A.I.D. Policy Paper

BUREAU FOR PRIVATE ENTERPRISE POLICY PAPER

U.S. Agency for International Development
Washington, D.C. 20523

May 1982

IV.C (TM 1:34)
11/9/84

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Bureau for Private Enterprise Policy Paper

Bureau for Program and Policy Coordination
U.S. Agency for International Development
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PREFACE

The A.I.D. policy paper "Bureau for Private Enterprise Policy Paper" describes the program strategy and program processes of the Bureau for Private Enterprise (PRE). The paper was drafted by PRE, thoroughly reviewed in A.I.D./Washington, and approved by the Administrator. It is being issued as an A.I.D. policy paper by the Bureau for Program and Policy Coordination.

TABLE OF CONTENTS

I. Goal of the Agency's Private Sector Initiative

The goal of the Agency's new private sector initiative is to foster the growth of productive, self-sustaining, income and job producing private sectors in developing countries using the financial, technological, and management expertise of the U.S. private sector, indigenous resources, multilateral institutions and Agency resources where appropriate. The Bureau of Private Enterprise (PRE) was established by the Administrator to take the lead for the Agency in providing this new initiative.

A. Program Rationale

The initiation of an AID program intended to harness private sector resources for development purposes is based on a multi-faceted rationale.

Developing countries are, by definition, short of capital and management expertise. Those nations which have encouraged private sector development, both indigenous and from abroad, have generally achieved more rapid, sustained and developmentally sound economic growth than those which have not.

Indigenous private enterprises, responding to profitable opportunities, produce jobs, foreign exchange, and a managerial and technical skill base. These by-products of profit-making enterprises are an essential complement to meeting basic human needs in developing countries.

Investment opportunities are created in the first instance by markets and trade. There is a strong link between U.S. trade promotion programs such as those offered by Commerce, the Trade and Development Program (TDP) of A.I.D. and the trade policy of the U.S. Government and PRE's engaging the U.S. business community more actively in private sector development in developing countries.

The U.S. private sector has much to offer as a partner in, if not a direct instrument of, officially provided U.S. foreign assistance. It has the capital, technology and management expertise which host country enterprises need. It has demonstrated success globally in making these transfers. It is well motivated, fast to act, and results-oriented. And, U.S. private sector trade and investment activities are increasingly gravitating to the third world. Private sector development in developing cour .ies assisted by AID will accelerate and sustain this trend.

If the Agency can facilitate business relationships and ventures between the U.S. and indigenous private sectors in developing countries, the Agency can increase the likelihood of private sector investments in projects which meet developmental, as well as business objectives. To the extent the Agency can facilitate business ventures which are profitable to U.S. enterprises and developmentally oriented, it can extend the Agency's limited resources and build up a new U.S. constituency in support of the AID program. The International Finance Corporation (IFC) has achieved substantial leverage of official resources and support for its aid programs. The general approach and specific techniques have been proven by this organization over many years. What remains to be done is to adapt them to AID programs and priorities, the U.S. business community and its prospective partners in selected countries.

B. Objectives

After a thorough examination of pertinent development issues, the tools at hand, and direction from the Administration and the Congress (see Section C, below), the PRE Bureau translated the program's goal into the following objectives:

1. In association with host country, international financial institutions, and U.S. private investors, assist in financing the establishment, improvement and expansion of productive, developmentally desirable private enterprises in priority sectors in developing countries;
2. Bring together investment opportunities in developing countries, U.S. and host country capital and experienced management, thereby transferring technical, managerial and marketing expertise from the U.S. to the developing countries;
3. Stimulate and help create conditions conducive to the flow of U.S. and host country private capital into productive investments in priority sectors in developing countries.

Based upon Agency experience and observations of other entities committed to similar objectives, the Agency can act in the following ways in carrying out the above objectives:

— Facilitate or undertake in developing countries private sector project identification, development, promotion, packaging and financing;
— Help to establish, finance and improve privately owned development finance companies and other financial institutions which will provide the capital and management expertise for the development of the private sector in developing countries;
— Make investments, in forms appropriate to the situation, in individual productive private enterprises in developing countries;
— Encourage the growth of capital markets in the developing countries;
— Provide counsel to host countries on how to create a climate conducive to the growth of private investment;
— Create in the capital-exporting countries interest in portfolio investments in enterprises

located in the developing countries;

— Help to establish training institutions and programs, both managerial and technical, to support private sector development and business relationships and ventures between the U.S. and LDC private sectors; and

— Promote, and where appropriate, finance business relationships and ventures between U.S. and LDC groups and associations with similar private sector interests and concerns.

An essential organizational initiative for AID to accomplish these objectives was the creation of PRE, a central bureau, responsible to the Administrator, to focus on new private sector activities for the Agency. This will require new modalities of operations and procedures and risk taking in the new Bureau. The Administrator also believes that private sector thinking and programs must be promoted Agency-wide. PPC will coordinate this effort, in close consultation with PRE. Private sector programs are fully consistent, indeed complementary, with AID's current activities.

The past several months have indicated widespread Agency and U.S. business interest in the private sector approach, but the most difficult challenge inside the Agency is to make it work in the Agency's main stream with central bureau stimulation, facilitation, and support.

C. The Program as a Response to Policy and AID's Congressional Mandate

The Program's objectives are firmly rooted in Administration policy. In his October speech to the World Affairs Council in Philadelphia, the President detailed his ideas about economic development in the Third World. He emphasized the importance of economic freedom in national development and human progress—freedom to make decisions without overpowering government intervention; freedom to sell a product in the world market; and freedom of access to capital, as well as the expertise and skills needed to produce. In the developing world, the governments which have adopted and sustained the policies and business environment which encourage private initiative at home, private investment from abroad, as well as competitive pricing policies, are those which have enjoyed a relatively high rate of economic growth, in spite of worldwide recession.

This theme of U.S. foreign assistance policy was underscored in the President's comments at the subsequent Cancun meetings, and also in the Administrator's testimony given to the Subcommittee on Trade, Productivity and Economic Growth of the Joint Economic Committee on October 19, 1981.

The program's goal is also clear in several portions of the Agency's Congressional mandate. Section 601 of the Foreign Assistance Act, for example, directs the Agency to make the maximum use of private sector expertise and other resources, and to help forge effective cooperation between the American and indigenous private sectors. Over the years, AID has responded with a variety of programs, such as intermediate credit institution-building projects, housing guaranties, and investment promotion assistance. Some of these are among the Agency's most conspicuous successes. And, existing authorities can go a long way to meeting the objectives of the Agency's present private sector initiative.

D. Challenges Facing the Agency's Response to Policy

Even though private sector-related projects are not completely foreign to the Agency, AID faces several significant challenges in redoubling its efforts to make the private sector a more potent development force in developing countries. These challenges include:

— The limited amount of existing AID expertise in such critical areas as business management, private sector finance and marketing, cofinancing with commercial banks and packaging and brokering private sector business opportunities;

— Limited contact with U.S. firms and banks, and therefore little knowledge of how they work and on what basis they invest;

— Limited knowledge of the capital and marketing needs of, and desirability of foreign partnerships for, indigenous private firms in host countries;

— The lack of established policies and procedures within the Agency for identifying, developing, approving and implementing developmentally oriented private sector projects in a timely manner; and

— Limited recent experience in counseling host governments on how to improve the conditions for increased domestic and foreign private investment.

E. Role Models for the Agency's Program

One of the largest and most successful mechanisms to leverage foreign assistance funds and efforts directed at indigenous private enterprise is the program of the International Finance Corporation (IFC). Proven in 25 years of operation, the IFC has enabled the formation of almost $18.5 billion in total investment in their enterprises with an IFC investment of about $4.1 billion. Financial leverage to this degree—attraction of an additional four dollars for every one dollar originally committed—is essential for the

U.S. to meet its economic development aims in the current budgetary environment.

Most of the industrialized countries have officially supported agencies which seek to harness their own private sectors to provide not only capital, but also technical and managerial know-how to private enterprises in developing countries. They not only use some of the investment banking and venture capital approaches to satisfy the financial requirements of indigenous private sectors, but also play a catalytic role to assemble a financial "package" (in some cases where they do not invest at all) and to facilitate the transfer of technical and managerial expertise. We are interested in these models to the extent that they do not abuse mixed credits for export financing. Mixed credits will be considered in a separate Agency paper.

F. Role for AID Among Other Agencies' Related Programs

The intended shape of the program is compatible and complementary with those of other internationally-concerned agencies. With respect to the Overseas Private Investment Corporation (OPIC), the fit is particularly good. OPIC's customer base consists of U.S. corporations seeking investment in the developing world, while AID's "customers" are host countries, whose private sectors need capital and management expertise for their investment. OPIC's investment promotion tools, primarily political risk insurance and loan guaranties for U.S. firms complements the various debt instruments which the Agency will use for indigenous firms and institutions for developing countries (see Section II, B). And AID's overseas presence can serve not only AID's needs with respect to this program, but also OPIC's needs to a greater extent than at present.

The Agency's private sector initiative also complements the activities financed by the U.S. Export-Import Bank (EXIM). Many of the goods required by enterprises which receive AID and U.S. private sector and multilateral investment are prospective purchasers of U.S. industrial goods and services. Exim Bank export financing can potentially play an important role in equipping, modernizing and expanding these local firms.

The Agency's private sector program also fits well with the programs of IFC and World Bank. U.S. involvement in the former can be expected to be more active than in the past because the new AID program is also targeted on indigenous private enterprise and will seek to expand official and private U.S. investment in them. Both IFC and AID are interested in advising LDC governments on the investment climate and establishing intermediate financial institutions for private sector development. But IFC has limited technical assistance money which AID can supplement. Also, it is likely that AID's efforts will focus on some sectors which recently have constituted a relatively small percentage of IFC's resources (e.g., agribusiness), thus further complementing that institution's activities. Because the World Bank is actively seeking to expand its cofinancing program with commercial banks, the new AID program is likely to reinforce its success by drawing together World Bank, AID, and U.S. bank investment funds.

II. PRE Program Strategy

PRE was established to develop and experiment with *new* initiatives and modes of operation for the Agency in private sector development and to support and supplement where appropriate, the private sector development programs of the AID missions and other central and regional bureaus. Using funds allocated to it, PRE intends to make three types of investment in host country private enterprise:

— Cofinancing with commercial banks and other financial institutions, such as IFC, in appropriate highly developmental projects;
— Capitalization of privately owned intermediate financial institutions which serve the private sector; and
— Direct investment in selective agribusiness, industrial, leasing or other business ventures in developing countries where replication by other enterprises, both indigneous and U.S., would greatly facilitate private sector development in host countries.

This kind of investment activity translates into three categories of functional activity which will be pursued in conjunction with other central and regional AID bureaus as appropriate:

— Identifying and screening investment opportunities, developing them for appraisal, and reviewing them for authorization for an AID investment;

— Facilitative activity ("packaging") where AID acts as a catalyst to assemble the parties involved and to obtain funding from other sources, such as the IFC; and

— Advice and technical assistance of three types:

— To host governments to improve the climate for investment by (1) removing barriers such as undesirable limitations on capital and profit repatriation, tax disincentives for private investment or (2) by establishment of financial intermediaries to tap and channel savings into investments;

— To prospective investment partners (e.g., indigenous enterpreneurs, U.S. firms, and multilateral institutions) to develop projects in a specific way for AID to consider them for investment or packaging; and

— To public and private host country institutions to build investment "infrastructure," such as securities markets, and to provide managerial training to serve the indigenous private sector.

These three activities are not only inter-related, but also mutually reinforcing. For example, to the extent that PRE is successful in improving the conditions for investment it will be drawn to look for specific project opportunities. And, the skills applied and contacts developed are largely the same for both investment-only and packaging situations. The sections following discuss the principal elements of the recommended approach for all three activities.

A. Target Countries and Sectors

Not all countries are prepared or of sufficient importance to U.S. foreign policy for this program activity. Moreover, Agency's resources make the prudent course a selective one.

The long-range operation of the program should allow, however, for the expansion of countries which fit the necessary criteria (see below). AID should identify these potential countries and consider assisting the host governments to further improve conditions for private sector development.

The criteria used to select host countries that will receive the initial attention of the PRE's private sector program were:

— Existence of a viable private sector which is encouraged and supported by the host government;

— Strategic and commercial importance to the United States; and

— Presence of an AID mission.

The set of initial countries selected includes neither the middle income class of developing nations, such as Brazil or Taiwan, nor the very poorest. Nor does it include countries dominated by government-managed economies.

The initial targeted countries for FY 82 and FY 83 are:

— Indonesia
— Sri Lanka
— Thailand
— Pakistan
— Egypt
— Ivory Coast
— Kenya
— Zimbabwe
— Jamaica
— Costa Rica

In terms of existing AID programming and budgetary classification, the set of countries reflects a mix of Development Assistance and Economic Support Fund programs. Their needs for private sector development also differ. For example, investments in Jamaica should be particularly pointed at the pressing needs for job creation and the country's critical foreign exchange shortage. Investment in Thailand, on the other hand, should key on the need to upgrade the value-added component of industrial and agricultural products.

This leads to consideration of sectoral priorities, which will also vary, by country. Initial thinking has resulted in the selection of the following as worthy of immediate consideration:

— Agribusiness
— Intermediate credit institutions and other elements of indigenous capital markets
— Leasing of capital equipment
— Manufacturing
— Management training

Agribusiness heads this list for good reasons. The Agency has considerable experience in this field, and it deserves the top development priority in many of the target countries. In addition, the President's remarks following the Cancun meetings placed a very high degree of importance on the transfer of U.S. agricultural expertise to the developing world.

Establishing and investing in intermediate financial institutions is another priority activity because of the Agency's extensive experience and success with this type of project. However, this experience has to be extended to cover other mechanisms for developing and transferring capital. Those under active consideration include venture capital and investment banking entities in addition to conventional development and export finance banking. When appropriate, the creation and development of local stock and financial market institutions, with expert U.S. technical assistance, will be undertaken.

Leasing can be expected to be valuable in situations where equipment and machinery are needed, but where local enterprises are unable to finance the purchase price of large ticket items. Leasing can lead to a greater transfer of technology than an outright purchase because lease agreements may contain "trading up" provisions providing for the replacement of outdated equipment with technically superior or more appropriate models. Leasing companies are able to spread more capital goods over a broader private enterprise base thus leveraging capital. Leasing can also contribute to the development and growth of local manufacturing and processing industries.

Manufacturing investments could cover a broad spectrum of ventures to address particular countries' raw materials, labor, and market potential. For these investments substantial employment generation and technological improvements will be sought.

Managerial training is a critical need in all of the target countries. PRE's intention is to invest in training programs that are self-sustaining through fees, contracts and private sector contributions. Unlike other management training programs being carried out by missions and the other central bureaus, PRE intends to support primarily the development and operation of private sector oriented, advanced management, M.B.A. programs and management and advisory services as an adjunct to services provided by private sector intermediary financial and training institutions. These would be on an in-country basis with fees or tuition covering the operating expenses and debt on capital costs. PRE plans to set aside money in FY 82 for advisory and capital assistance to identify and develop private sector management training programs in the targeted countries.

B. **Investment Modes**

By making selective investments itself, rather than just facilitating others' investments, PRE and AID gain the following advantages:

— Increased influence over the nature and extent to which the invested funds serve specific developmental aims;

— Increased standing with others whose financial participation is necessary;

— Increased likelihood that AID "seed money" will position the recipient venture to attract others' capital; and

— Increased expertise and contacts which will enhance the Agency's ability to package projects and provide investment-related technical assistance.

In order to be able to pursue a range of investment opportunities with satisfactory development benefits and to meet a variety of other investors' requirements, PRE will have to be equipped with a variety of investment methods and financial requirements. Irrespective of the investment modes, the principal risks and decisions must be assumed by the private sector partners. As discussed below, several of the many investment approaches investigated by PRE can be undertaken with existing authorities, while others would require new authority. A sufficient range of methods and instruments is available under existing authority. While these consist of concessional loans and other forms of debt, their new applications, in a few cases, require a policy decision to permit PRE to proceed.

1. **Cofinancing with Commercial Banks**—The chief advantage of this approach is the financial leverage it achieves. PRE would make loans to private businesses and new ventures or financial intermediaries involved in developmentally beneficial projects in host countries either in parallel or jointly with commercial lenders. PRE and the other party(ies) would establish their respective terms, determining the current maturities, interest rates and grace periods. The leveraging of AID's funds would be achieved in two ways; reducing the level of AID's participation in a particular project (which AID would finance in any event) thereby increasing the number of projects A.I.D. could finance, and increasing the number of projects financed by commercial banks. Although cofinancing has its concessionary aspects, it is not the same as "mixed credits" which are applied liberally by other donor countries to finance exports. As suggested above, a separate paper on the distinction between export financing and mixed financing of development projects, is currently being prepared.

In addition AID, by taking the longer maturities or providing funds at less than market interest rates, could not only attract cofinancing with commercial banks but decrease the debt service load on the country or enterprise business. AID has some experience in cofinancing with multilateral institutions and other bilateral assistance agencies. The biggest challenge will be to learn how to market cofinancing opportunities to commercial lenders and meet their technical and legal requirements. PRE will take the lead for the Agency in working out these initial agreements.

2. **Financing the Interest Rate Differential**—This is a specialized type of cofinancing or parallel financing. Like the basis form, it is intended to increased the amount of capital available to the borrower or local firms while lowering its cost. However, it differs in that in a cofinancing arrangement the AID loan would be a long term commitment and part of the main financial package. Financing the interest rate differential is required in those cases where capital is available, but because of risk consideration or market conditions would only be available at prohibitively high interest rates. AID, by providing concessional funds, can lower the effective interest rate and make possible the influx of needed capital.

Financing interest rate differentials takes three basic forms. One is for PRE or AID to make a grant or concessional loan at the same time as a commercial bank. In this case, financing the interest rate differential is made "up front" in a one-time transaction. The second form is simply for PRE to continue financing the interest rate differential of the commercial loan during its entire term. In this case, financing the interest rate differential has less of a budget impact than financing part of the project directly, and the budget impact is spread over many years. A third form is to sell part of PRE's debt portfolio to a commercial bank, and pay the difference in what was charged the borrower and what the commercial bank requires. (This would only make sense if PRE has a revolving fund and could roll this money over indefinitely to finance additional projects.) When AID decides to subsidize interest rates, care must be taken to not encourage investment which could not survive over the medium and long term without this subsidy.

3. **Convertible Debentures**—Convertible debentures are debt instruments which are convertible to equity. Initially debt instruments, they generally pay some interest during the period before they are converted to equity shares. PRE could grant or lend money to a private entity, take convertible debentures in return, and hold them during the period of greatest risk to the venture—say the first 3-5 years, or until the company or financial intermediary began to show a profit. After that time, PRE could sell the debentures to private investors at a price which reflected their worth. In this way, the use by PRE of convertible debentures benefits private enterprise both in the developing countries, by providing capital, and in the U.S. or in the developing country, by providing investors an opportunity to purchase interests in enterprises after the period of initial risk. It also contributes to the formation of local capital markets, another PRE objective.

AID has the authority to make loans to developing countries and then sell the portfolio of loans it has made to commercial or investment banks. This transaction is similar to selling convertible debentures—basically AID can acquire and sell instruments or indebtedness.

4. **Subordinated Debentures**—Subordinated debentures are debt instruments which are subordinated to other debts of the same party, and therefore are paid only after the more "senior" debts are paid. In this respect, subordinated debentures are somewhat similar to an equity investment, in that the capital involved is initially at very high risk. Although there is no appreciation potential in subordinated debentures as there is in equity investment, the risk that the subordinated debt will not be paid becomes smaller as the debtor companies become more profitable.

5. **Guaranties—Reserve Fund**—This form of debt-related investment involves a contingent liability other than an initial capital outlay. PRE would not provide funds to an indigenous private firm or financial intermediary, but would guaranty that the firm or financial intermediary will repay its borrowed funds to lenders who do make such loans. This can be a potent inducement to banks and other lenders to make loans to enterprises that can offer such a guaranty.

At present, AID has authority to guaranty promissory notes and convertible debts, but lacks a specifically authorized reserve fund with which to back up such guaranties. Congressional action would be necessary to permit PRE to set up such a fund. At an appropriate time, PRE will request the Administrator to seek such authority from Congress.

6. **Equity Investment**—Holding equity in a firm or financial intermediary would offer to PRE larger influence over the firm's strategy and operations, and would also permit more extensive leveraging of its funds than a loan. Its most likely application is to capitalize intermediate financial institutions. The Agency lacks authority to purchase equity securities. One reason for this restriction is to prevent PRE from holding voting shares in a company and being required to make management decisions and sit on the board of directors. However, there are several forms of non-voting equity participation which could obviate this drawback, and one of them is discussed below.

7. **Stock Options**—If PRE were to obtain authority to make equity investments, the use of stock options could provide a useful investment vehicle. PRE could grant funds to a private concern, take options in return and hold these options during the period of greatest risk to the venture, say for the first several years. At that point, PRE could sell the options to private investors at a price which reflected their worth. In the event the enterprise failed, and PRE was not able to sell the option, PRE could exercise the options and receive whatever came from liquidation of the company, if anything. Once again, at the appropriate time, PRE will request that such authority be recommended for Congressional consideration.

Based on the analysis of these and other more traditional financing methods and instruments, the PRE Bureau believes that the loan and other debt mechanisms outlined above will provide an adequate experimental start for the program. First, the needed statutory authority exists for AID to cofinance using concessional loans, as well as to employ convertible debt and subordinated debentures. Second, the debt approach will not draw the Agency into the management role generally required for cofinancing in the form of equity. And third, the expertise required for making loans is easier to acquire and retain than that required for making equity investments. Nevertheless, the use of debt in the form of cofinancing with commercial banks and convertible and subordinated debentures represents a new departure for the Agency. Their use also requires a demanding technical exploration by both financial and legal specialists. Although they represent a shift in policy, they are well suited to achieve the objectives outlined for PRE in this paper. PRE would take the longer debt maturities in most cases to facilitate investments and financing of developmentally oriented private sector projects.

With respect to loan guaranties, the PRE Bureau believes it would be duplicative for the Agency to seek the required reserve fund authority from Congress since OPIC has a suitable loan guaranty authority. However, there is a great potential for fruitful cooperation between AID and OPIC in making investments in private enterprise in LDCs, especially with respect to making the guaranty authority a readily accessible complement to PRE's financial packaging activity. Guaranty authorities warrant further study.

Equity participation poses some substantial legislative, technical and managerial challenges. While other countries use it to achieve developmental aims, PRE believes that the private sector program can do without it at the start. In deferring the use of equity, however, PRE believes that it warrants further study, particularly as an instrument for investing in financial intermediary institutions.

C. **Investment Selection Criteria**

The investment selection criteria will be used internally to guide the screening of projects and to determine which projects are opportunities for PRE investments. These criteria also should be incorporated into the existing framework used by other bureaus to make decisions on private sector related projects. The criteria will be circulated within the private sectors in the U.S. and LDCs to inform them of the types of projects in which PRE is willing to invest. Based upon AID's overall mandate and PRE's initial contacts with the business community and multilateral institutions, the following elemental criteria have been formulated:

— Projects must be in the targeted countries and sectors (see Section A, above), must fit the country-specific criteria to be developed (e.g., job-creating and foreign-exchange producing for Jamaica) and be consistent with the existing AID country programs and strategies;

— Projects must fall into one of the three categories of new Agency private sector activities to be undertaken by PRE:

  — Cofinancing with commercial banks, other financial institutions, or multilateral institutions in private sector projects;

  — Capitalization of new types of intermediate financial institutions or new types of financing arrangements to serve the private sector, such as venture capital firms, investment banks and project financing through commercial banks; or

  — Direct investment in operating enterprises where replication of the enterprise's approach to marketing, technology transfer, management and skill training is highly desirable.

— Recipient enterprises must demonstrate that they have or will be able to develop market and financial expertise that will allow effective management and show profit making potential;

— Recipient enterprises must be, in part, privately owned or operated or willing to operate on private sector criteria;

— The activities of the recipient enterprise following the AID investment must be specific, demonstrable, and have desirable development benefits which rank high on the list of host government priorities and AID's analysis of economic needs of the country. In any case, special attention will be given to employment generation and transfer of technical and management skills;

— The recipient enterprise must demonstrate that the amount of capital which PRE provides is not otherwise available, or available on reasonable terms. (Appraisal of project proposals will include appropriate tests for "additionality");

— PRE will never invest alone, because the program is intended, in part, to mobilize and supplement, rather than to replace, private capital;

— Although there should be no limit to the overall size of project for which PRE will consider and try to arrange financing, the Agency's participation for one project (investment for its own account) is anticipated to range between $0.5 million and $5 million;

— The recipient enterprise's capital requirements and the several sources of capital should be such that PRE may take the longer maturities for loans and others, e.g., commercial banks, will take the shorter maturities; and

— Interest rates for loans and other forms of debt will be established within the bounds of statutory requirements and according to the needs and requirements of the investment opportunities, but in most cases higher than normal AID terms.

D. **Investment Reconnaissance Missions**

PRE plans to undertake an investment reconnaissance mission to each of the target countries. To date, successful missions have been conducted in Indonesia, Sri Lanka, Kenya, Thailand, Ivory Coast, Egypt and Pakistan. The Bureau has had extensive contacts with Jamaica.

The purpose of these missions, which are composed of private sector executives and AID staff are, in consultation with the AID Mission Directors and appropriate regional and other central bureau staff to:

— Determine the adequacy of the climate and conditions for foreign investment; at issue are laws and government regulations, as well as the presence of adequate "investment infrastructure," such as financial markets;
— Identify the development sectors and priorities most amenable to successful private investment which can serve development, as well as fundamental business objectives; and
— Identify key business investment opportunities, be they nascent ideas worthy of development, or business propositions worthy of detailed consideration. These opportunities must be developmentally oriented and meet the other tests of PRE's investment selection criteria.

These missions will trigger a portion of PRE's project and non-project activity and part of the AID missions' future project portfolio. Projects identified may undergo additional study and development or receive expedited consideration for PRE investment and packaging. Non-project assistance may be appropriate, in which case the activities described in Section E, below, will be initiated and funded either by PRE or the appropriate AID regional or central bureau.

E. **Technical Advice and Assistance**

The PRE Bureau has a mandate to help developing countries create the environment conducive to the flow of private capital in support of development objectives. The Bureau plans to undertake three modes of technical advice and assistance to developing countries and to the AID missions. One will be specific to the projects which the Bureau is helping to finance. The others will go beyond projects, and will assist governments in the development or modification of policies, institutions and programs to enable the private sector to make a greater contribution to economic development.

1. **Project Related Technical Assistance**—The Bureau will take an active role in the identification and development of projects which show considerable promise in meeting PRE's investment selection criteria. In conjunction with appropriate regional and central bureaus, PRE's prospective roles in this regard are to:
— Take lead responsibility or help develop a project from its inception through any necessary technical and business studies and appraisals, finding technical and financial partners, and putting together a financial plan;
— Take responsibility or help organize and finance companies engaged in promoting investments in a specified sector or area;
— Participate in the financing of companies organized to develop specific projects; and
— Provide assistance to applicants, if necessary, to satisfy Bureau needs for certain preliminary information to enable the Bureau to decide whether an investment proposal warrants serious consideration.

2. **Policy Advice to Improve the Investment Climate**—The PRE Bureau will help pave the way for future private investment by assisting host governments and commercial institutions to identify investment barriers and develop ways to lower or reduce them. The form of assistance will be expert advice and counsel from the Agency and outside experts.

Examples of this activity include assistance to:
— governments in establishing a legal and institutional framework for their capital markets in general, and securities markets in particular;
— governments on policies to promote private development through such activities as assessments of the impact on private enterprise of more open and competitive market environments;
— organizations to help establish new or expand existing financial institutions and to governments on policy and regulatory matters to help them strengthen their financial markets; and
— governments to develop financial sector plans, establish the legislative and regulatory environment and identify needed institutions.

3. **Managerial Training**—In conjunction with appropriate bureaus and to complement work already undertaken, PRE intends to assess private sector managerial training needs in the target countries and identify particular vehicles for filling the void if appropriate. The approaches to be employed include partnerships between host country institutions or private groups and U.S. business schools, groups or training institutions. PRE will finance advisory services to identify needs and design management training programs, both short or long term with a specific emphasis on senior and middle management intensive management seminars. PRE or the missions may "invest" some of its funds to finance the programs, but PRE expects that the program established will be self sustaining within a reasonable period of time. PRE emphasis will be on intensive management training

for the private sector while other bureaus and missions may be developing and financing a broader spectrum of programs.

III. Program Roles and Process

This section discusses how the private sector program activities will fit within the existing organizational role of the Agency and outlines the relationship between PRE and other bureaus.

A. Overview of PRE Private Sector Role

The establishment of PRE as a new bureau which will make investments with and in private enterprises, and the existence of private sector-related project activities within the regional bureaus requires that responsibility and accountability for AID investment in private sector activities be clearly delineated.

PRE will have funds for financing new private sector initiatives in the targeted countries. For the next year or two, PRE will engage directly in four types of projects in these target countries; cofinancing with commercial and investment banks, financial intermediary institutions, and multilateral institutions; capitalization of new types of intermediate financial and asset management institutions which are at least in part privately owned and which serve primarily private sector development; direct investment with and in operating businesses; and private sector management training institutions or programs. Some of these are new and high risk areas where it is expected the Bureau will take the lead in the Agency for the next year or so. A second source of funds which are termed "set aside" funds, are appropriated to the regional bureaus and allocated to the individual country programs of the ten countries targeted for new private sector initiatives. These funds are an additional source for these and other types of new private sector projects. (See Section IV for a detailed discussion of funding sources.)

In those cases where PRE funds are used, AA/PRE, with concurrence from the appropriate regional and central bureaus, will authorize the projects and take lead responsibility for their success. If necessary, PRE will rely upon the AID country missions to take an active role in assisting in project management.

In those cases where regional bureaus' set-aside funds are used, the regional bureau and PRE must mutually agree on the project before it can be authorized by the regional administrator concerned. The form of "mutual agreement," a requirement stated by the Administrator, will consist of clearance at the AA or DAA level of PRE for PID approval and project authorization. However, the regional bureau with concurrence from PRE is responsible for preparing documents for authorization, and the appropriate mission is responsible for developing and managing the project. The AID mission may draw upon the expertise and assistance of PRE, if required. PRE will, to the extent its resources are available and appropriate, offer advice and counsel to the bureaus and missions concerned with these projects, but the authorization authority and responsibility for their success properly resides with the Mission and regional bureaus.

Some projects will be funded from both PRE and regional bureau sources. In these cases the regional AA concerned and the AA/PRE will authorize their respective shares of the funding and agree in writing which bureau will take lead responsibility in both developing and managing the project. The AID mission will be responsible for monitoring the project with assistance, if necessary, from the regional bureau and PRE.

Because PRE will be jointly involved with the regional bureaus and missions in this program, the need for coordination and efficient communication is particularly acute. This need can be substantially met by the appointment of private sector officers within each bureau and mission in the target countries. These officers will be the prime contact between PRE and the rest of the Agency. They will receive policy and operational guidance from PRE, receive technical backstopping assistance when required, and represent their bureau's or mission's interest in the process of developing or implementing private sector projects. In the case of the mission-based private sector officers, it is essential to minimize any potential conflict in their line supervisory arrangements. Accordingly, they should be responsible to the Mission Director and come under the mission's ceiling and operating budget. Regional private sector officers likewise will be responsible to the regional AAs and come under the regional bureau's ceiling and operating budget. PRE is prepared to assist in identifying and training private sector officers for either the missions or regional bureaus.

B. Relationships With Other Central Bureaus

The PRE Bureau will maintain close relationships and coordinate with the other central bureaus to assure consistent policies and complementarity in the Agency's private sector project/program activities. PRE will call upon cognizant central bureaus to provide:

— Technical assistance (either from internal expertise or recommendations on outside experts) in project design, development, implementation and evaluation;

— Policy guidance on matters related to specific technical issues; and

— Recommendations on the selection of consultants needed for project development, implementation and evaluation.

For all private sector projects taken under consideration by PRE and the regional bureaus, the cognizant central bureaus will be consulted and requested, wherever appropriate, to make inputs on technical issues and requirements. This should help ensure maximum utilization, not only of technical expertise within the Agency, but also allow PRE to capitalize on existing relationships and programs between other central bureaus and private entities.

To further this objective, PRE should be consulted on any other central bureau funded project with a private sector entity. To eliminate potential duplication of effort and to help assure consistency in the maximum utilization of Agency relationships and programs with private sector entities, it is expected that other central bureaus will coordinate with PRE in such involvement.

C. **Project Identification and Development**

The procedures developed by PRE concern at this time only the projects which will be funded with PRE appropriations and, to the extent possible, with funds specifically set-aside in the regional bureaus for new private sector initiatives. Compared with the traditional approach, these procedures are streamlined and more expeditious. It is intended that, like the IFC, these projects be ready for an authorization decision within six months from the emergence of an acceptable project idea. The features which permit this less complex and more rapid approach are intended to synchronize Agency activities with the more rapid pace required and achieved by private sector investment decision-makers, and to take advantage of investment opportunities before they may diminish in desirability for AID and for other investors.

Project ideas—investment opportunities—will arise from several sources:

— U.S. firms and commerical lenders
— IFC and the other multilateral initiatives
— Indigenous private enterprises
— Host governments
— AID bureaus and missions
— PRE

Using the established project selection criteria, the bureau or mission concerned, in cooperation with PRE, will prepare an investment opportunity paper (IOP). If the idea originates outside the Agency, the bureau or mission concerned will give any assistance necessary to the originator to develop and present the following information in the three- to four-page IOP:

— Description of the ownership, business and management capability of the recipient enterprise or institution;
— Need for, and size and purpose of, the investment;
— Specific development objectives which will be served over what time period;
— Products and proposed marketing plan;
— Sources of raw material and labor;
— Pricing;
— Pro-form cash flow and income statements and balance sheets;
— Other prospective sources of financing;
— Implementation strategy;
— Timing considerations; and
— Nature of any specialized additional study(ies) needed.

This summary statement in addition to information normally required in a PID (i.e., facesheet, policy issues, costs, project preparation strategy and initial environmental examination) will become the vehicle for PRE in conjunction with the respective regional bureau and country mission to determine if there is enough promise to warrant further development. The IOP will be reviewed simultaneously in the regional bureau concerned and PRE concurrence will be requested from the mission concerned on the project for it to go forward from this stage.

If PRE, the regional bureau and country mission agree to go forward, three activities are undertaken simultaneously:

— PRE, with assistance from the respective regional bureau and cognizant central bureau seeks a formal expression of interest from U.S. private investors, technical partners, and other agencies which may participate in the financing;
— The resident AID mission consults with the appropriate agency of the host government to determine if there is support or objection and the local private sector to identify potential participants; and
— Any specific studies necessary to make an investment decision are identified and undertaken as well as who will finance and undertake the studies.

PRE, in conjunction with other central bureaus, will be responsible for providing (either from internal resources or from outside the Agency) technical assistance to other parties at this stage. For example, if a marketing study is necessary, PRE will determine its scope with respect to business or financial aspects. PRE will also be directly responsible for handling relations with all U.S. and multilateral institutions and for backstopping the mission concerned with respect to working with indigenous parties.

If a positive outcome results from these three activities, the investment proposal (IP), which is the conceptual equivalent of a project paper, is prepared. The content areas discussed in the investment proposal are comparable to those addressed in a conventional project paper, including those required by statute or Agency regulation. The substantive parts of the project prospectus should include the following:

— Detailed project description;
— Developmental objectives;
— Business rationale;
— Intended development effects and business results (e.g., financial viability and profit, market share impact, etc.) of the investment;
— Legal or regulatory problems;
— Sources of finance and rationale for these arrangements;
— Marketing plan;
— Cost and availability of raw material;
— Implementation plan, including:
  — A general project schedule; and
  — Clear delineation of responsibilities among the participants;
— Projected financial results of the venture after infusion of AID and others' capital contributions (pro forma cash flow and income statements, and balance sheets);
— Detailed qualifications of the business entity which will receive AID funds;
— Technical assistance requirements;
— Projected development impact (numbers and type of jobs generated, wage income produced, technical skills added, multiplier effects in the economy, etc.); and
— Negotiating issues to be worked out with other project participants.

Under present conditions and procedures the preparation of a project paper can be a lengthy, labor-intensive effort. Private sector projects must be subject to an abbreviated process which undergoes less complicated processing in a shorter period of time.

Responsibility for preparation of the IP will rest with the originating business entity and investment partners in conjunction with PRE. To the extent feasible, the investment proposal should be the responsibility of the business entity or other investment partners. PRE, with assistance from other central bureaus, will provide needed technical assistance and funding, as appropriate, for the preparation of the investment proposal.

In the case in which a U.S. firm or multilateral institution originates an investment idea and it is well developed, PRE will coordinate preparation of the IP. This will involve either counselling the firm or institution on the content and form of information the Agency requires, or providing assistance to prepare the document. If an indigenous firm approaches an AID mission with a well developed idea, the USAID will assure that the investment proposal is prepared, with technical backstopping by PRE, the regional and other central bureaus, as needed.

Because it will save time, conserve Agency resources, and make the most of private sector expertise, perhaps the "best case" for the Bureau is the one in which a U.S. or indigenous firm or multilateral institution originates the project idea and supplies most of the effort to develop it. Nonetheless, the Bureau must be involved at critical points and work with these external parties in order to assure that the necessary information for the Bureau's own project appraisal and authorization is reliably produced. For those projects that are fully developed (such as those that might be referred from the World Bank), every effort should be made to proceed directly to the investment proposal review stage. To do so, the appropriate documentation will be distributed by PRE to the regional bureau and the appropriate mission, and a date will be set by PRE for convening the project review group.

D. **Project Appraisal and Authorization Process**

The completed IP is the vehicle for this decision-making segment of the AID investment project cycle. Both PRE and the regional bureau concerned will review the document and convene a meeting to reach a decision. The authorizing responsibilities were outlined in subsection A of this section.

The investment proposal will be made available to all bureaus which wish to review it. They may offer their comments in writing or at the meeting at which PRE and the regional bureau concerned reach a decision concerning authorization. Prior to authorization PPC and GC will provide clearance from their respective policy conformance and legal perspectives.

E. **Project Implementation Process**

Like prior stages of the project cycle, the implementation of private sector projects may depart from AID's traditional practices. This change will result from AID's partnership with U.S. and indigenous private firms and the nature of the projects themselves. AID, by definition and statutory limitations, does not run private enterprises, be they industrial companies, service firms, or intermediate credit institutions.

The Agency's role in a particular investment will be determined by the nature of the project and the intended role of its partners. Different types of new projects will require discernably different levels of intensity of Agency efforts.

In the case of cofinancing with commercial banks and the multilateral institutions, PRE will rely substantially on its investment partner's efforts and the borrower to prepare reports to enable PRE and the cognizant regional bureau and country mission to monitor the investments. This case will be the least AID labor-intensive and falls into the category of a portfolio investment for the Agency.

When the project is a privately-owned intermediate financial institution, PRE will again rely primarily on the investment partners to prepare reports to enable investment monitoring. AID's interest will be directed at the level of the institution, rather than its private sector clientele. The intensity will be comparable to that experienced with existing publicly owned intermediate credit institutions.

The most AID labor-intensive case is the one in which AID is investing in or with an operating firm. Here, PRE will want to be more active, but again PRE will look primarily to the partners to prepare reports that will enable effective investment monitoring.

AID's posture during implementation, then, translates into one or more of the following types of activities:

— Reviewing periodic financial statements and other management reports, as a commercial lender or other investor would do;

— In the case of intermediate financial institutions, reviewing their financing cases to see what types of projects they rejected and accepted and how their clientele are performing;

— Exchanging information on the health of the enterprise and its plan with other investors;

— Ensuring AID's investment is protected through appropriate consultations with the host government when its actions have, or could, markedly affect the ability of the enterprise to survive;

— Arranging for the AID missions, or, in extraordinary situations, financing observation visits to the institution or enterprise, or financing specialized technical assistance to the enterprise;

— Performing technical evaluations, not only to firmly understand the strong and weak points of a particular investment, but also to find ways to strengthen the private sector program; and

— Evaluating the development benefits and impact to assure consistency with AID objectives.

Even if several projects are undertaken simultaneously, these activities will be of a part-time, intermittent, or ad hoc nature for a particular investment. Because this set of implementation activities is tailored to a new role for the Agency, PRE will want to confirm with the General Counsel that the implementation arrangements are fully adequate to monitor the expenditures of appropriated funds.

Regarding geographical location, it is desirable for the project officer to be as close as possible to the enterprise itself. Therefore, the AID mission concerned should designate a project officer for each PRE or set aside fund investment. Technical backstopping assistance will be provided by PRE, in cooperation with other central bureaus as needed, including occasional field visits and communication with U.S. and multilateral co-investors.

F. Policy Development and Evaluation

Because of the Agency-wide involvement in the private sector program, the policy development and coordination functions for the Agency should reside with PPC. On its part, the PRE Bureau has established a Policy Officer position, which reports to the DAA/Investment and Policy to represent the Bureau in Agency policy matters. Given the breadth and complexity of the program, PPC should establish and house a position for Policy Advisor for Private Enterprise. This advisor's role and responsibilities would be similar to those of the policy advisors for energy and the environment.

PPC should also chair reviews of overall Agency private enterprise strategy in the CDSS process, as well as overall Agency private enterprise program levels in the ABS process. These roles will follow naturally from PPC's current effort to prepare an Agency-wide private sector policy paper. PRE should be represented at these meetings.

The Administrator's October 19, 1981 testimony before a subcommittee of the Joint Economic Committee designated the PRE Bureau "to formulate and coordinate private sector policy within A.I.D." The exact procedure to be used must, however, fully accommodate the need for participation in the process by the other bureaus, in line with traditional AID policy formulation activity. Mutual agreement between PRE, PPC and other bureaus is essential for the program to succeed. This process should be followed not only in the critical first detailed development of the Agency's private sector policy, but also when future conditions warrant additions or revisions to the program strategy.

Another important resource in policy formulation will be the International Private Investment Advisory Council on Foreign Aid, which the PRE Bureau will establish. Made up of senior private sector executives, the Council will provide a conveniently accessed and expert forum in which to sound out the acceptability and attractiveness of the Agency's private sector program approach. PRE intends to establish smaller country ad hoc groups composed of private sector advisors.

Each project will contain an evaluation plan. In the case of PRE funded projects, PRE will be responsible for conducting the evaluation. Projects funded by the regional bureaus and missions will be evaluated by the appropriate office. After a two-year period, PRE intends to perform an overall program evaluation of the area program, the elements for which will be initially specified by the end of FY 82 when the shape of the first round of project activity is clear.

G. PRE Relationships with External Parties

The most obvious structural innovations contained in the Agency's private sector initiative are its partnership with indigenous and U.S. private sector firms and banks, and broadened involvement with the multilateral institutions and other U.S. Government agencies. Given the multiple bureau and office involvement in private sector program development and implementation, it is quite possible that the Agency will tend to confuse these new partners. The risks include the appearance of a less than fully consistent policy, too many governmental elements with which to deal, and the appearance of too much red tape and delays in decisionmaking.

By virtue of its charter and central bureau nature, the PRE Bureau shall serve as the Agency's liaison with the multilateral private sector development agencies. PRE will also serve as the principal Agency point of contact with the U.S. private sector and other U.S. agencies on operating policy-related activities, new investment modalities, as well as the "front end" of project-related work, i.e., project identification, development, and review and approval for authorization for projects PRE will finance. The other bureaus will be kept informed and then views sought. During project implementation the regional bureaus and missions will necessarily be very much involved as explained in Section E, above.

Within host countries, following traditional practice and making good use of the USAID's natural role, AID missions will serve as the prime point of contact with pertinent government agencies. Likewise, they will necessarily be the point of contact sought by local enterpreneurs (who, for instance, may step forward with a project idea which suits the Agency's program), and local representatives of U.S. firms and banks and then multilateral institutions. When these contacts concern project identification and development, the missions will be expected to inform PRE to allow PRE to assist in determining its appropriate handling.

PRE will also share responsibility with regional bureaus and country missions in providing and funding organized technical assistance to host governments who wish to improve the climate for foreign investment. Special expertise will be needed. PRE will screen but not necessarily direct, these resources, and, when appropriate and practical, cooperate with OPIC and other institutions in these efforts. On-site work will be facilitated by the mission's private sector officer, who will receive technical backstopping from PRE.

IV. Program Funding

This section covers only those investment-related portions of the Agency's private sector program in which PRE will play a lead role. Because PRE was not established until mid-FY 82, a distinction is made between FY 82 and FY 83 funding mechanisms. The Bureau's alternatives for the longer term—the use of a revolving fund and/or reflow authority—are also discussed below.

A. FY 82 Funding

Funds for new private sector initiatives will come from two categories of sources during the current fiscal year. The first, $26.1 million, will be FY 82 funds allocated to PRE. The IESC program will be expanded and focused more on Central America and the Caribbean Basin. Money will be programmed for private sector management training in selected countries. A fund will be established to draw on investment banking and other U.S. business expertise to identify and package developmentally oriented private sector projects in selected developing countries. Also money will be set aside for project identification and development, and advisory service to governments on the investment climate prevalent in their respective countries. The World Trade Institute's role in promoting developing countries' exports and foreign exchange earnings, including export strategies and policies, and strengthening their capability and expertise in formulating and undertaking practical export programs, will be expanded. In addition, and separate from this funding, the TDP program will be expanded to finance other feasibility studies for critical resource related developmental projects in middle income LDCs. $16.0 million will be used for investments in selected private sector developmental projects in the Bureau's targeted countries. Examples of these investments are a private venture capital firm in Jamaica, agribusiness industries in Kenya and Sri Lanka, a venture capital firm in Kenya, and a venture capital firm and stock market development in Indonesia. In addition to utilizing AID funding, most of these projects will be financed from several other sources including the indigenous private sectors, U.S. private firms, and other bilateral or international institutions or firms.

These projects will be approved by the AA/PRE in consultation with the regional bureaus concerned after review and input from pertinent central bureaus. They will be managed by PRE and monitored by the AID Mission in which the project takes place.

The second source of funding consists of a total of $80 million (FY 82-83) which the Administrator has designated to be set aside from existing and proposed country programs in the targeted countries. The set aside involves the earmarking of these funds for new private sector projects which are mutually agreed upon by both the regional assistant administrator concerned and the AA/PRE. The project could be initiated by PRE or the AID Mission. The regional bureaus will authorize and manage the projects.

To date, the set-asides agreed upon are:

	U.S. Millions
Indonesia	$10.0 (FY 82 and FY 83)
Costa Rica	5.0 (FY 82 and FY 83)
Kenya	1.5 (FY 82)
Thailand	5.6 (FY 82 and FY 83)
Sri Lanka	2.5 (FY 82 and FY 83)
Egypt	50.0 (FY 82)
Jamaica	5.0 (FY 82)
Ivory Coast	to be determined
Zimbabwe	to be determined
Pakistan	50.0 (FY 83 through FY 87)

B. FY 83 Funding

The PRE Bureau has prepared a portion of the Agency's Congressional Presentation which will permit the appropriation of funds directly to the Bureau for authorization by PRE. The budget requested for the elements of the private program in FY 83 total $22.7 million, the principle elements of which are:

— $14 million for investment

— 1.7 million for program development and support

— 5.0 million for IESC

The program for investment will be similar to those in FY 82 except $5.0-10.0 million will be programmed for co-financing developmentally oriented projects with U.S. commerical and investment banks. We expect that at least $5 million will be programmed for a revolving fund, subject to Congressional Authorization of this approach. No decision has been made on programming the set aside funds in the mission programs for private sector development programs.

C. Long Term Budget Strategy

Like the IFC and officially supported bilateral organizations with comparable aims, the PRE Bureau plans ultimately to put its investment activities on a self-sustaining basis. This approach has the advantage of reducing and eventually eliminating the requirement for appropriations each year to make new investments. It will also permit the Bureau to run this element of the overall private sector program like a business. It could manage its portfolio, sell off portions of it when particular projects have received the full benefit of AID's financial involvement, and make further investment.

One means to do this is for PRE to regain the "reflow" authority the Agency once had. This would enable PRE to take the funds received as loans when repaid or sold and apply them to new loans without Congressional appropriations. The Agency once had this authority with respect to its traditional concessional loan program, but it was cut back and then phased out in the late 1970s. Its reinstitution, which would require an amendment to the Foreign Assistance Act, is one vehicle with which to establish the revolving fund and permit the roll over of its assets into a succession of new investments, which at the moment are confined to debt instruments. At the appropriate time, following the experimental stage of the Bureau and its activities, PRE will make a recommendation to the Administrator concerning the request to Congress to re-instate this authority.

A.I.D. Policy Papers and Policy Determinations

The following reports have been issued in a series. These documents with an identification code (e.g. PN-AAM-323) may be ordered in microfiche or paper copy. Please direct inquiries regarding orders to:

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Population Assistance	September 1982	PN-AAM-320
Private and Voluntary Organizations	September 1982	PN-AAM-318
Women in Development	October 1982	PN-AAL-777
Pricing, Subsidies, and Related Policies in Food and Agriculture	November 1982	PN-AAL-373
Approaches to the Policy Dialogue	December 1982	PN-AAM-431
Basic Education and Technical Training	December 1982	PN-AAM-190
Institutional Development	March 1983	PN-AAN-108
Co-Financing	May 1983	PM-AAN-457
Local Organizations in Development	March 1984	PN-AAQ-157
Energy	July 1984	PN-AAQ-160
Urban Development Policy	October 1984	PN-AAQ-158
Shelter	February 1985	PN-AAQ-162
Private Enterprise Development (Revised)	March 1985	PN-AAQ-163
International Disaster Assistance	May 1985	PN-AAQ-164
Cooperative Development	April 1985	PN-AAQ-165
Trade Development	July 1986	PN-AAV-461
Health Assistance (Revised)	December 1986	PN-AAV-462
Environmental and Natural Resources	April 1988	PN-AAV-464
Financial Markets Development	August 1988	PN-AAV-465

Title—Policy Determination	Date	'Fiche #
PD #1—Narcotics	August 5, 1982	PN-AAM-443
PD #2—Mixed Credits	September 29, 1982	PN-AAM-444
PD #3—Voluntary Sterilization	September 1982	PN-AAM-445
PD #4—Title XII	October 5, 1982	PN-AAM-446
PD #5—Programming PL 480 Local Currency Generations	February 22, 1983	PN-AAM-591
PD #8—Participant Training	July 13, 1983	PN-AAP-273
PD #9—Loan Terms Under PL 480 Title I	September 27, 1983	PN-AAN-753
PD #10—Development Communications	February 17, 1984	PN-AAP-616
PD #11—Using PL 480 Title II Food Aid for Emergency or Refugee Relief	July 26, 1984	PN-AAQ-159
PD #12—Human Rights	September 26, 1984	PN-AAQ-161
PD #13—Land Tenure	May 9, 1986	PN-AAQ-166
PD #14—Implementing A.I.D. Privatization Objectives	June 16, 1986	PN-AAQ-167
PD #15—Assistance to Support Agricultural Export Development	September 13, 1986	PN-AAV-460
PD #16—Program Financing Arrangements with Independent Organizations	October 9, 1987	PN-AAV-463
PD #17—Microenterprise Development Program Guidelines	October 10, 1988	PN-AAV-466
PD#18 - Local Currency	July 30, 1991	PN-AAV-467