

SUMMARY OF A.I.D. POLICY DETERMINATIONS

PD-1: NARCOTICS (August 5, 1982)

- It is A.I.D.'s policy to
 - seek out opportunities to design projects that provide economic alternatives to farmers in narcotics growing areas; and
 - develop programs and projects to help reduce illicit cultivation by providing incentives for alternative sources of income generation.
- A.I.D.'s role is to identify, fund and implement appropriate development programs in narcotics producing areas.
- Assistance must meet standard development criteria and priorities and will be funded within country levels.

PD-2: MIXED CREDITS (September 29, 1982) [The Use of Foreign Economic Assistance Resources for Mixed Credit Financing.]

- In principle, A.I.D. is opposed to the use of mixed credits for export financing (i.e., the combining of A.I.D. concessional assistance resources with Export Import Bank (Eximbank) or Eximbank guaranteed credits for a single export transaction.
- The use of A.I.D. Development Assistance (DA) resources for mixed credit financing is specifically precluded.
- Until such time as an effective agreement is reached with other bilateral donors (actively using mixed credits to promote their own exports) on restrictions in the use of mixed credits for export financing, consideration may be given to the use of such mixed credits using existing Economic Support Fund (ESF) resources for defensive purposes in individual selective cases, where the project in A.I.D.'s view is of high importance to the LDC's development.

PD-3: VOLUNTARY STERILIZATION (September 1982):

- In providing support for sterilization services, A.I.D. must reaffirm its long-standing and complete commitment to the basic principle of voluntary acceptance of family planning methods and determine basic conditions and safeguards within which A.I.D. support for sterilization activities can be provided.
- A.I.D. staff and A.I.D.-funded grantees and contractors must be fully aware of national sensitivities and must receive AID/W and Mission approval before making any commitments on commencing support for sterilization activities in any context.
- A.I.D. acknowledges that each host country is free to determine its own policies and practices concerning the provision of sterilization services.
- A.I.D. support for Voluntary Sterilization program activities can be provided only if they comply with the following guidelines in every respect:
 - Informed Consent;
 - Ready Access to Other Methods;
 - No Incentive Payments;
 - Quality of VS Services;
 - Sterilization Services are an integral part of the total health care services;
 - Host country affirmative policy or explicit acceptance.

PD-4: TITLE XII (October 5, 1982)

- In response to a 1981 GAO report.....It is my [A/A.I.D.] intention that the Agency take immediate and continuing steps to:
 - Continue emphasis on Title XII-type activities in agriculture and food-related areas;
 - identify each project or sub-project falling under Title XII definitions, as early as possible in project development; and
 - mobilize the best and most appropriate Title XII resources for each project need, rapidly and effectively, either alone or together with non-Title XII resources, using all mechanisms at our disposal.
- The following factors have no bearing on the definition of a Title XII activity: Funding Source, Contracting Mode, Date of Authorization.

- **Identification of Resources** - If, for some reason, it is felt that the resources of Title XII Institutions are inappropriate for a particular task, or if a non-Title XII resource is uniquely appropriate, the rationale for such resource selection must be documented and the activity would subsequently be dropped from the list of Title XII activities.
- **BIFAD Mechanisms** - The primary mission of the BIFAD Board and its various committees and support staff (located in the Administrator's Office), is to advise and assist A.I.D. in developing and implementing activities.
- **Joint A.I.D./BIFAD Resolution (signed in May 1981)** - Reaffirms intention to jointly carry out Title XII mandate.
 - **Greater emphasis on Title XII-type projects** in which human skills and knowledge and institutional capabilities are strengthened and applied to developing country food and nutrition programs.
 - **Missions are expected to facilitate and participate actively in CRSP efforts.**
 - **Some New Initiatives** -
 - **Direct contracting rather than host-country contracts for university projects may often be better choice;**
 - **An MOU is being negotiated to define technical and geographic areas in which A.I.D. expects to utilize each university expertise and identify a core of staff professionals for long term participation in Agency programs;**
 - **An Operations Manual and model agreement for Joint Career Corps including an attempt to identify 25 positions has been drafted under which university professionals would spend 1/3 of their time with A.I.D. in 2-4 year tours;**
 - **Procedures for the Joint Enterprise Mode have been drafted;**
 - **Analysis of the overall Strengthening Program is being completed and a pilot project is being developed; and**
 - **Three TSMs have been awarded for universities to provide Missions with assistance in program/project design, analysis or evaluation.**
- **A set of "Standards of Performance" will be transmitted when completed by a Task Force set up by BIFAD through NASULGC.**

- A.I.D./W Backstop is S&T/RUR.

Attachments to PD: 1) Joint Resolution (5/26/81); 2) Statement of Principles (2/79).

PD-5: PROGRAMMING PL 480 LOCAL CURRENCY GENERATIONS (February 22, 1982)

(No longer effective -- Superseded by PD-18, Oct. 10 1988)

2
PD-6: ENVIRONMENTAL AND NATURAL RESOURCE ASPECTS OF DEVELOPMENT ASSISTANCE (April 26, 1983)

(No longer effective -- Superseded by PP on Environment and Natural Resources, April 1988)

PD-7: FORESTRY POLICY AND PROGRAMS (May 16, 1983)

(No longer effective -- Superseded by PP on Environment and Natural Resources, April 1988)

PD-8: PARTICIPANT TRAINING (July 13, 1983)

- "Participant training" refers to A.I.D.-sponsored training of selected individuals in the U.S. or in other (third) countries, whereas the more generic "development training" includes both external participant training and training in local institutions.
- A.I.D. policy encourages participant training (short or long-term), if consistent with the CDSS and sector strategy papers, for three purposes
 - staff development for A.I.D.-assisted projects;
 - strengthening of key development institutions; and
 - establishment of local training capacities.

- Training costs must be considered in assessing the cost-effectiveness of an A.I.D. supported project.
- A.I.D. will support training as needed to strengthen key private and public institutions (see Institution Development Policy Paper) provided that it contributes to specific strengthening objectives for those institutions.
- In the case of "training trainers", priority will be given to teaching faculty, to establish or strengthen local training capacities strategic to institutional strengthening and sectoral strategy implementation.
- A.I.D. Policy does not encourage
 - general participant training which is not linked to specific development activities;
 - training of teaching faculty in technical fields or disciplines not judged by CDSS or sector strategy to be of developmental priority; or,
 - training which could otherwise be accomplished cost-effectively in local institutions.
- A.I.D. policy is to
 - measure the consistency of the participant training programs in terms of their strategic relationship to the approved CDSS, rather than by counting the number of private sector individuals or acknowledged leaders included in the training programs, and
 - discourage the use of participant training programs as general scholarship funds and to encourage the provision of participant training to meet specific needs.
- Fields of study will be determined primarily by Mission and all participant training programs are expected to be supported by thorough needs assessments and economic and social analyses.
- All participant training programs are expected to provide opportunities for women.
- All feasible steps should be taken to ensure that trainees return to work in their home countries in positions where their training is utilized effectively -- both major criteria for evaluations of training programs.

- Participant training supported under functional accounts other than Section 105 (EHR) is expected to increase.
- All A.I.D.-assisted countries are expected to have access to a general participant training program.
- External training under the Section 105 account should be limited to general participant training programs and to training as needed for EHR project implementation.
- Long-term academic training in U.S. institutions should be concentrated on graduate training, and with few exceptions will be limited to three calendar years.
- Local and external short-term training (to which individuals in the private sector should have access) is encouraged as is technical assistance to establish local scholarship programs.
- Use of OIT's reimbursable training programs will be encouraged to meet private sector and middle income country training needs.
- A.I.D. support is appropriate, as needed, to assist private sector training initiatives with logistic arrangement, external placement, planning and assessment, however the direct costs of local and external training should be met by employers, the business community or the individual to the maximum extent possible.

PD-9: LOAN TERMS UNDER PL 480 TITLE I (September 27, 1983)

(Not summarized. This Policy Determination should be officially declared obsolete -- 1) the 1990 re-write of P.L. 480 changed the loan terms from those in this PD, and 2) Title I now falls under USDA's responsibility. Perhaps we should consider policy guidance in the form of a PD (to supersede this PD) that addresses under what conditions, criteria, etc., A.I.D. would consider participating in a Title I program.)

PD-10: DEVELOPMENT COMMUNICATIONS (February 17, 1984):

- Communications technologies are powerful tools for development, with substantial potential for 1) reducing rural isolation, 2) increasing the productivity and effectiveness of economic and social development programs, 3) strengthening key private and public sector institutions, and 4) advancing the basic human right of people to have the information needed to make informed personal choices.

- The priority for A.I.D. will be "development communications," defined as the application of existing communications technologies and media to problems of development.
- A.I.D. will also give attention to "communications development," defined as the development of new or additional communications infrastructure and capacity, and will focus on technical assistance and not give priority to investments in infrastructure.
- This guidance applies to all Development Assistance-funded programs and, unless otherwise authorized, to programs supported with Economic Support Funds.

PD-11: USING PL 480 TITLE II FOOD AID FOR EMERGENCY OR REFUGEE RELIEF (July 26, 1984)

- A.I.D. policy is to provide food aid for emergency or refugee relief requirements of needy persons without regard to the political philosophy of their government.
- Factors to be considered include: whether food is to be provided through PVO/NGSS, multilateral organizations or "friendly" governments (as defined in Sec. 103(d) of PL 480); nature of emergency; nutritional need; other donor inputs; logistical requirements; reasonable assurance that intended beneficiaries will be reached which might entail A.I.D. on-site inspection; determination of adequate storage available and no substantial domestic production or market disincentives. (NOTE: "friendly" not included in 1990 legislation)
- Additional factors:
 - **Emergency Situations:** A.I.D. is reluctant to provide "emergency" food aid to help alleviate a chronic food-deficit situation that occurs year after year in the same country which in substantial measure is brought about by inappropriate government policies. In such cases the food aid should be linked to a policy dialogue to correct the policies or, in cases where constraints are weather or natural resource related, measures that might help mitigate or ameliorate the problem.
 - **Situations Involving Refugees or Displaced Persons:** Food aid should only be considered where A.I.D. can be assured that it will actually be delivered to those in need.

PD-12: HUMAN RIGHTS (September 28, 1984)

- It is A.I.D. policy that the statutory limitations for Development Assistance, Economic Support Funds and Food for Peace (Titles I and III) are applied whenever the Bureau of Human Rights and Humanitarian Affairs in consultation with A.I.D. finds that there is a serious question about the recipient's human rights status, even if the government has not been found to be a consistent gross violator.
- In making this determination, improving or deteriorating trends in the status of human rights conditions in a country are of major importance.
- The policy is to encourage improving trends in human rights conditions.
- The Department of State's Annual Country Human Rights Reports, submitted to the Congress every January, should be consulted for an overall view of a country's human rights status.
- A central aim of U.S. foreign policy is increasing respect for human rights throughout the world.
- A.I.D. is strongly committed to supporting this policy and that commitment is unequivocal.

PD-13: LAND TENURE (May 9, 1986)

- In order to promote broadly-based economic growth in LDCs that are heavily dependent on agriculture, A.I.D. will support interventions in land tenure that intensify the use of existing land resources, or bring unutilized land into production in an economically viable manner.
- These interventions will focus on the establishment of competitive land markets and on enhancing land tenure security, but may include other related activities.
- All of A.I.D.'s available resources, including DA, ESF and PL 480 are eligible for consideration in support of these programs.
- Ancillary interventions, concerned with input supply, product marketing, technological change and agricultural credit may also be required in order for an intervention in land tenure to be effective.

- Missions should consider land tenure issues and their resolution as part of any program of assistance in agriculture.

PD-14: IMPLEMENTING A.I.D. PRIVATIZATION OBJECTIVES (June 16, 1986) [PD-14 and PP on revised Private Enterprise Development, March 1985, which discusses privatization technique of divestiture, should be used as companion documents in developing privatization plans and activities.]

- Privatization is the transfer of a function, activity or organization from the public to the private sector.
- Privatization is an important and unique aspect of our private sector program in that it brings together policy reform, institutional development, and utilization of the private sector.
- Agency's privatization objective is based upon the pragmatic realization that the entrepreneur and the private sector are the most appropriate mechanisms for economic growth.
- Implementation must begin with the determination of which public activities are appropriate for the private sector.
- Techniques for privatization include: complete divestiture; partial divestiture, contracting out of service delivery, partial privatization and other options including deregulation of markets, change in policy environment to eliminate protectionist barriers, subsidies and other measures that reduce competition, reduce government monopolies, and force SOEs to operate more like private entities in a free and competitive market environment.
- Where there is no permitted private sector alternative and the SOE or parastatal is not likely to perform competitively or to be privatized, the Mission should seek to remove itself from those sectors of the economy and shift to other sectors.

PD-15: ASSISTANCE TO SUPPORT AGRICULTURAL EXPORT DEVELOPMENT (September 13, 1986):

- A.I.D. assistance fosters the food security objectives of developing countries.
- Long-run food security, as defined in A.I.D.'s "Food and Agricultural

Development" Policy Paper (May 1982), is the ability of a country to assure a nutritionally adequate food supply to its population on a continuing basis. This can result from a combination of domestic production and importation of food on commercial terms paid with foreign exchange earnings.

- Comparative advantage provides the conceptual underpinning governing the decision of which commodities to produce, whether for domestic consumption or for export.
- **Food security defined in this way is consistent with a strategy of food self-reliance, rather than a strategy of food self-sufficiency.**
- Food self-reliance recognizes that a country's food supply can be assured not only through increased domestic food production and more efficient food distribution, but also through expanded purchasing power and international trade, including intra-regional trade.
- In this context, it is A.I.D. policy to avoid supporting the production of agricultural commodities for export by developing countries when the commodities would directly compete with exports of similar U.S. agricultural commodities to third countries and have a significant impact on U.S. exporters.
- (This policy supplements, but does not supersede, PD-71 which applies to three commodities (palm oil, citrus, and sugar) or to third countries in direct competition with U.S. producers.

PD-16: PROGRAM FINANCING ARRANGEMENTS WITH INDEPENDENT ORGANIZATIONS (October 9, 1987):

- As a general principle, in designing and negotiating assistance activities, A.I.D. policy seeks the largest possible financial participation from an assistance recipient, United States or foreign.
- A.I.D. policy is that assistance activities should be designed and agreements negotiated to incorporate the largest reasonable and possible financial participation of the recipient in financing a project, except where this is determined not to be appropriate in the judgment of the A.I.D. official authorizing the assistance activity.
- A fixed amount or percentage of financial participation for all assistance recipients is not appropriate given the diverse circumstances and conditions which may define a relationship between A.I.D. and an assistance recipient.

- Nonetheless, for Agency policy objectives, a useful approach is to use 25 percent financial participation as a reference point in approaching the design and negotiation of an assistance activity with an independent organization.
- Where reasonable and possible, larger participation rates should be sought; where necessary, lower rates may be justified.
- A financial participation less than 25 percent may be both significant, in terms of the entity's financial resources, and appropriate, in terms of A.I.D.'s objectives in joining with the entity in the assistance activity.

**PD-17: MICROENTERPRISE DEVELOPMENT PROGRAM
GUIDELINES (October 10, 1988):**

- Microenterprise assistance is an important element of A.I.D.'s private enterprise development strategy and is particularly important in advancing the goal of broad-based economic growth and, specifically, increasing incomes of the poor, providing opportunities for advancement of micro-entrepreneurs, and encouraging indigenous investment.
- The microenterprise subsector includes the whole spectrum of productive activities ranging from rural-based agribusinesses and handicraft production to urban-based trading, service, and manufacturing enterprises, many of which are labor-intensive.
- The policy guidelines were developed to ensure that resources provided under A.I.D.'s microenterprise development program benefit the many and diverse business efforts of the poor.
- The objective is to help people with limited or no access to capital achieve a level and quality of business activity that will permit increased access to formal financing and technical services and expand productive employment and incomes.
- Development Assistance and Economic Support Funds, and local currencies support programs that develop institutions that serve microenterprises and provide them with credit, training and technical assistance.
- General Program guidelines cover Earmark and Funding Information, Program Beneficiaries (working definition = no more than approximately 10 employees and characteristics -- assets, revenue, etc. -- that are locally appropriate or individuals in the poorest 50 percent of the population, businesses owned by

women, businesses owned and operated by the poorest 20 percent of the population.

- Other areas discussed are policy dialogue, access to program resources, credit activities (loan size, interest rates), terms to IFIs, TA and training, institutional intermediaries.
- Policy papers referred to are Financial Markets Development, Cooperative Development, Private Enterprise Development, Women in Development and A.I.D. Partnership in International Development with Private and Voluntary Organizations.

PD-18: LOCAL CURRENCY (October 10, 1988)

(Supersedes PD-5 on "Programming PL 480 Local Currency Generations," and 87 State 327494 entitled "Supplemental Guidance on Programming and Managing Host Country-owned Local Currency.")

- New policy is different from existing Agency policy in three respects:
 - a) it clarifies the circumstances under which local currency is generated and must be deposited into a separate account;
 - b) it explicitly permits missions to jointly program local currency to help fund a government's deficit or reduce its debt; and
 - c) it adopts new accountability standards for managing local currency as explained in separate operational guidance issued by FM (91 State 204855 Supplemental Guidance on Programming and Managing Host Country-owned Local Currency).
- Policy covers host country-owned local currency as a result of DA, DFA, ESF and SAI.
- It does not cover U.S.-owned local currency, local currency purchased with A.I.D. appropriated dollars for disbursement under project assistance or generated under PL 480 and Section 416 (although important provisions are attached as implementation guidance.)
- Covers local currency held in trust and used largely for OE costs, but is not applicable to local currency trust funds.

- As a rule, joint programming of local currency should normally not be undertaken as a separate exercise additional to negotiating the agreement.
- Local currency generations are not additional resources and should not be viewed and managed as such, but its use should be integrated with other external resources to increase developmental impact.
- Covered also are: Generating Local Currency, Programming Local Currency, Managing Local Currency, Trust Funds and Implementation Guidance of PL 480 and Section 416(b).

PD-19: DEFINITION OF FOOD SECURITY (April 13, 1992)

- "Food Security" is defined for A.I.D. resource PL 480, DA, DFA, and/or ESF programming purposes for programs/projects with food security objectives.
- Definition: "When all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life."
- In a given country/situation food aid may or may not be the most appropriate intervention to achieve food security.
- Within the context of the definition, three distinct variables are central to the attainment of food security
 - Availability -- Sufficient quantities of appropriate, necessary types of food from domestic production, commercial imports or donors other than A.I.D. are consistently available to the individuals or are within reasonable proximity to them or are within their reach. (Typical constraints listed)
 - Access -- Individuals have adequate incomes or other resources to purchase or barter to obtain levels of appropriate foods needed to maintain consumption of an adequate diet/nutrition level. (Typical constraints listed)
 - Utilization/Consumption -- Food is properly used; proper food processing and storage techniques are employed; adequate knowledge of nutrition and child care techniques exists and is applied; and adequate health and sanitation services exist.
- In the poorest countries, food security is a long-term objective mainly attained through sustained economic growth -- more quickly if equitable and broad-based.

- Contribution of A.I.D. programs will be greater if the country is committed to economic and social policies that promote a broad-based pattern of growth, and can be demonstrated by their effectiveness in improving one or more of the variables affecting food security.

PD-37: A.I.D.'s ROLE WITH RESPECT TO NON-A.I.D. RESOURCES IN THE TOTAL FOREIGN ASSISTANCE EFFORT (February 10, 1967)

- A.I.D. must act as a catalyst, coordinator, and/or channel to stimulate others (from the total range of potential aid donors) to provide assistance to developing nations.
- Before agreeing to finance a technical assistance activity, A.I.D. will make a diligent effort to ascertain that no other suitable aid donor is willing to finance the activity.
- Missions and Bureaus will continue to be alert to opportunities suitable for U.S. private investment and will take all appropriate measures to encourage such investment when it would further development objectives (with Office of Development Finance and Private Enterprise Assistance when appropriate).
- For Implementation of A.I.D.-financed Activities: Where other factors are equal, means of obtaining skilled personnel will be used in the following order of preference:
 - contract with NGOs
 - participating agency agreement (or contract) with other federal, state, or local government agencies.
 - direct hire.
- A.I.D.'s policy to restrict to a minimum, consistent with other legal and policy requirements, the use of direct-hire personnel is consistent with need to
 - shift as many projects as possible from grant to loan financing;
 - foster an increased assumption by competent borrowers and grantees of implementation responsibilities;
 - facilitate, through concentration, the elimination of marginal activities and relocation of technicians devoted to such activities;
 - eliminate all but the smallest contingent of A.I.D. personnel, using such personnel primarily for policy, managerial, technical supervisory and coordinating functions.

- It is A.I.D.'s policy, other factors being equal, to favor the private community in choosing between other government agencies and the private community as sources of needed skills, and to seek, wherever possible, to place firms or institutions rather than single individuals under contract. (Criteria set forth in Attachment to PD)

PD-47: GUIDELINES ON STRENGTHENING THE INNOVATIVE AND RESEARCH THRUST OF A.I.D. PROGRAMS (September 13, 1972)

[This paper amplifies policy guidance in the Administrator's January 24 memorandum of "Reform of the U.S. Economic Assistance Program" and the April 15 Development Assistance Planning Guidance for FY 1974 (AIDTO CIRCULAR A-543).]

- **Inter-Relationship of Country, Regional and Interregional Planning:** Central program strategies need to reflect the global pattern of country level and regional concerns (current and longer term) and country and regional (as well as interregional) strategies should endeavor to concentrate activities where the U.S. has the strongest actual or potential response capabilities.
- Because of the variety of programming and funding formats for research activities, central supervision and special staff management is required -- TAB.
- **Role of Central Technical Offices to lead in developing the Agencies innovative thrust because**
 - it is a complex matter to identify and bring together the best technical and scientific capabilities in appropriate experimental designs,
 - there are specialized review and monitoring needs to avoid duplication and facilitate interregional transfer of experience, and
 - such approaches are meant to have worldwide application and effectively use relative scarce and specialized human resources.
- **Country Level Efforts:** Missions can help strengthen the innovative content of A.I.D. activities at the country level by such things as supporting projects and research and encouraging LDC government financial allocations to support high priority local research activities.
- **Networks:** Agency central technical offices are responsible for supporting the build-up of global networks of mutually supporting research, information and technical assistance activities in priority subject areas.

- **Global Priorities:** Priorities for research projects, 211(d) grants and central technical assistance support projects will be developed from statements of what the global priority development problems are within broad sectors and how they relate to other Agency activities and those of other assistance organizations.
- **Budgeting:** Research in the regional bureaus' and PHA's annual submissions and research and related activities included in TAB's programs will be reviewed as a package during the Administrator's annual program review process and examined for compatibility with global problem priorities.
- **Project Review:** Research proposals will be submitted by the sponsoring bureau for review successively by the allottee bureau (if different), the Inter-Bureau Research and Institutional Grants Committee (RIGC) and the Agency's external Research Advisory Committee (RAC), and finally forwarded by the Assistance Administrator of the allottee Bureau with recommendations for the required approval by the Administrator.

Attachment: Excerpt from Development Assistance Planning Guidance - FY 1974 (AIDTO CIRCULAR A-543, 4/15/72).

PD-48: EMPLOYMENT AND INCOME DISTRIBUTION OBJECTIVES FOR A.I.D. PROGRAMS AND POLICIES (October 2, 1972)

- To facilitate the integration of employment and income distribution considerations at the sector, program, and project levels, and the consequences thereof for income distribution
 - a set of interrelated critical questions designed to explore how difference socio-economic groups are affected (favorably and adversely) in terms of access to employment, resources and opportunities will be developed for each important sector; and
 - Agency guidance in the use of shadow prices will also be developed.
- **Development of Human Resources:** In continuing support for human resource development programs, A.I.D. must exercise care and selectivity to assure that they benefit the poor and thus exercise an equalizing effect rather than benefit predominantly the already privileged and thus further skew the distribution of income.
- **Training of LDC Administrators and Technicians:** A.I.D. should arrange for the development of materials emphasizing the creative adaptation to LDC conditions

of techniques learned in the U.S. and for their introduction into training programs and the potential of third country training programs which take such adaptability into consideration should be explored.

- **Labor-Intensive Public Works:** Consideration should be given to expanded A.I.D. support for public works which lend themselves to labor-intensive methods by food assistance and other means after serious and systematic analysis of their socio-economic impact and administrative arrangements to make their impact more equitable.
 - **Agriculture:** Increased emphasis should be placed on programs and policies to related to problems of employment and income distribution, in particular on problems of the small farmer and landless laborer.
 - **Industry:** Where A.I.D. is so involved, emphasis should be given to support programs and policies which make for increased employment and improved income distribution, including export promotion activities kinked to employment considerations since frequently the comparative advantage of LDCs in exporting manufactured products is in labor-intensive industries.
 - **Evaluation:** A.I.D. will initiate a process for evaluating on a regular basis its projects in terms of their benefit incidence with participation of local social scientists wherever possible.
 - **Research:** A.I.D. will give special priority to its own and collaborative research undertakings designed to increase understanding of employment and income distribution in relation to other economic and social parameters.
 - **Organization of A.I.D. and Orientation of A.I.D. Staff:** Primary responsibility must rest with Missions with regional bureau involvement through project reviews; PPC is responsible for evaluation and preparing relevant guidance (including Economic Guidance); TAB can provide technical support; PPC and TAB are jointly interested in research; and, training to enhance staff sensitivities and capabilities will be undertaken by SER/PM in collaboration with PPC.
 - **Expressing of Views on Employment and Income Distribution:** A.I.D. officials participating in meetings with other donors, government officials, etc., should call attention to employment and income distribution considerations when relevant.
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**PD-50: A.I.D. AND THE RELATIVELY LESS DEVELOPED COUNTRIES
(January 12, 1973)**

- Least Developed Countries, defined by criteria of per capita income, structure of GNP and literacy at the third UNCTAD.
- Development of policies and approaches for special measures of assistance to LDCs shall be part of A.I.D.'s assistance strategy, and appropriate steps shall be taken through program submissions to the OMB, in Congressional presentations, and in general public education and information to emphasize this goal.
- Within a multilateral framework, this assistance objective can be achieved by giving positive and specific support to expand and upgrade the capacity and competence of the UN assistance organizations.
- To obtain greater effectiveness in aid giving and accelerate the flow of development assistance to LDCs consideration should be given to
 - substituting grant for loan funding, especially for joint technical/capital projects;
 - relaxation of requirements for local cost financing;
 - financing of recurrent expenditures;
 - untying of assistance, both goods and personnel services;
 - greater flexibility on requirements for counterpart personnel, for administrative and contracting procedures, and for meeting local support needs of technical assistance personnel.
- There is a need for systematic analysis of the development and assistance experience, of adaptive research to relate development policies, practices, strategies and tools to the special circumstances of the least developed countries (e.g., While present indications are that the least developed benefit little from measures to expand trade, existing analysis based on empirical data, especially for African countries, is inadequate for policy purposes.)
- Priority shall be given to the development of a program of research and evaluation oriented toward the needs of the least developed countries.
- Within A.I.D. there should be close cooperation between the regional bureaus and PHA to develop a program that will direct NGOs toward giving assistance to LDCs in priority development assistance areas.

**PD-51: GUIDANCE STATEMENT ON SELECTED ASPECTS OF
SCIENCE AND TECHNOLOGY (January 12, 1973)**

- It is essential for A.I.D. to continue to strengthen the application of science and technology in its major programs, but it is also important for A.I.D. to have a small program focused on the general problem of technological choice -- how LDCs can best adapt and utilize foreign technologies and encourage indigenous technological development.
- This statement describes an A.I.D. program to assist LDCs with selected aspects of technological transfer and adaptation.
- Areas of Concentration
 - Science and Technology Institutional Development: A.I.D. will focus on helping the LDCs in three areas
 - Developing institutions for formulating national science and technology policies, priorities, and organizational responsibilities and for implementing decisions in this field;
 - Encouraging more effective orientation of LDC university science and engineering programs to development needs;
 - Strengthening the capabilities of LDC industrial service institutions to assist local industries in selecting, adapting, and using technologies suited to their circumstances, with special attention to support of small-scale industry.
 - Other Programs
 - Natural Resource Assessment and Management: Attention will be given to faster, cheaper, and more effective techniques for identifying and appraising natural resources and improved techniques for managing natural resource development such as integrated land use planning, conservation of renewable resources, and pollution abatement and control with particular attention to opportunities to advance knowledge of means for environmental protection. (A.I.D.'s role will be one of agent/broker between developing countries and U.S. experts such as organizations involved in the ERTS -- Earth Resources Technology Satellite -- program

and will avoid politically sensitive areas of commercial contracting to develop these resources.)

- **Reducing Public Investment Costs:** On a selective basis, A.I.D. will explore technological innovations that can greatly reduce the costs of economic infrastructure activities that are heavy users of LDC public funds, such as public works, housing, transportation, communication, and energy development with priority to those activities which relate directly to the quality of life for the mass of the population.
- **Program Leadership:** The Office of Science and Technology in the Technical Assistance Bureau (TAB/OST), in collaboration with the Office of Engineering and other central offices, as appropriate, is responsible for Agency policy guidance and technical leadership in the areas identified above. TAB/OST will give full consideration to Mission and Regional Bureau views regarding the timing and content of proposed field visits under this activity.

PD-52: POLICY DETERMINATION ON LABOR-MANPOWER (May 2, 1973)

- It is A.I.D. policy to assist, bilaterally and multilaterally, less developed countries in their self-help efforts to strengthen the capabilities of labor unions, labor ministries, and other labor-manpower institutions for enhancing the skills and utilization, employment opportunities, productivity, freedom, and welfare of working men and women.
- **Principles:** When properly applied principles and procedures can be mutually reinforcing and often synergetic. (reference should be made to handbooks on a) strengthening free labor unions, and b) labor-manpower programs and institutions)
 - Ultimate objective is sustained improvement in well-being of individual worker and his family;
 - Due account should be taken of the stage and level of economic and social development of the country and methods appropriate to national conditions and practices used;
 - Policies and programs designed primarily to promote the welfare of wage and salary workers may, if pursued to vigorously, be inimical to the

promotion of job creations for the entire labor force;

- Important complementary approaches to expand productive employment for the entire working-age population include policies, programs and institutions on the labor-demand side to create new employment opportunities and on the labor-supply side to enhance the employability of the labor force.
- Manpower Development and Utilization: A.I.D. should encourage
 - On-the-job and employing establishment-related training, retraining, and skills upgrading in public and private services and undertakings, including understanding and observance of labor legislation, background and reasons for free labor unions and their development role;
 - Workers, management, and their associations to make a positive contribution to industrial relations;
 - The recipient nation to declare and pursue, as a major goal, an active policy designed to promote full, productive, and freely chosen employment;
 - The best possible organization of the labor (employment) market as an integral part of the national program for the achievement and maintenance of full employment;
 - Appraisal and modification of policies and programs relating to human resources development, fiscal and trade policies and those policies affecting the cost and supply of capital in light of their effect on the productive employment and welfare of working men and women.
- Welfare and Freedom of Workers: Economic growth is not the end purpose of development, but one of the means for attaining development objectives. A major such objective is to meet the aspirations of workers and their families for a better life, with dignity and freedom, and to help spread the benefits of economic progress among the wage and salary components of the labor force. A.I.D. should encourage
 - Development of strong, independent, responsible, and democratic organizations for workers;
 - Conformity with the basic aims of the ILO Conventions on the use of forced or compulsory labor and freedom of association and collective bargaining;

- Freedom of choice of manpower training and employment;
 - The point of view that wage policies fulfill several purposes (e.g., incentives for increased productivity, influence advancement of skill improvement, affect internal market for goods and services, consistency with better income distribution and employment opportunities for all, etc.);
 - Understanding that regulation of minimum wages is an essential element of social and economic policy;
 - Social security as an instrument of genuine social policy and a more just distribution of the national income;
 - Development and enforcement of the country's legal provisions relating to conditions of work;
 - Inclusion in development programs of the basic aims and standards of the ILO Convention on child labor and social policy; and
 - Involvement of working men and women in the development process through their participation in relevant private and governmental activities and institutions.
- Labor-Manpower Institutions: In providing development assistance, A.I.D. should help people build economic, political, and social institutions, which will meet the aspirations of workers and their families for a better life, with freedom (e.g., Free Labor Unions, Ministries of Labor, Labor Statistics and Research Institutions, Women's Bureaus, and Advisory Committees; institutions associated with Labor Relations, Labor Standards, Employment Services, Skills Training, Social Security; appropriate curricula in Universities; and labor-manpower policies and practices of U.S. firms with overseas operations).
 - U.S. Labor-Manpower Development Assistance: Within the frame of reference of A.I.D. Policy Determinations on overall development assistance, A.I.D. Missions, direct-hire, PASA, and contract personnel should, in collaboration with the recipient country, international and regional organizations, give due consideration to the role of labor-manpower policies, programs, institutions and attitudes in development programming.

(Refs. PD-48; FAA Sections 102, 201, 207, 211, 251, 281, 291 and 601; M.). 204.7 and M.O.'s 1612.40; State Department Policies.)

PD-54: GUIDANCE STATEMENT ON URBAN DEVELOPMENT (June 15, 1973)

(Policy Statement based on attached staff paper on "Urban Growth and Development as a Component of Agency Policy and Programs," February 12, 1973, which analyzes problems associated with the urban development "sector" based on 1949-1970 data.)

- This statement provides interim guidance for Agency action in the field of urban development.
- We must recognize certain facts
 - A large and growing proportion of LDC people are in urban areas, so urbanization is a major dimension of development.
 - Developing countries, A.I.D. and other donors continue to make heavy investments in urban areas, without an adequate knowledge base or analytical guidance on the effects of alternative investments and policies.
 - There may be an increasing number of situations in which LDCs are particularly interested in A.I.D. assistance in urban contexts.
- Program Conclusions
 - A.I.D. needs to build on its base of understanding and keep abreast of the urban dimensions of the development process in LDCs and to look ahead to the implications of their growing urbanization for LDC development programs and policies.
 - Country programs should continue to provide capital and technical assistance and investment guarantees for urban development, selectively, where cooperating country interest and support is strong and where the activities are comparatively potent means of improving the quality of life.
 - As Agency resources permit, a modest set of R&D and interregional services activities should be supported to
 - Increase awareness and understanding of LDC decision-makers on urban problems;
 - Improve the quantity, quality, and accessibility of information available to LDC's on urban development;

- R&D efforts should to the extent possible take into account the need of LDCs for pragmatic practical solutions to pressing urban problems.
- We should encourage private assistance organizations to become more active in this field, as feasible, including private voluntary organizations.

PD-55: SHELTER PROGRAM OBJECTIVES (October 22, 1973)

- A.I.D.'s goal in the shelter sector is to assist LDC's develop the institutional, technological and financial capacity to provide shelter under reasonable conditions for all levels of society, with emphasis on government actions to meet the needs of the poor.
- A.I.D.'s Housing Guaranty Authority should be the preferred resource, but development loan and development grant resources may and should be utilized selectively when they will contribute to shelter objectives.
- A.I.D.'s shelter activities will give the highest priority to undertakings submitted by host governments which clearly lead to the improvement in the lives of the poorest of their people.
- A.I.D.'s programs will also assist developing countries in creating and strengthening the necessary institutional framework to implement their shelter policies.
- A.I.D. will help the developing countries examine alternative interest rate policies.
- In discussions with LDCs, A.I.D. will give careful attention to the effect of home finance institutions on aggregate savings and will encourage projects that provide incentives for families to save more than they otherwise would, and that contribute to the development of capital markets and monetization of household savings.
- Subject to competing research needs, A.I.D. may fund from grant, loan, or guaranty fee income research on shelter sector policy and technological problems of current concern to developing countries, with priority given to research with worldwide application.
- A.I.D. will encourage interchange of experience and information with other domestic and international organizations, and is prepared to consider

supplementing with its resources World Bank or other donor housing activities when requested by the host country.

- Shelter sector assistance will respond to the social and developmental priorities of individual applicants and will be fully integrated with A.I.D.'s country programming.
- Development grant and loan funds available under Section 106 of the FAA of 1973 may be used in support of direct financing of housing for low income families, and if one or more of specified criteria are met, Bureaus will allocate a portion of Section 106 funds and propose projects.
- Eligibility of countries for housing investment guaranty loans will be determined on a case-by-case basis at the time a request for HIG assistance is received and will be based upon analysis of the country balance of payments prospects, debt servicing capability, and development investment needs.
- A.I.D. will consider sympathetically requests for assistance for shelter reconstruction following national disasters.

**PD-61: REQUESTING ACCELERATED REPAYMENT ON A.I.D. LOANS
(September 16, 1974)**

- A request by the USG for accelerated repayment of A.I.D. loans would arise in those cases where the former A.I.D. recipient met the following criteria
 - an extremely strong foreign exchange position,
 - a high per capita income level, and
 - a debt owed A.I.D. of significant quantity.
- In those cases where analysis by the Bureau for Program and Policy Coordination indicates that a country has met these criteria, PPC in conjunction with the Office of the General Counsel and the appropriate regional bureau will propose the type of action, if any, that should be recommended to the Administrator.

(Ref. A.I.D. M.O. 1262.1.1, Attachment A)

PD-66: CRITERIA FOR DETERMINING A.I.D. LOAN TERMS AND FOR REQUESTING ACCELERATION OF LOAN REPAYMENTS (April 22, 1976)

- In recognition of the wide difference in economic circumstances among the developing countries and in order to assist them to move their borrowings from highly concessional to less concessional external capital as their level of development rises, A.I.D. has recently established a two-tier loan term structure for both Supporting Assistance and Development Assistance Loans.
- Intermediate loan terms (25 years maturity inclusive of a 5-year grace period and 5 per cent interest for both the grace and repayment period) will henceforth be applicable to countries which have made substantial economic progress and enjoy good prospects for continued advancement but are not yet able to rely completely on commercial capital flows for their external capital requirements.
- It is now A.I.D.'s policy to assess annually the situation of each country on the basis of uniform, quantitative data to identify those which can service loans on harder than the minimum authorized by statute.
- Preliminary criteria for identifying countries which might be subject to intermediate loan terms:
 - Per capita GNP
 - Ratio of reserves to imports of goods and services
 - Growth rate in per capita GNP
 - Ratio of current account surplus to imports of goods and services
- Following values for preliminary criteria selected solely for the purpose of identifying possible candidate countries for application of intermediate loan terms:
 - per capita income is greater than \$500 in 1973 prices, regardless of its balance of payments position;

or

 - per capita income falls between \$375 and \$500 in 1973 prices;

and

the ratio of reserves to imports of goods and services has been greater than 0.33 over at least a three-year period;

or

the average growth rate in real GNP per capita for the last five years has been more than 5 percent;

or

- the average ratio of current account surplus to imports of goods and services has been at least 0.2 for the last three years, regardless of per capita income.
- Final annual PPC determination of eligibility will be based on a comprehensive analysis of all economic and other relevant facts, including overall political and other U.S. interests in the individual country.
- Initial criteria for identifying possible candidates for requesting accelerated repayment of loans:
 - Per capita GNP equal to or greater than \$750 in 1973 prices; and
 - Average ratio of current account surplus to imports of goods and services of at least 0.2 over at least a three-year period; and
 - Ratio of reserves to imports of goods and services greater than 0.5 over at least a three-year period.
- Intensive review of the situation of each country will take into account all relevant economic factors, including the candidates debt situation, and U.S. political, economic and commercial interests in the country.

PD-67: URBANIZATION AND THE URBAN POOR (May 27, 1975)

- Primary focus of A.I.D. programs and projects will continue to be on rural areas and on the rural poor.
- A.I.D. will continue to be interested in broad developmental issues (e.g., process of rapid urbanization, regional development, and problems of the urban poor).

- Problems of urban poor will be addressed in the light of national development goals and policies through specific analysis of host country circumstances, particularly the well-being of urban and rural populations and any urban bias in the allocation of national resources.
- New activities designed to benefit the urban poor will consist of R&D and pilot demonstration projects in three areas, in order of priority
 - employment generation, especially in the informal sector of big cities;
 - improved urban planning;
 - impact of social welfare programs on big city urbanization and of the relative cost and distribution of current social welfare between rural areas and big cities.
- Country program, regional, and central resources will be available for activities which meet the above guidelines, and except for the HIG program, A.I.D. does not expect to have sufficient resources to make significant capital investments in major cities.
- Collaboration with host countries and other donors is assumed.
- A.I.D. will be responsive also to requests for country-funded technical assistance (Sections 607 and 661 of the FAA) to address the problems of the urban poor and to requests for help to urban areas which have experienced natural disasters.

(Ref. PD 54, June 15, 1973; PD-55, October 22, 1975; FAA as amended in 1975; P.L. 480)

PD-69: DEVELOPMENT ADMINISTRATION (February 10, 1977)

- It is A.I.D. policy to assure the existence or development of competent management in the specific host country institutions responsible for carrying our A.I.D.-financed programs and projects to assure with reasonable certainty their successful completion.
- Managerial assistance will emphasize achievement of results under the priorities of the FAA, notably in agricultural and rural development, family planning, health, nutrition, education and human resources development, together with widely shared benefits for poor people.

- Host country development needs identified in such Agency documents as DAPs or sector assessments will sometimes require managerial and institution building assistance (as authorized by Sec. 105 of the FAA).
- Managerial assistance will be provided to build host country capacity in both private and public sectors to manage development projects and sectoral programs.
- A.I.D. will expand its efforts to mobilize and apply relevant knowledge and methodology to help developing countries solve their management problems.
- A.I.D.'s concerns in management assistance will include means to utilize applicable research results.
- A.I.D. will cooperate with and increase professional communication with international development assistance agencies on the provision of managerial assistance.
- A.I.D. will foster increased acquisition, development, application and transfer of management skills by its staff, contractors and grantees.

(Ref. Report of the A.I.D. Work Group on Management Improvement and Development Administration, August 11, 1975. and excerpts attached.)

**PD-71: A.I.D. FINANCING OF PALM OIL, CITRUS AND SUGAR
PROJECTS AND RELATED PRODUCTS (May 12, 1978)**

- Because of potential injury to U.S. producers of similar products, A.I.D./W will, as a matter of general policy, examine at the earliest possible stage proposed projects involving production, processing or marketing of sugar, palm oil, or citrus for export.
- Approval to proceed with project development must be made by the appropriate regional Assistant administrator with the concurrence of AA/PPC and AA/IIA following review by PPC/PDPR/EDD in cooperation with IIA/EA/IEA to examine potential injury to U.S. producers based on data supplied by Mission on the export potential, likely export markets, magnitude of resulting production, recipient country's relative share of the world market and/or U.S. import market, and on information available about the condition of the U.S. industry.
- Commodities financed under non-project assistance and activities financed by subsequently generated local currencies will be given similar review with SER/COM participation, although this does not mean changing existing

procedures governing non-project assistance to require Missions to trace all final uses of imported commodities.

- A.I.D. should only finance such projects when their development rationale is strong and their likely impact on U.S. producers is low.

**PD-73: POLICY ON A.I.D.-U.S. COOPERATIVE ORGANIZATION
RELATIONSHIPS (March 30, 1980)**

- Section 123(a) of the FAA, as amended in 1978, declares a public policy in favor of public subsidies to supplement private financial resources in order to expand the overseas development activities of private and voluntary organizations and cooperatives without compromising their private and independent nature.
- It is A.I.D.'s policy to further the development and use of developing country cooperatives and U.S. cooperative organizations can play a significant role in furthering this objective.
- To assist in the development of cooperatives, A.I.D. will support two approaches
 - Continuing to consider cooperative development an integral concern of its bilateral programs and provide support in that context.
 - Project financing will continue to be provided by Missions and regional bureaus with existing procedures and authorities,
 - The collaborative assistance method (PD-65) will be used, and
 - Activities will be carried out in the context and with the usual requirements of A.I.D.'s other programs, including project review and rigorous evaluations.
 - Encouraging U.S. cooperatives to relate directly to developing country cooperative counterparts as private organization-to-private organization and will support this effort beyond the framework of the usual government-to-government bilateral programs.
 - A.I.D. will encourage cooperative groups to decentralize their international headquarters staffs, associating them where feasible and appropriate with national and international affinity groups.

- A.I.D.-supported cooperatives should be able to continue to function where bilateral programs have terminated except when specifically prohibited by law.
- Cooperatives supported by A.I.D. must serve the goal of enabling and encouraging greater numbers of the poor to help themselves toward a better life and the internationally accepted cooperative movement principles of volunteerism, democratic control, equitable sharing of benefits and business purpose.
- Subject to periodic reviews and funds availability, institutional support to U.S. cooperative organizations and funds to support independent cooperative-to-cooperative programs will be centrally funded, however this support should not be regarded as an automatic A.I.D. commitment to provide funding for specific project activity which might flow from such relations.
- Review procedures for discrete country program activity will be the same as those now being used for PVO matching grants.

(Att: Paper on "USAID Role Re Centrally Funded Grants to PVOs, Including Criteria for Analyzing Matching Grant Proposals.")