace A.I.D.'s current conflicting ADC strategies with an Agency-wide MC strategy that is **technically and developmentally sound**, and **consistent with A.I.D.'s mission**, the **Administrator's initiatives**, and **U.S. foreign policy interests**. In contrast to past strategies, the attached guidelines would stress the furthering of U.S. interests that are "mutually beneficial" such as global economic integration and permanent solutions to transnational problems like the spread of AIDS, the trafficking of narcotics, the decline of biodiversity, or the deterioration of the global environment.

These MC Guidelines are the result of a collaborative effort by PPC and the regional bureaus, with broad substantive input from sectoral representatives and NGOs. The specific language in the Guidelines was crafted collaboratively by a core group consisting of DAA/PPC, John Blackton; APRE, Mike Crosswell; ENE, Karl Schwartz; LAC, Helene Kaufman; AFR, Jerry Wolgin; PPC, George Hill; PPC, Jan van der Veen; PPC, Dick Sines; and their alternates.

Clearance:
AFR/DP, Marge Bonner ______
APRE/FPM, Peter Davis ______
ENE/PDP, Robert Nachtrieb ______
LAC/DP, Baastian Schouten ______

cc:
DAA/PPC, John Blackton

A.I.D. Guidelines
for
Middle-income Country (MC) Programs and Strategies

Countries, classified as "developing," cover a broad spectum of development. A sizable number, particularly in Africa, are clearly at the less developed end of the spectrum. Others, more mature, have progressed substantially further. In these more mature countries traditional institutions have been replaced by modern ones; markets have become more extensive and more integrated; skill levels have risen; and technology has advanced. As a result of these developments average incomes are typically higher, and problems of poverty and basic needs have been reduced, often to dimensions that can be addressed more readily by domestic resources and institutions. **The following guidelines define A.I.D. programs and strategies appropriate for these more mature, middle-income countries, hereafter referred to as MCs.**

While MCs have by various measures made considerable progress, including significant periods of economic growth, sustaining this progress has often proved problematic. In such cases, A.I.D. programs in MCs will continue to pay close attention to A.I.D.'s traditional development goal of achieving sustainable, broadly based growth.

Progress is typically accompanied by an expanding set of issues and concerns of interest to the United States that call for cooperation. A.I.D. is particularly well-placed to play a uniquely constructive role by virtue of several factors: a professional staff which is relatively well-trained, familiar with developing countries, and closely involved in U.S. foreign policy interests; a longstanding, well-established set of relationships with a variety of institutions; and a reservoir of trust and good will based on decades of active and generous concern with development. To take advantage of and build on these assets, A.I.D. programs in MCs will shift towards a greater emphasis on promoting cooperation and progress in areas of mutual concern, thereby more directly contributing to broad U.S. interests. The shift generally will lower A.I.D. resources and staff requirements, except in countries where pressing U.S. interests demand an exceptionally large effort.

Summary

__What is an MC Program?__--MC programs strengthen U.S.-MC relationships and further U.S. interests by promoting productive cooperation on selected issues of mutual interest, taking into account the respective capabilities of the U.S. and MCs. More concretely, MC programs __predominantly__ emphasi e at least one of the following U.S. foreign policy interests:

1. **Global economic integration** including more open trade in goods and services; adaption and development of complementary technologies; appropriately integrated international money, credit and financial markets; increased mobility of capital; and constructive participation in international negotiations and agreements.

2. **Provision of global public goods and services** to support lasting solutions to transnational problems such as the spread of AIDS, the trafficking of narcotics, and the deterioration of the global environmental.

3. **Democracy** as the political system most conducive to a peaceful, stable, and prosperous world order.

4. **Alleviation of poverty through better mobilization of a country's own resources to deal with its persistent "pockets of poverty."**

The idea of predominant emphasis is important. A.I.D. programs in low-income countries may readily include a focus on democracy, economic integration, other transnational problems, and better mobilization of a country's own domestic resources for alleviation of poverty. But such efforts normally would not constitute the bulk of A.I.D.'s portfolio. Under these guidelines an A.I.D. program in an MC will often include in its portfolio traditional A.I.D. programs appropriate for low-income countries. However, these programs would take account of the greater institutional capabilities and resources of MCs, with correspondingly fewer demands on U.S. resources and capabilities. Futher, they might utilize special scientific, technical, or organizational capabilities such as management information systems in which the U.S. has a comparative advantage.

Which Countries Shall Have MC Programs?--The International Comparison Program (ICP) prepares estimates of Gross Domestic Product per capita based on comparisons of prices and the real purchasing power of domestic currencies. These per capita Purchasing Power Parity (PPP) estimates, hereafter called PPP per capita, are considered to provide a more accurate measure of real per capita income than more conventional estimates, such as Gross National Product (GNP) per capita, that rely on exchange rates to indicate the relative purchasing power of domestic currencies. Annex A lists countries ranked by PPP per capita in 1987.

Any recipient with a PPP per capita exceeding ten percent of the U.S. PPP per capita will be expected to contain one or more MC programs as part of its portfolio, unless there are compelling arguments that this indicator--a useful, but imperfect measure of level of development--seriously fails to reflect the level of development. Other indicators would be needed to support such arguments. If analysis indicates that a country's PPP per capita overstates its level of development, traditional development concerns may be too pressing to warrant an MC program. Where MC programs are undertaken, the relevant regional bureau in conjunction with the mission, A.I.D. representative, or other suitable officer shall identify the issues and concerns of mutual interest to be addressed; how A.I.D.'s support for cooperation on these issues will further U.S. interests; and how A.I.D.'s support will be tailored to reflect the stronger institutional capabilities of the recipient.

Rising Shares for MC Programs and Declining A.I.D. Funding Levels as Development Progresses--As an MC makes significant advances in its level of development and strengthens it relationships with private and public U.S. institutions, A.I.D. funding levels are expected to decline with increasing emphasis on MC programs. Deviations from the expected trends would need to be justified by special, pressing considerations such as unexpected natural disasters or long-run structural problems associated with decades of inward-oriented statist economies.

What Constitutes an MC Strategy?--**An A.I.D. recipient country will be defined as having adopted an MC strategy if 50 percent or more of its anticipated annual obligations are included in one or more of the four MC program categories.** Thus a country with only 49 percent of its annual obligations in MC programs "technically" would not yet have adopted an MC strategy although it would appear near to adopting one. In addition, for example, a concentration of other donor activities in traditional aid programs or a perceived need for MC programs may lead a poor developing country toward adopting an A.I.D. MC strategy before being required to do so. For recipient countries which are expected to have MC programs, a successful MC strategy shall be measured in part by the relative efficiency and speed of transition toward MC programs with strong personal and institutional relationships established between the U.S. and A.I.D. recipients.

Changing the Way A.I.D. Does Business--A.I.D. programs in many low-income developing countries will include activities addressing the four MC program concerns. Because of limited institutional capabilities, A.I.D. directly or indirectly shoulders a relatively large share of the burden of programming and administering these activities. MC programs, in keeping with both the stronger institutional capabilities of MCs and the emphasis on mutual interests and cooperation, are to be implemented by mechanisms that share programming and administrative burdens more evenly. Examples might include a U.S.-MC "fund" in countries slated for relatively large programs, and by private joint commissions or partnerships in countries with smaller programs.

Justification

Why an A.I.D. MC Strategy? First, A.I.D. efforts toward supporting our traditional development goal of broadly based sustainable growth in MCs should be tailored to take advantage of the more advanced level of development in such countries. Second, maintaining strong relationships with more mature developing countries may serve U.S. political, strategic, and economic interests more than with poor countries. Third, weaning MCs from A.I.D. funding can free funds for truly needy countries or lessen U.S. budgetary pressures. But abrupt graduation before important ties can be established with other U.S. public and private entities may create political and economic gaps that could weaken the U.S. position abroad. Fourth, making the program more directly responsive to U.S. interests may garner public, congressional and executive branch support for productive A.I.D. activities. Fifth, both OMB and Congress are looking to A.I.D. for USG leadership in developing a National Security Council-type MC strategy to strengthen long-term economic, social, and political ties between the U.S. and developing countries, particularly as successful countries like Thailand, Mauritius, Mexico, and Costa Rica approach "developed" status. Sixth, an MC strategy also helps clarify A.I.D. responsibilities vis-a-vis those of other USG agencies in areas such as the environment, trade, health, and agriculture.

Aid programs are among the main tools of U.S. foreign policy. To avoid wasting effort and resources, the MC strategy prescribes programs to benefit the long-term interests of the U.S. and its aid recipients. An MC strategy would strengthen long-term economic, social, and political ties between the U.S. and the more successful MCs.

Why Not Other U.S. Agencies During Transition?--A.I.D. is the most appropriate U.S. agency during the transition period because of its 1) familiarity with MCs; 2) existing staff in most MCs; 3) established relationships/contractors; 4) concern for both U.S. and MC interests; 5) ability to fill the gap in U.S.-MC relationships until other U.S. agencies take over; 6) ability to support MCs during transitory periods of instability; and 7) ability to assist donor coordination.

Program

Guiding Principles--1) Opening up and integrating world markets, 2) solving transnational problems, 3) promoting democracy, and 4) better mobilizing the MCs own domestic resources to deal with poverty and basic human needs shall be the guiding principles for MC initiatives. A fund, described below, shall support the four mutually beneficial core areas through program coordination, management assistance, training, technology/information acquisition, and finance (e.g., guarantees, mixed credits) activities. At present, some regional bureaus have designated selected nations as Advanced Developing Countries (ADCs).

This MC program provides broad guidelines for determining the appropriateness of A.I.D. activities. For example, Mexico's $4,626 PPP per capita (1987) is 26 percent of the U.S. level, indicating it is an MC. In the absence of unexpected transitory problems, most if not all of its programs would be expected to be MC programs. Under the proposed MC strategy, Mexico's current Section 416 food program is not considered appropriate because it focuses on U.S. rather than Mexican food aid to alleviate hunger and poverty. However, helping develop an information management system to improve food delivery to the rural poor in Mexico would qualify as an MC program, if the food or its funding originated in Mexico. A program aimed at strengthening intellectual property rights (IPR) protection would be more appropriate in encouraging international economic integration because strengthened IPR would enhance U.S.-Mexican trade and investment.

The range of specific mutually beneficial projects in the four categories is delineated in a comparison of the current ADC programs with a possible future MC program in Annex B. The four initiatives can be categorized in general terms as follows:

Initiative Category #1--**Promote international economic integration: promote programs and remove obstacles for unfettered global trade particularly between A.I.D. recipients and the U.S.**

This initiative, listed first to indicate its high priority, unambiguously aims at promoting economic growth. Components of the initiative category could include projects that would encourage or develop 1) competitive or anti-monopolistic business behavior, 2) major sources of less costly low-wage and natural resource intensive inputs for U.S. manufacturers and products for U.S. markets, 3) growing markets for high-wage, skill- and technology-intensive U.S. goods and services, 4) major sources and recipients of financial flows in areas such as banking and insurance, 5) sources of U.S. technology imports, 6) establishment of legal [e.g., Intellectual Property Rights (IPR) protection], institutional, technical, and engineering standards consistent with international norms, 7) constructive participation in GATT negotiations, 8) removal of unwarrented barriers to international transactions, and 9) potential sources of increased productivity in both the MCs and U.S.

Initiative Category #2--**Support "global public goods and services" to deal with transnational problems and issues: work collaboratively to provide goods and services that deal with global or regional problems.**

These initiatives shall have expected benefits that spill over beyond the aid recipient's boundaries, and thus strongly justify international cooperation. An analogy can be made, one step down, for federal programs dealing with regional or interstate issues. Many environmental programs have straightforward benefits outside the recipient country. For example, an environmental program to clean up the Rio Grande river would have major benefit spillovers for the U.S. and thus would be categorized as an MC program.

Initiatives likely to qualify as global public goods and services include those dealing with 1) important sources of biodiversity, 2) key resources that affect the international environment such as rain forests or environmentally sound technologies, 3) providers of narcotics to the U.S., 4) potential conduits of diseases such as AIDS, 5) sources of population growth which impinge on U.S. and other global resources, 6) sources of materials and data from tropical research in health, agriculture, and other areas, 7) better transnational statistics and information gathering and dissemination, 8) transnational infrastructure including telecommunication systems, roads, airports, and ports, and 9) growing sources of U.S. technology imports.

<u>Initiative Category #3</u>**--Promote and consolidate democracy as the legitimate organizing principle for political systems throughout the world.**

This category can include the four initiatives listed in the A.I.D.'s <u>The Democracy Initiative</u> (December 1990): 1) strengthening democratic institutions by direct support for effective electoral bodies, informed legislatures and independent judiciaries, as well as broader civic associations; 2) integrating democracy into the A.I.D. program by establishing the promotion of democracy as a strategic goal over the broad range of A.I.D. programs; 3) rewarding progress in democratization by including progress in establishing democracy as a factor in determining allocations of A.I.D. funds; and 4) establishing rapid response mechanisms by seeking legislative authorities to create an A.I.D. capacity to respond quickly to democratic breakthroughs, and creating new programming mechanisms to meet unanticipated needs. Specific programs are listed in the referenced initiative.

<u>Initiative Category #4</u>**--Alleviate anticipated and unanticipated poverty by better mobilizing the aid recipients' own resources.**

Initiatives in this category would mobilize an MC's own domestic resources to deal with anticipated hunger and poverty alleviation in its recognized "pockets of poverty." Initiatives in this category would generally be more appropriate in MCs, like Brazil, with its highly skewed income distribution, and would be less important in MCs, like Costa Rica, with its more equitable distribution of income and broadly based provision of social services. Internal poverty alleviation increases economic growth and social stability and helps expand bilateral U.S.-MC economic and social relationships. Programs that provide public goods with private resources would qualify, as well as programs aimed at strengthening recipient institutions on the revenue generating side, i.e., through more comprehensive and efficient tax reforms, and the expenditures side, i.e., through strengthened social service delivery systems. Such social programs and institutions may be found in the development success stories including Korea, Taiwan, Singapore, Hong Kong, and Thailand.

U.S.-MC mutual interests and relative capabilities would be primary factors in selecting among the above alternative projects and programs.

Implementation

Changing the Way A.I.D. Does Business--Developing on-going relationships with a growing number of MCs shall change the way A.I.D. "does business". The new approach shall 1) identify U.S. interests as part of the mutual benefits to be served by U.S.-MC relationships; and 2) build partnerships that directly serve mutual interests and take full account of MC capabilities. With regard to the second point, A.I.D. shall move into the four MC core programs which lie outside sectoral and functional boundaries. A.I.D. shall build larger programs in MCs where U.S. interests are important and smaller programs where U.S. interests are less important.

Changing the A.I.D. MC Program Mechanism--The program shall shift toward an appropriate joint U.S.-MC mechanism to foster activities in areas of mutual interest involving and managed by other U.S. and MC private and public sector entities. Current A.I.D. MC program mechanisms include 1) a solo USAID representative and local hire staff (Brazil, Colombia, Mexico, Paraguay and Uruguay), 2) a USAID mission (Thailand), and 3) the American-Luso Foundation (Portugal). The appropriate mechanism for future A.I.D. MC programs would be a U.S.-MC foundation/trust/research institute; a USAID representative; or joint commission or partners organization. Administration would be streamlined to minimize day-to-day "red tape" and accountability would rest more on annual or periodic audits and program evaluations.

MC programs will emphasize mutual U.S.-MC responsibilities for managing activities based on a U.S.-MC "fund" in countries slated for large programs, and joint commissions or partnerships in countries with small programs. Regional or other transnational "funds" or collaboration structures (e.g., a center for privatization or technology sourcing) will also be established and operated by the fund or A.I.D./W in support of this MC strategy.

Key Strategy Decisions--Key decisions would be 1) **to determine those countries required to have an MC program** (e.g., see Annex A for countries listed by PPP per capita and note those beginning with Papua New Guinea have PPP per capitas above the tripwire of 10 percent of the $17,615 PPP per capita of the U.S.), 2) **to determine MC program content** (e.g., see Annex B for a comparison of existing regional ADC programs with the proposed agency-wide MC program), 3) **to determine program methods** (e.g., serve as catalyst fostering collaboration and partnership between U.S. and MC public and private sectors; work with MC public and private sector to identify key areas of U.S. and MC interest; fund and support collaborative efforts to deal with transnational problems and joint commercial efforts; fund research, policy dialogue, and public education on key U.S.-MC issues), 4) **to determine program mechanisms** (U.S.-MC Trust/Foundation/Research Institute, USAID Representative, Joint Commission, Partners Organization?) and 5) **to determine program funding levels and its portion of the overall A.I.D. portfolio.**

A.I.D. recipient countries with PPP per capita levels exceeding 10 percent of the U.S.'s would be expected to have at least one MC program in its overall A.I.D. portfolio. Under this criterion, countries like Cameroon ($1,381), the Arab Republic of Yemen ($1,466), Pakistan ($1,585), Guyana ($1,654), Indonesia ($1,753) and Morocco ($1,761) would not be required to have an MC program in their A.I.D. portfolio. But a portion or all of their portfolio could conceivably be made up of MC programs. However, Papua new Guinea ($1,843), the Philippines ($1,878), Guatemala ($1,957), and Sri Lanka ($2,053) would be required to have a portion of the portfolio in MC programs, with the share generally rising with economic development.

Convincing arguments based on other indicators of development would be needed to justify no MC programs in an A.I.D. recipient country with its PPP per capita exceeding the 10 percent of U.S. PPP per capita tripwire.

Elements of an MC Strategy--First, the relevant regional bureau, in conjunction with the mission, USAID representative, or other suitable officer must specify U.S. long- and short-term interests to be served by the U.S.-MC relationship in the four areas: 1) international economic integration, 2) global public goods, 3) democratic institutions, and 4) poverty alleviation by mobilizing the host country's domestic resources. Second, after identifying U.S. intersts, the bureau must pare the list down according to what's of mutual interest between the U.S. and the MC in the four areas. Third, an agreement must be made upon A.I.D.'s portfolio of activities, including regional ones, in areas of mutual interest. Fourth, full consideration must be given to the policy environment in which all A.I.D.-MC activities take place. Fifth, high priority must be given to A.I.D.-MC activities carried out by U.S. and MC private sector entities. Sixth, in cases where unjustified direct or indirect subsidies prevail, the program office must insure "harder" terms for A.I.D. resources and leverage additional resources from other donors, domestic public and private sector entities, and U.S. private sector entities. Subsidies for legitimate "global" public goods and services addressing transnational problems will continue to be a fundamental part of A.I.D.'s MC strategy. Seventh, MC public and U.S. and MC private sector entities must pay an increasing portion of the costs associated with A.I.D.-MC activities. Eighth, the regional bureau must prepare a plan indicating how A.I.D.'s activities will shift toward full MC programs. The plan will be judged on how effectively it likely will meet the objectives of an MC strategy--the development of U.S.-MC relationships based on mutual interests and capabilities.

The MCs will be split into a transitional and a more developed group. The transitional group would receive a portfolio mix of traditional and MC-type projects and programs, with the mix shifting towards MC programs as a country develops. The more developed MCs would have all its programs in MC-type projects and programs. Political, economic, or social criteria could be used to designate the more mature MCs.

In general, A.I.D.'s MC programs shall be flexible and avoid the strictures of functional accounts and sector allocations. A.I.D. MC direct hire staff shall be small in number and have appropriate skills. A direct hire employee shall be an aggressive innovative "entrepreneurial" manager familiar with modern information sourcing and networking systems and with broad work experience.

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ANNEX A

A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and "Other" Funds Allocable by Country for Developing, Middle and Industrialized Countries Arrayed by 1987 Purchasing Power Per Capita Income

Country	1987 PPP per capita* ($)	1987 GNP per capita ($)	A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and 'Other' Funds Allocable by Country (Million $)
Zaire	220	150	57.158
Chad	254	150	20.505
Uganda	347	260	11.349
Somalia	348	290	33.300
Burkina Faso	377	190	10.217
Tanzania	405	180	14.008
Burundi	450	250	4.043
Guinea	452	320	17.015
Niger	452	260	25.437
Ethiopia	454	130	10.402
Malawi	476	160	36.230
Sierra Leone	480	300	9.445
Ghana	481	390	23.218
Mozambique	528	170	54.305
Mali	543	210	31.191
Rwanda	571	300	11.162
Central African Republic	591	330	5.921
Afghanistan	609	280	45.303
Angola	609	840	.237
Madagascar	634	210	18.834
Benin	665	310	3.503
Nigeria	668	370	43.767
Togo	670	290	9.668
Liberia	696	450	26.117
Zambia	717	250	18.614

* The "PPP" data in this table are International Comparison Program (ICP) estimates of per capita GDP developed through using Purchasing Power Parity (PPP) concepts (hereafter called "PPP per capita"). Information concerning the methodology used is contained in Summers, Robert and Alan Heston, "A New Set of International Comparisons of Real Product and Price Levels Estimates for 130 Countries. 1950-1985, "Review of Income and Wealth 34, 1: 1-25 and supplemental diskette, 1988.

A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and "Other" Funds Allocable by Country for Developing, Middle and Industrialized Countries Arrayed by 1987 Purchasing Power Per Capita Income (continued)

Country	1987 PPP per capita ($)	1987 GNP per capita ($)	A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and 'Other' Funds Allocable by Country (Million $)
Nepal	722	160	17.858
Gambia, The	736	220	6.455
Sudan	750	330	90.972
Burma	752	190	14.209
Congo, People's Rep.	756	870	.788
Haiti	775	360	38.085
Kenya	794	330	72.878
Mauritania	840	440	9.065
Bangladesh	883	160	138.308

A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and "Other" Funds Allocable by Country for Developing, Middle and Industrialized Countries Arrayed by 1987 Purchasing Power Per Capita Income (continued)

Country	1987 PPP per capita ($)	1987 GNP per capita ($)	A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and 'Other' Funds Allocable by Country (Million $)
India	1053	300	161.530
Senegal	1068	520	49.367
Honduras	1119	810	152.504
Cote d'Ivoire	1123	740	3.032
Zimbabwe	1184	580	5.095
Swaziland	1187	700	8.584
Egypt, Arab Rep.	1357	680	992.752
Bolivia	1380	580	92.982
Cameroon	1381	970	23.498
Yemen Arab Rep.	1466	590	29.537
Lesotho	1585	370	16.162
Pakistan	1585	350	389.939
Guyana	1654	390	4.004
Indonesia	1660	450	70.748
El Salvador	1733	860	293.336
Dominican Republic	1753	730	78.714
Morocco	1761	610	87.373
Papua New Guinea	1843	700	3.228
Philippines	1878	590	165.289
Guatemala	1957	950	147.094
Sri Lanka	2053	400	47.269
Gabon	2068	2700	2.457
China, People's Rep.	2124	290	1.350
Nicaragua	2209	830	--
Botswana	2496	1050	12.558
Jamaica	2506	940	77.578
Thailand	2576	850	37.625
Paraguay	2603	990	4.634
Mauritius	2617	1490	2.071
Algeria	2633	2680	.046

A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and "Other" Funds Allocable by Country for Developing, Middle and Industrialized Countries Arrayed by 1987 Purchasing Power Per Capita Income (continued)

Country	1987 PPP per capita ($)	1987 GNP per capita ($)	A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and 'Other' Funds Allocable by Country (Million $)
Ecuador	2687	1040	35.338
Tunisia	2741	1180	35.490
Iraq	2813	1970	.003
Syrian Arab Rep.	2900	1640	.010
Peru	3129	1470	61.528
Jordan	3161	1560	37.604
West Bank/Gaza	3161	1560	13.902
Suriname	3522	2270	.001
Colombia	3524	1240	17.523
Fiji	3558	1570	1.594
Trinidad and Tobago	3664	4210	.426
Costa Rica	3760	1610	103.390
Turkey	3781	1210	73.803
Malaysia	3849	1810	.296
Iran, Islamic Rep.	3922	3690	--
Panama	4009	2240	.225
Romania	4273	5200	--
Venezuela	4306	3230	1.290
Brazil	4307	2020	11.797
Greece	4464	4020	.598
Mexico	4624	1830	49.643
Argentina	4647	2390	.544
Korea Republic	4832	2690	.478
Chile	4862	1310	3.179
Poland	4913	1930	12.159
South Africa, Rep. of	4981	1890	25.873

A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and "Other" Funds Allocable by Country for Developing, Middle and Industrialized Countries Arrayed by 1987 Purchasing Power Per Capita Income (continued)

Country	1987 PPP per capita ($)	1987 GNP per capita ($)	A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and 'Other' Funds Allocable by Country (Million $)
Uruguay	5063	2190	.323
Yugoslavia	5063	2480	--
Portugal	5597	2830	60.510
Hungary	5765	2240	--
Taiwan	5907	3250	.065
Soviet Union	6266	7120	1.637
Malta	7775	4190	--
Oman	7792	5810	15.055
Cyprus	7910	5200	3.001
Barbados	7927	5350	.302
Saudi Arabia	8320	6200	.003
Ireland	8566	6120	--
Spain	8989	6010	--
E. Jerusalem	9182	6800	.011
Israel	9182	6800	1,210.593
New Zealand	10541	7750	--
Italy	10682	10350	--
Bahrain	11142	9240	.001
Australia	11782	11100	--
United Arab Emirates	12191	15830	.001
United Kingdom	12191	10420	--
Austria	12386	11980	--
Netherlands	12661	11860	--
Singapore	12790	7940	.214
Finland	12795	14470	--
Japan	13135	15760	--
Belgium	13140	11480	--
Iceland	13324	16600	--
Sweden	13780	15550	--
Kuwait	13843	14610	.002

A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and "Other" Funds Allocable by Country for Developing, Middle and Industrialized Countries Arrayed by 1987 Purchasing Power Per Capita Income (continued)

Country	1987 PPP per capita ($)	1987 GNP per capita ($)	A.I.D. FY 1989 Country Budget Requests Plus Regional, Central Bureau and 'Other' Funds Allocable by Country (Million $)
Hong Kong	13906	8070	.071
France	13961	12790	--
Germany, Fed. Republic	14370	14400	--
Denmark	15119	14930	--
Luxembourg	15247	18550	--
Switzerland	15403	21330	--
Norway	15940	17190	--
Canada	16375	15160	--
United States	17615	18530	--

ANNEX B

Program Content of Middle-income Country (MC) Strategy

Current ADC	Potential MC
LAC (five ADCs) . Population . Democratic initiatives . ADC leadership awareness . Narcotics . Technology . Administration of justice . Private sector . Natural resources . Tropical forestry environment . Health . AIDS . Child survival . Urban environment . Networking of many kinds . Collaborative health . Collaborative agricultural research . Training . Section 416 . Fisheries . Agriculture **ENE (Thailand and Portugal)** . Economic integration into global economy . Private sector development . Science and technology . Education . Public administration . Regional development . Environment . Democratic pluralism	**International Economic Integration** . Privatization . Economic policy . Trade and investment policy . Business and financial management . Capital market--mixed credits, guarantees . Short term commercial activities . Information . Training . Economic integration into global economy . Inventors support; IPR **Global Public Goods** . Biodiversity . Environment . AIDS control and research . Population and family planning . Research (technology, health, agriculture) . Education and training . Culture **Democratic Institutions** . Manage. of democratic instit. & programs . Training; MC leadership awareness . Technology . Human rights . Information **Mobilizing Domestic Resources to Alleviate Poverty** . Economic and social development policy . Management of poverty alleviation instit. and programs . Training . Technology transfer . PVO development . Private provision of public services . Information