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DRAFT A.I.D. ADC STRATEGY OPTIONS

Submitted to:

Dr. Richard Sines
Senior Economist
PPC/PDPR/RP
Agency for International Development
Washington, DC 20523

Submitted by:

DEVRES, INC.
7201 Wisconsin Avenue
Suite 500
Bethesda, MD 20814
(301) 951-5546
Telex: 440184 DEVR UI

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ADC Strategy

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   o HOW SHOULD A.I.D. DO BUSINESS WITH ADCs?

ADC STRATEGY

B. A.I.D.'s CURRENT APPROACHES TO ADCs

1. **LAC:** LAC HAS SMALL PROGRAMS IN EACH ADC THAT DRAW ON A.I.D. CENTRAL AND OTHER PUBLIC AND PRIVATE SECTOR RESOURCES AND PROGRAMS.

   LAC PROGRAMS ARE MANAGED BY AN A.I.D. REPRESENTATIVE AND LOCAL HIRED STAFF.

2. **ANE:** ANE IS DEVELOPING A NEW "ADC" PROGRAM FOR THAILAND WHICH SUPPORTS THE COUNTRY'S INTEGRATION INTO THE GLOBAL ECONOMY. THE THAI PROGRAM IS PRESENTLY MANAGED BY THE USAID MISSION BUT THE CONCEPT OF A "FUND" MECHANISM IS BEING EXPLORED.

   ANE'S PORTUGAL PROGRAM SUPPORTS ACTIVITIES IN SELECTED AREAS OF US-PORTUGUESE INTEREST. THE PROGRAM IS MANAGED VIA THE INDEPENDENT LUSO-AMERICAN FOUNDATION WHICH WAS FUNDED BY U.S.

C. SHAPING A NEW APPROACH TO ADC'S

1. WHY SHOULD A.I.D. RELATE TO ADCS?

THERE ARE A NUMBER OF REASONS WHY A.I.D. SHOULD TAKE THE INITIATIVE IN RELATING TO ADCS. THESE INCLUDE:

- TO SERVE IMPORTANT U.S. INTERESTS
- TO GRADUATE ADCS FROM A.I.D. ASSISTANCE
- TO TAKE ADVANTAGE OF A.I.D.'S ABILITY TO PLAY A MAJOR ROLE IN STRENGTHENING THE US-ADC RELATIONSHIP
- TO MAKE OVERALL A.I.D. ASSISTANCE MORE PRODUCTIVE BY APPLYING IT SELECTIVELY TO ADCS
- TO GARNER PUBLIC, CONGRESSIONAL AND EXECUTIVE BRANCH SUPPORT FOR ADDITIONAL BUDGETARY RESOURCES

U.S. INTERESTS IN ADCS MAY ALSO BE SPECIFIED IN TERMS OF FOUR AREAS OF POTENTIAL MUTUAL INTEREST--INTERNATIONAL ECONOMIC INTEGRATION, GLOBAL "PUBLIC GOODS", DEMOCRATIC INSTITUTIONS AND POVERTY ALLEVIATION. THESE ARE SUMMARIZED IN FIGURE 1. FIGURE 2 PROVIDES A SCHEMA FOR GRADUATION OF ADCS. FIGURE 3 HIGHLIGHTS THE SEVERAL RATIONALES FOR A.I.D. TAKING A LEAD IN STRENGTHENING U.S.-ADC RELATIONSHIPS.

International Economic Integration

- Major exporters to our markets and markets in which we compete
- Growing markets for U.S. goods and services
- Important recipients of U.S. direct foreign investment
- Major sources and recipients of financial flows in areas such as banking and insurance
- Growing sources of U.S. technology imports
- Expanding capability to alleviate their own poverty
- Potential sources of increased productivity

Global "Public" Goods

- Important sources of biodiversity
- Hold key resources affecting the international environment--e.g., rain forests
- Some provide substantial quantities of narcotics to the U.S.
- Affected by AIDS but with fewer resources to contain the disease
- Sources of population growth which impinge on global resources
- Source of materials and data for tropical research in health, agriculture, and other areas

Democratic Institutions

- Stronger supporters of the U.S. when they have compatible economic and social institutions and values
- Stronger socially and economically when they maintain democratic, equitable and market oriented economic systems
- Potential sources of institutions and values contrary to those in the U.S.

Poverty Alleviation

- More capable of mobilizing domestic resources to deal with their own poverty alleviation thus relieving U.S. of responsibility
- Internal poverty alleviation increases economic and social stability and helps expand bilateral U.S.-ADC economic and social relationships

Figure 1: U.S. Interests in ADCs

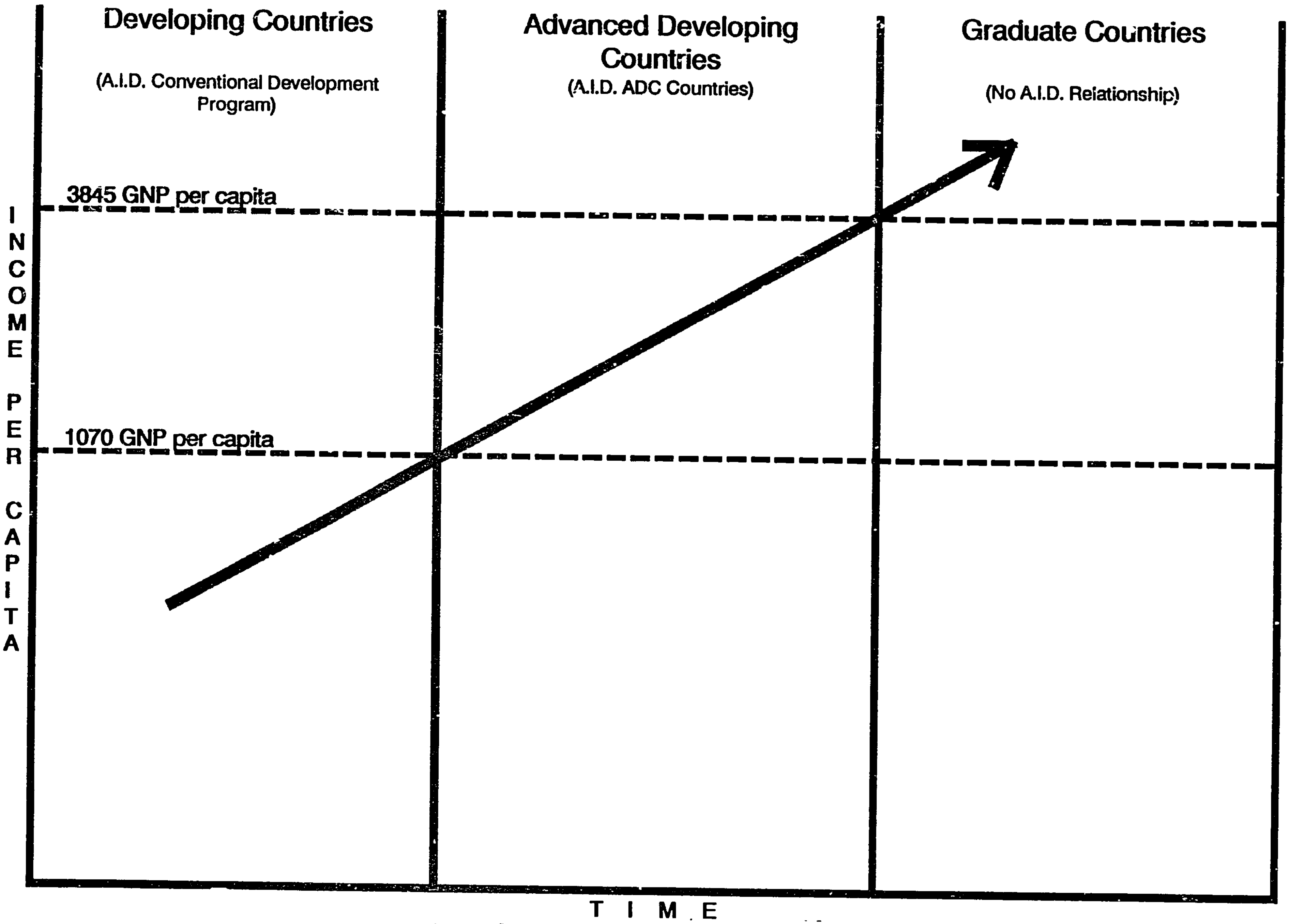

Figure 2: Schema for ADC Country Graduation

Footnote: The per capita GNP levels of $1.070 and $3,845 are the World Bank's upper level eligibility for development credits and IBRD loans respectively.

ADC Strategy

A.I.D.	Other U.S. Agencies
o Familiar with ADC's and establish relationships/contacts	o Less familiar with ADCs
o Treats ADCs as priority countries	o ADCs are generally not as important to them
o Concerned with both U.S. and ADC interests; a more trusted entity by ADCs	o Concerned mostly with U.S. interests in a narrow area of responsibility
o Can easily fill the gap in US-ADC relationships until other USG agencies take over	o Not as inclined to take up relationships with ADCs as A.I.D.
o Better able to support ADCs when growth shocks occur	
o Best able to assist ADC in donor coordination	

Figure 3: Rationale for A.I.D. Involvement in Dealing with ADCs

2. <u>How Should A.I.D. Do Business with ADCs?</u>

Developing relationships with a growing number of ADCs in this decade and beyond may change the way A.I.D. "does business". This new approach would:

- o Identify U.S. interests and mutual interests to be served by the US-ADC relationship

- o Build relationships with ADCs that directly serve U.S. interests and take full account of ADC capability

  - -- Move ADCs to graduation from A.I.D. assistance

  - -- Create ADC programs <u>outside</u> sectoral and functional boundaries--international economic integration, global public goods, democratic institutions and ADC poverty alleviation systems

  - -- Build large programs in ADCs where U.S. interests are important and small programs in ADCs where U.S. interests are less important

- CHANGE THE FORM OF A.I.D.S COUNTRY PRESENCE TO AN APPROPRIATE JOINT US-ADC MECHANISM TO FOSTER ACTIVITIES IN AREAS OF MUTUAL INTEREST INVOLVING AND MANAGED BY OTHER U.S. AND ADC PRIVATE AND PUBLIC SECTOR ENTITIES

- DEPEND ON ADCS' OWN CAPABILITY AND RESOURCES TO ATTAIN ADC'S DEVELOPMENT

D. OBJECTIVES AND ELEMENTS OF A NEW A.I.D. ADC STRATEGY

1. OBJECTIVE

ADC Strategy

Objective of A.I.D. ADC Strategy

To develop U.S.-ADC relationships based on U.S. interests and ADC capabilities

Figure 4: Objective of A.I.D. ADC Strategy

2. Strategy Elements

ADC Strategy

Strategy Elements

1. Specify U.S. long- and short-term interests in the areas of international economic integration, global public goods, democratic institutions and poverty alleviation to be served by the U.S.-ADC relationship

2. Identify mutual interests between the U.S. and the ADC in the above areas

3. Agree upon a portfolio of A.I.D.-ADC activities, including regional ones, in the areas of mutual interest

4. Give full consideration to the policy environment in which all A.I.D.-ADC activities take place

5. Emphasize A.I.D.-ADC activities carried out by U.S. and ADC private sector entities

6. Use "harder" terms for A.I.D. resources and leverage additional resources from other donors, ADC public and private sector entities and U.S. private sector entities

7. Require ADC public and U.S. and ADC private sector entities to pay an increasing portion of the costs associated with A.I.D.-ADC activities

8. Move the ADC toward graduation from A.I.D. assistance

9. Ensure that A.I.D.'s activities blend into and support other U.S. Government agencies activities, including regional ones, in ADCs

Objective of Strategy

U.S.-ADC relationships based on U.S. interests and ADC capabilities

Figure 5. A.I.D. Objectives and Elements for ADC Strategy

3. Five Key Decisions to Guide ADC Strategy Implementation

Objective of A.I.D. ADC Strategy

To develop U.S.-ADC relationships based on U.S. interests and ADC capabilities

A.I.D. ADC Strategy Elements

1. Specify U.S. interests
2. Identify mutual interests
3. Agree upon A.I.D.-ADC activities
4. Consider policy environment
5. Emphasize private sector activities
6. Use "harder" terms and leverage other resources
7. Require ADC public and U.S. & ADC private sector to pay share
8. Move ADC to graduation
9. Ensure support of other USG activities in ADCs

Key Decisions

1. Definition and Number of ADCs
2. A.I.D. ADC Program Content
3. A.I.D. ADC Program Methods
4. A.I.D. ADC Program Mechanism(s)
5. A.I.D. ADC Program Funding Levels

Figure 6: Five Key Decisions to Guide A.I.D. ADC Strategy Implementation

E. What Definition and Number of ADCs?

United States	17615	Netherlands	12661
Canada	16375	Austria	12386
Norway	15940	United Kingdom	12191
Switzerland	15403	United Arab Emirates	12191
Denmark	15119	Australia	11782
Germany, Fed. Republic	14370	Italy	10682
France	13961	New Zealand	10541
Hong Kong	1396[illegible]	Israel	9182
Kuwait	13843	Spain	8989
Sweden	13780	Ireland	8566
Belgium	13140	Saudi Arabia	8320
Japan	13135	Portugal	5597
Finland	12795	Uruguay	5063
Singapore	12790		

Graduate Countries
A.I.D. Funding Levels
(FY 1989 Assistance Requests-Thousands of Dollars)

DA	....
ESF	1260.500
Other	1906.315
(FMS (Forgiven)	1900.000
IMET	6.315)

5000
per capita PPP
(1987 dollars)

South Africa	4981	Thailand	2576
Yugoslavia	4905	Jamaica	2506
Chile	4862	Botswana	2496
Korea, Republic	4832	Nicaragua	2209
Argentina	4647	China	2124
Mexico	4624	Gabon	2068
Hungary	4430	Sri Lanka	2053
Brazil	4307	Guatemala	1957
Venezuela	4306	Philippines	1878
Panama	4009	Papua New Guinea	1843
Malaysia	3849	Morocco	1761
Poland	3817	El Salvador	1733
Syrian Arab Rep.	3810	Indonesia	1660
Turkey	3781	Pakistan	1585
Costa Rica	3760	Lesotho	1585
Trinidad and Tobago	3664	Yemen Arab Rep.	1466
		Cameroon	1381
Colombia	3524	Bolivia	1380
Jordan	3161	Egypt, Arab Rep.	1357
Peru	3129	Zimbabwe	1184
Tunisia	2741	Cote d'Ivoire	1123
Ecuador	2687	Honduras	1119
Algeria	2633	Senegal	1068
Mauritius	2617	India	1053
Paraguay	2603		

Advanced Developing Countries
A.I.D. Funding Levels
(FY 1989 Assistance Requests-Thousands of Dollars)

DA	532.674
ESF	1805.800
Other	3341.370
(PL480 Title I	479.000
PL480 Title II	157.897
Narcotics	60.150
Peace Corps	53.838
FMS (Forgiven)	2210.000
MAP	349.000
IMET	31.485)

1000
per capita PPP
(1987 dollars)

Bangladesh	883	Madagascar	634
Mauritania	840	Central African Republic	591
Kenya	794	Rwanda	571
Haiti	775	Mali	543
Congo, People's Rep.	756	Ghana	481
Burma	752	Sierra Leone	480
Sudan	750	Malawi	476
Nepal	722	Ethiopia	454
Zambia	717	Niger	452
Liberia	696	Burundi	450
Togo	670	Tanzania	405
Nigeria	668	Zaire	220
Benin	665		

Developing Countries
A.I.D. Funding Levels
(FY 1989 Assistance Requests-Thousands of Dollars)

DA	297.400
ESF	29.000
Other	286.028
(PL480 Title I	151.000
PL480 Title II	48.971
Narcotics	7.000
Peace Corps	38.287
MAP	33.700
IMET	7.070)

Figure 7 - Developing, Advanced Developing, and Graduate Countries Selected on the Basis of per capita PPP, Including Current A.I.D. Expenditure Levels for Each Category

Source: Per Capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; the per capita PPP levels used to define ADCs and per capita PPP for Hungary, Poland and Yugoslavia are Devres staff estimates; assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff.

Switzerland	21330	Belgium	11480
United States	18530	Australia	11100
Norway	17190	United Kingdom	10420
United Arab Emirates	15830	Italy	10350
Japan	15760	Hong Kong	8070
Sweden	15550	Singapore	7940
Canada	15160	New Zealand	7750
Denmark	14930	Israel	6800
Kuwait	14610	Saudi Arabia	6200
Finland	14470	Ireland	6120
Germany, Fed. Republic	14400	Spain	6010
France	12790	Oman	5810
Austria	11980	Libya	5460
Netherlands	11860	Trinidad and Tobago	4210
		Greece	4020

Graduate Countries
A.I.D. Funding Levels
(FY 1989 Assistance Requests- Thousands of Dollars)

DA	....
ESF	1215.000
Other	2154.995
(FMS (Forgiven)	1800.000
MAP	350.000
IMET	3.865
Other Military	1.130)

3845
per capita GNP
(1987 dollars)

Venezuela	3230	Jordan	1560
Portugal	2830	Mauritius	1490
Gabon	2700	Peru	1470
Korea, Republic	2690	Chile	1310
Algeria	2680	Colombia	1240
Yugoslavia	2480	Turkey	1210
Argentina	2390	Tunisia	1180
Hungary	2240	Botswana	1050
Panama	2240	Ecuador	1040
Uruguay	2190	Paraguay	990
Brazil	2020	Cameroon	970
Poland	1930	Guatemala	950
South Africa	1890	Jamaica	940
Mexico	1830	Congo, People's Rep.	870
Malaysia	1810	El Salvador	860
Syrian Arab Rep.	1640	Thailand	850
Costa Rica	1610		

Advanced Developing Countries
A.I.D. Funding Levels
(FY 1989 Assistance Requests- Thousands of Dollars)

DA	216.104
ESF	535.300
Other	1077.019
(PL480 Title I	124.000
PL480 Title II	20.260
Narcotics	40.950
Peace Corps	27.584
FMS (Forgiven)	728.000
MAP	117.000
IMET	19.225)

850
per capita GNP
(1987 dollars)

Nicaragua	830	Sudan	330
Honduras	810	Benin	310
Cote d'Ivoire	740	India	300
Dominican Republic	730	Rwanda	300
Papua New Guinea	700	Sierra Leone	300
Egypt, Arab Rep.	680	China	290
Morocco	610	Somalia	290
Philippines	590	Togo	290
Yemen Arab Rep.	590	Niger	260
Bolivia	580	Uganda	260
Zimbabwe	580	Burundi	250
Senegal	520	Zambia	250
Indonesia	450	Madagascar	210
Liberia	450	Mali	210
Mauritania	440	Burkina Faso	190
Yemen,PDR	420	Tanzania	180
Sri Lanka	400	Lao PDR	170
Ghana	390	Mozambique	170
Lesotho	370	Bangladesh	160
Nigeria	370	Malawi	160
Haiti	360	Nepal	160
Pakistan	350	Bhutan	150
Central African Republic	330	Chad	150
Kenya	330	Zaire	150
		Ethiopia	130

Developing Countries
A.I.D. Funding Levels
(FY 1989 Assistance Requests- Thousands of Dollars)

DA	662.788
ESF	1418.000
Other	2721.844
(PL480 Title I	533.000
PL480 Title II	201.236
Narcotics	19.200
Peace Corps	67.738
FMS (Forgiven)	1582.000
MAP	294.700
IMET	23.970)

Figure 8 - Developing, Advanced Developing, and Graduate Countries Categorized on the Basis of per capita GNP, Including Current A.I.D. Expenditure Levels for Each Category

Source: Per Capita GNP Data: The World Bank, World Development Report 1989, Table 1, page 164; assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff. The per capital GNP levels for defining ADCs are based on Devres staff estimates. The upper limit for IBRD Loans is $3,845 in per capita GNP (1987 Dollars). The World Bank has also established an upper limit of $1,070 in per capita GNP (1987 Dollars) for eligibility for Development Credits. However, because Development Credits are scarce, they are provided only to countries with per capital GNP of $580 or less.

Figure 8 - Developing, Advanced Developing, and Graduate Countries Categorized on the Basis of per capita GNP, Including Current A.I.D. Expenditure Levels for Each Category (continued)

ADCs with Normal or Better Economic and Social Indicators

Philippines	1878	Syrian Arab Rep.	3810
Sri Lanka	2053	Poland	3817
China	2124	Malaysia	3849
Thailand	2576	Brazil	4307
Mauritius	2617	Hungary	4430
Colombia	3524	Mexico	4624
Trinidad and Tobago	3664	Korea, Republic	4832
Turkey	3781	Yugoslavia	4905

A.I.D. Funding Levels
(FY 1989 Assistance Requests-
Thousands of Dollars)

DA	62.525
ESF	199.000
Other	792.147
(PL480 Title I	16.000
PL480 Title II	12.852
Narcotics	31.250
Peace Corps	9.160
FMS (Forgiven)	550.000
MAP	160.000
IMET	12.885)

ADCs with Low Economic Indicators

El Salvador	1733	Jordan	3161
Nicaragua	2209	Costa Rica	3760
Jamaica	2506	Panama	4009
Paraguay	2603	Venezuela	4306
Ecuador	2687	Argentina	4647
Peru	3129	Chile	4862

A.I.D. Funding Levels
(FY 1989 Assistance Requests-
Thousands of Dollars)

DA	129.279
ESF	309.000
Other	294.192
(PL480 Title I	96.000
PL480 Title II	15.185
Narcotics	3.600
Peace Corps	12.497
FMS (Forgiven)	48.000
MAP	103.000
IMET	5.910)

ADCs with Low Social Indicators

India	1053	Lesotho	1585
Senegal	1068	Indonesia	1660
Honduras	1119	Morocco	1761
Cote d'Ivoire	1123	Papua New Guinea	1843
Zimbabwe	1184	Guatemala	1957
Egypt, Arab Rep.	1357	Gabon	2068
Bolivia	1380	Botswana	2496
Cameroon	1381	Algeria	2633
Yemen Arab Rep.	1466	Tunisia	2741
Pakistan	1585	South Africa	4981

A.I.D. Funding Levels
(FY 1989 Assistance Requests-
Thousands of Dollars)

DA	340.870
ESF	1297.800
Other	2255.031
(PL480 Title I	367.000
PL480 Title II	129.860
Narcotics	15.300
Peace Corps	32.181
FMS (Forgiven)	161[illegible]
MAP	86.000
IMET	12.690)

Figure 9: - <u>ADC Categories and A.I.D. Requested Assistance Levels for 48 Countries (PPP)</u>

Source: Per Capita GDP expressed terms of purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; the per capita PPP levels used to define ADCs and per capita PPP for Hungary, Poland and Yugoslavia are Devres staff estimates; assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff.

ADCs with normal or better economic and social indicators:

- PPP income per capita $\geq$ \$1,000, $\leq$ \$5,000
- Physical Quality of Life > 70
- Annual average growth in per capita GNP, 1965-87 $\geq$ 1.3 percent
- External public debt service as a percentage of exports $\leq$ 35 percent
- Manufactured exports as a percentage of total exports $\geq$ 20 percent

ADCs with low economic indicators:

- PPP income per capita $\geq$ \$1,000, $\leq$ \$5,000, and
- Physical Quality of Life > 70, but
- Annual average growth in per capita GNP, 1965-87, < 1.3 percent, or
- External public debt service as a percentage of total exports $\geq$ 35 percent, or
- Manufactured exports as a percentage of total exports < 20 percent

ADCs with low social indicators:

- PPP income per capita $\geq$ \$1,000, $\leq$ \$5,000 and
- Physical Quality of Life $\leq$ 70

Figure 9: ADC Categories and A.I.D. Requested Assistance Levels for 48 Countries (PPP) (continued)

Table 1. Data and Indicator Levels for ADC Categories (PPP) with PQLI > 70

ADCs with Normal or Better Economic and Social Indicators -- Income Between 1000 and 5000, Physical Quality of Life > 75, Growth >= 1.3, Stability (Debt service as % of Exports) <=35, and Integration (Manufactured Exports as % of Total Exports) >=20

	GNP per capita Dollars 1987	GNP per capita Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Philippines	590	1.7	1878	79	23.2	62
Sri Lanka	400	3.0	2053	87	19.2	40
China	290	5.2	2124	80	7.1	70
Thailand	850	3.9	2576	82	13.6	53
Mauritius	1490	3.2	2617	83	6.1	40
Colombia	1240	2.7	3524	82	33.4	21
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3817	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Korea, Republic	2690	6.4	4832	86	21.9	92
Yugoslavia	2480	3.7	4905	91	13.3	78

ADCs with Low Economic Indicators -- Income and Physical Quialty of Life > 75, but (Growth < 1.3 or Stability (Debt service as % of Exports) > 35 or Integration (Manufactured Exports as % of Total Exports) < 20)

	GNP per capita Dollars 1987	GNP per capita Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
El Salvador	860	-0.4	1733	74	19.4	31
Nicaragua	830	-2.5	2209	74	0.0	10
Jamaica	940	-1.5	2506	92	26.6	66
Paraguay	990	3.4	2603	83	21.3	12
Ecuador	1040	3.2	2687	79	20.7	4
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Costa Rica	1610	1.5	3760	94	12.1	40
Panama	2240	2.4	4009	90	6.5	13
Venezuela	3230	-0.9	4306	87	22.6	8
Argentina	2390	0.1	4647	90	45.3	31
Chile	1310	0.2	4862	91	21.1	9

ADCs with Low Social Indicators -- Income and Physical Quality of Life <= 75

	GNP per capita Dollars 1987	GNP per capita Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
India	300	1.8	1053	55	18.9	69
Senegal	520	-0.6	1068	36	21.4	15
Honduras	810	0.7	1119	67	23.0	12
Cote d'Ivoire	740	1.0	1123	49	19.6	9
Zimbabwe	580	0.9	1184	67	23 2	40
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Bolivia	580	-0.5	1380	59	22.1	2
Cameroon	970	3.8	1381	58	15.9	9
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
Pakistan	350	2.5	1585	43	25.9	67
Lesotho	370	4.7	1585	61	4.4	0
Indonesia	450	4.5	1660	63	27.8	27
Morocco	610	1.8	1761	54	29.9	49
Papua New Guinea	700	0.8	1843	54	13.0	6
Guatemala	950	1.2	1957	64	24.9	36
Gabon	2700	1.1	2068	54	5.1	10
Botswana	1050	8.9	2496	66	3.7	0
Algeria	2680	3.2	2633	62	49.0	1
Tunisia	1180	3.6	2741	66	26.9	61
South Africa	1890	0.6	4981	66	0.0	78

Source: Per Capita GNP, average annual growth rate, external public debt as a percentage of exports of goods and services, and machinery, transport equipment and other manufacturers as a percent of total exports from The World Bank, World Development Report 1989, Table 1, page 164; per capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; the per capita PPP levels and other criteria used to define ADCs and per capita PPP for Hungary, Poland and Yugoslavia are Devres staff estimates; Physical Quality of Life data are from the Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, pp. 246 ff.

ADCs with Normal or Better Economic and Social Indicators

Indonesia	1660	Costa Rica	3760
Philippines	1878	Turkey	3781
Sri Lanka	2053	Syrian Arab Rep.	3810
China	2124	Poland	36[illegible]
Thailand	2576	Malaysia	3849
Mauritius	2617	Brazil	4307
Tunisia	2741	Hungary	4430
Colombia	3524	Mexico	4624
Trinidad and Tobago	3664	Korea, Republic	4832
		Yugoslavia	4905

A.I.D. Funding Levels
(FY 1989 Assistance Requests-
Thousands of Dollars)

DA	119.525
ESF	281.500
Other	883.073
(PL480 Title I	51.000
PL480 Title II	18.479
Narcotics	31.250
Peace Corps	14.379
FMS (Forgiven)	580.000
MAP	171.500
IMET	16.465)

ADCs with Low Economic Indicators

Honduras	1119	Algeria	2633
Zimbabwe	1184	Ecuador	2687
Lesotho	1585	Peru	3129
El Salvador	1733	Jordan	3161
Guatemala	1957	Panama	4009
Nicaragua	2209	Venezuela	4306
Botswana	2496	Argentina	4647
Jamaica	2506	Chile	4862
Paraguay	2603	South Africa	4981

A.I.D. Funding Levels
(FY 1989 Assistance Requests-
Thousands of Dollars)

DA	230.879
ESF	409.300
Other	401.423
(PL480 Title I	111.000
PL480 Title II	26.038
Narcotics	13.600
Peace Corps	24.305
FMS (Forgiven)	48.000
MAP	107.500
IMET	7.980)

ADCs with Low Social Indicators

India	1053	Yemen Arab Rep.	1466
Senegal	1068	Pakistan	1585
Cote d'Ivoire	1123	Morocco	1761
Egypt, Arab Rep.	1357	Papua New Guinea	1843
Bolivia	1380	Gabon	2068
Cameroon	1381		

A.I.D. Funding Levels
(FY 1989 Assistance Requests-
Thousands of Dollars)

DA	182.270
ESF	1115.000
Other	2056.874
(PL480 Title I	317.000
PL480 Title II	113.380
Narcotics	15.300
Peace Corps	15.154
FMS (Forgiven)	1582.000
MAP	7.000
IMET	7.040)

Figure 10: ADC Categories and A.I.D. Requested Assistance Levels for 48 Countries (PPP) with PQLI > 60

Source: Per Capita GDP expressed terms of Purchasing Power Parity: USAID, Development and the National Interest, Table 1, page 132; per capita PPP data for Hungary, Poland and Yugoslavia are Devres staff estimates; assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff. The per capita PPP levels used to define ADCs are Devres staff estimates.

ADCs with normal or better economic and social indicators:

- PPP income per capita $\geq$ \$1,000, $\leq$ \$5,000
- Physical Quality of Life > 60
- Annual average growth in per capita GNP, 1965-87 $\geq$ 1.3 percent
- External public debt service as a percentage of exports $\leq$ 35 percent
- Manufactured exports as a percentage of total exports $\geq$ 20 percent

ADCs with low economic indicators:

- PPP income per capita $\geq$ \$1,000, $\leq$ \$5,000, and
- Physical Quality of Life > 60, but
- Annual average growth in per capita GNP, 1965-87, < 1.3 percent, or
- External public debt service as a percentage of total exports $\geq$ 35 percent, or
- Manufactured exports as a percentage of total exports < 20 percent

ADCs with low social indicators:

- PPP income per capita $\geq$ \$1,000, $\leq$ \$5,000 and
- Physical Quality of Life $\leq$ 60

Figure 10: ADC Categories and A.I.D. Requested Assistance Levels for 48 Countries (PPP) with PQLI > 60 (continued)

Table 2: Data and Indicator Levels for ADC Categories (PPP) with PQLI > 60

ADCs with Normal or Better Economic and Social Indicators -- Income Between 1000 and 5000, Physical Quality of Life > ~~75~~ 60, Growth >= 1.3, Stability (Debt service as % of Exports) <=35, and Integration (Manufactured Exports as % of Total Exports) >=20

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Indonesia	450	4.5	1660	63	27.8	27
Philippines	590	1.7	1878	79	23.2	62
Sri Lanka	400	3.0	2053	87	19.[illegible]	40
China	290	5.2	2124	80	7.1	70
Thailand	850	3.9	2576	82	13.6	53
Mauritius	1490	3.2	2617	83	6.1	40
Tunisia	1180	3.6	2741	66	26.9	61
Colombia	1240	2.7	3524	82	33.4	21
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3817	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Korea, Republic	2690	6.4	4832	86	21.9	92
Yugoslavia	2480	3.7	4905	91	13.3	78

ADCs with Low Economic Indicators -- Income and Physical Quialty of Life > ~~75~~ 60, but (Growth < 1.3 or Stability (Debt service as % of Exports) > 35 or Integration (Manufactured Exports as % of Total Exports) < 20)

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Honduras	810	0.7	1119	67	23.0	12
Zimbabwe	580	0.9	1184	67	23.2	40
Lesotho	370	4.7	1585	61	4.4	0
El Salvador	860	-0.4	1733	74	19.4	31
Guatemala	950	1.2	1957	64	24.9	36
Nicaragua	830	-2.5	2209	74	0.0	10
Botswana	1050	8.9	2496	66	3.7	0
Jamaica	940	-1.5	2506	92	26.6	66
Paraguay	990	3.4	2603	83	21.3	12
Algeria	2680	3.2	2633	62	49.0	1
Ecuador	1040	3.2	2687	79	20.7	4
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
Panama	2240	2.4	4009	90	6.5	13
Venezuela	3230	-0.9	4306	87	22.6	8
Argentina	2390	0.1	4647	90	45.3	31
Chile	1310	0.2	4862	91	21.1	9
South Africa	1890	0.6	4981	66	0.0	78

ADCs with Low Social Indicators -- Income and Physical Quality of Life <= ~~75~~ 60

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
India	300	1.8	1053	55	18.9	60
Senegal	520	-0.6	1068	36	21.4	15
Cote d'Ivoire	740	1.0	1123	49	19.6	9
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Bolivia	580	-0.5	1380	59	22.1	2
Cameroon	970	3.8	1381	58	15.9	9
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
Pakistan	350	2.5	1585	43	25.9	67
Morocco	610	1.8	1761	54	29.9	49
Papua New Guinea	700	0.8	1843	54	13.0	6
Gabon	2700	1.1	2068	54	5.1	10

Source: Per Capita GNP, average annual growth rate, external public debt as a percentage of exports of goods and services, and machinery, transport equipment and other manufacturers as a percent of total exports from The World Bank, World Development Report 1989, Table 1, page 164; per capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; the per capita PPP levels and other criteria used to define ADCs and per capita PPP for Hungary, Poland and Yugoslavia are Devres staff estimates; Physical Quality of Life data are from the Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, pp. 246 ff.

Income Grouping
1000 <= Purchasing Power Parity <= 5000

India	1053	Morocco	1761	Mauritius	2617	Poland	3817
Senegal	1068	Papua New Guinea	1843	Algeria	2633	Malaysia	3849
Honduras	1119	Philippines	1878	Ecuador	2687	Panama	4009
Cote d'Ivoire	1123	Guatemala	1957	Tunisia	2741	Venezuela	4306
Zimbabwe	1184	Sri Lanka	2053	Peru	3129	Brazil	4307
Egypt, Arab Rep.	1357	Gabon	2068	Jordan	3161	Hungary	4430
Bolivia	1380	China	2124	Colombia	3524	Mexico	4624
Cameroon	1381	Nicaragua	2209	Trinidad and	3664	Argentina	4647
Yemen Arab Rep.	1466	Botswana	2496	Tobago		Korea, Republic	4832
Lesotho	1585	Jamaica	2506	Costa Rica	3760	Chile	4862
Pakistan	1585	Thailand	2576	Turkey	3781	Yugoslavia	4905
Indonesia	1660	Paraguay	2603	Syrian Arab Rep.	3810	South Africa	4981
El Salvador	1733						

Income plus Growth Grouping
Growth >= 1.3%

IN				OUT			
India	1053	Tunisia	2741	Senegal	1068	Gabon	2068
Egypt, Arab Rep.	1357	Colombia	3524	Honduras	1119	Nicaragua	2209
Cameroon	1381	Trinidad and	3664	Cote d'Ivoire	1123	Jamaica	2506
Lesotho	1585	Tobago		Zimbabwe	1184	Peru	3129
Pakistan	1585	Costa Rica	3760	Bolivia	1380	Jordan	3161
Indonesia	1660	Turkey	3781	Yemen Arab Rep.	1466	Venezuela	4306
Morocco	1761	Syrian Arab Rep.	3810	El Salvador	1733	Argentina	4647
Philippines	1878	Poland	3817	Papua New Guinea	1843	Chile	4862
Sri Lanka	2053	Malaysia	3849	Guatemala	1957	South Africa	4981
China	2124	Panama	4009				
Botswana	2496	Brazil	4307				
Thailand	2576	Hungary	4430				
Paraguay	2603	Mexico	4624				
Mauritius	2617	Korea, Republic	4832				
Algeria	2633	Yugoslavia	4905				
Ecuador	2687						

Income plus Growth plus Physical Quality of Life Index Grouping
PQLI >= 60

IN				OUT			
Lesotho	1585	Trinidad and	3664	India	1053	Papua New Guinea	1843
Indonesia	1660	Tobago		Senegal	1068	Guatemala	1957
Philippines	1878	Costa Rica	3760	Honduras	1119	Gabon	2068
Sri Lanka	2053	Turkey	3781	Cote d'Ivoire	1123	Nicaragua	2209
China	2124	Syrian Arab Rep.	3810	Zimbabwe	1184	Jamaica	2506
Botswana	2496	Poland	3817	Egypt, Arab Rep.	1357	Peru	3129
Thailand	2576	Malaysia	3849	Bolivia	1380	Jordan	3161
Paraguay	2603	Panama	4009	Cameroon	1381	Venezuela	4306
Mauritius	2617	Brazil	4307	Yemen Arab Rep.	1466	Argentina	4647
Algeria	2633	Hungary	4430	Pakistan	1585	Chile	4862
Ecuador	2687	Mexico	4624	El Salvador	1733	South Africa	4981
Tunisia	2741	Korea, Republic	4832	Morocco	1761		
Colombia	3524	Yugoslavia	4905				

Figure 11:-- Categories of ADCs as Determined by Different Economic and Social Indicators

Income plus Growth plus PQLI plus Integration Grouping
Integration >= 20% Export Equipment

IN

Indonesia	1660	Turkey	3781
Philippines	1878	Syrian Arab Rep.	3810
Sri Lanka	2053	Poland	3817
China	2124	Malaysia	3849
Thailand	2576	Brazil	4307
Mauritius	2617	Hungary	4430
Tunisia	2741	Mexico	4624
Colombia	3524	Korea, Republic	4832
Costa Rica	3760	Yugoslavia	4905

OUT

India	1053	Nicaragua	2209
Senegal	1068	Botswana	2496
Honduras	1119	Jamaica	2506
Cote d'Ivoire	1123	Paraguay	2603
Zimbabwe	1184	Algeria	2633
Egypt, Arab Rep.	1357	Ecuador	2687
Bolivia	1380	Peru	3129
Cameroon	1381	Jordan	3161
Yemen Arab Rep.	1466	Trinidad and Tobago	3664
Lesotho	1585		
Pakistan	1585	Panama	4009
El Salvador	1733	Venezuela	4306
Morocco	1761	Argentina	4647
Papua New Guinea	1843	Chile	4862
Guatemala	1957	South Africa	4981
Gabon	2068		

Income plus Growth plus PQLI plus Integration plus Stability Grouping
Export Debt <=35

IN

Indonesia	1660	Turkey	3781
Philippines	1878	Syrian Arab Rep.	3810
Sri Lanka	2053	Poland	3817
China	2124	Malaysia	3849
Thailand	2576	Brazil	4307
Mauritius	2617	Hungary	4430
Tunisia	2741	Mexico	4624
Colombia	3524	Korea, Republic	4832
Costa Rica	3760	Yugoslavia	4905

OUT

India	1053	Nicaragua	2209
Senegal	1068	Botswana	2496
Honduras	1119	Jamaica	2506
Cote d'Ivoire	1123	Paraguay	2603
Zimbabwe	1184	Algeria	2633
Egypt, Arab Rep.	1357	Ecuador	2687
Bolivia	1380	Peru	3129
Cameroon	1381	Jordan	3161
Yemen Arab Rep.	1466	Trinidad and Tobago	3664
Lesotho	1585		
Pakistan	1585	Panama	4009
El Salvador	1733	Venezuela	4306
Morocco	1761	Argentina	4647
Papua New Guinea	1843	Chile	4862
Guatemala	1957	South Africa	4981
Gabon	2068		

Figure 11:-- Categories of ADCs as Determined by Different Economic and Social Indicators (continued)

Source: Per Capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; the per capita PPP levels and other criteria used to categorize ADCs, and per capita PPP for Hungary, Poland and Yugoslavia, are Devres staff estimates.

Income Grouping
850 <= Purchasing Power Parity <= 3845

Thailand	850	Botswana	1050	Syrian Arab Rep.	1640	Panama	2240
El Salvador	860	Tunisia	1180	Malaysia	1810	Argentina	2390
Congo, People's Rep.	870	Turkey	1210	Mexico	1830	Yugoslavia	2480
		Colombia	1240	South Africa	1890	Algeria	2680
Jamaica	940	Chile	1310	Poland	1930	Korea, Republic	2690
Guatemala	950	Peru	1470	Brazil	2020	Gabon	2700
Cameroon	970	Mauritius	1490	Uruguay	2190	Portugal	2830
Paraguay	990	Jordan	1560	Hungary	2240	Venezuela	3230
Ecuador	1040	Costa Rica	1610				

Income plus Growth Grouping
Growth >= 1.3%

IN				OUT	
Thailand	850	Syrian Arab Rep.	1640	El Salvador	860
Congo, People's Rep.	870	Malaysia	1810	Jamaica	940
		Mexico	1830	Guatemala	950
Cameroon	970	Poland	1930	Chile	1310
Paraguay	990	Brazil	2020	Peru	1470
Ecuador	1040	Uruguay	2190	Jordan	1560
Botswana	1050	Hungary	2240	South Africa	1890
Tunisia	1180	Panama	2240	Argentina	2390
Turkey	1210	Yugoslavia	2480	Gabon	2700
Colombia	1240	Algeria	2680	Venezuela	3230
Mauritius	1490	Korea, Republic	2690		
Costa Rica	1610	Portugal	2830		

Income plus Growth plus Physical Quality of Life Index Grouping
PQLI >= 60

IN				OUT	
Thailand	850	Malaysia	1810	El Salvador	860
Congo, People's Rep.	870	Mexico	1830	Jamaica	940
		Poland	1930	Guatemala	950
Paraguay	990	Brazil	2020	Cameroon	970
Ecuador	1040	Uruguay	2190	Chile	1310
Botswana	1050	Hungary	2240	Peru	1470
Tunisia	1180	Panama	2240	Jordan	1560
Turkey	1210	Yugoslavia	2480	South Africa	1890
Colombia	1240	Algeria	2680	Argentina	2390
Mauritius	1490	Korea, Republic	2690	Gabon	2700
Costa Rica	1610	Portugal	2830	Venezuela	3230
Syrian Arab Rep.	1640				

Figure 12:-- Categories of ADCs as Determined by Different Economic and Social Indicators

Income plus Growth plus PQLI plus Integration Grouping
Integration >= 20% Export Equipment

IN				OUT			
Thailand	850	Mexico	1830	El Salvador	860	Chile	1310
Tunisia	1180	Poland	1930	Congo, People's Rep.	870	Peru	1470
Turkey	1210	Brazil	2020	Jamaica	940	Jordan	1560
Colombia	1240	Uruguay	2190	Guatemala	950	South Africa	1890
Mauritius	1490	Hungary	2240	Cameroon	970	Panama	2240
Costa Rica	1610	Yugoslavia	2480	Paraguay	990	Argentina	2390
Syrian Arab Rep.	1640	Korea, Republic	2690	Ecuador	1040	Algeria	2680
Malaysia	1810	Portugal	2830	Botswana	1050	Gabon	2700
						Venezuela	3230

Income plus Growth plus PQLI plus Integration plus Stability Grouping
Export Debt <=35

IN				OUT			
Thailand	850	Mexico	1830	El Salvador	860	Peru	1470
Tunisia	1180	Poland	1930	Congo, People's Rep.	870	Jordan	1560
Turkey	1210	Brazil	2020	Jamaica	940	South Africa	1890
Colombia	1240	Uruguay	2190	Guatemala	950	Panama	2240
Mauritius	1490	Hungary	2240	Cameroon	970	Argentina	2390
Costa Rica	1610	Yugoslavia	2480	Paraguay	990	Algeria	2680
Syrian Arab Rep.	1640	Korea, Republic	2690	Ecuador	1040	Gabon	2700
Malaysia	1810			Botswana	1050	Portugal	2830
				Chile	1310	Venezuela	3230

Figure 12:-- Categories of ADCs as Determined by Different Economic and Social Indicators (continued)

Source: Per Capita GNP Data: The World Bank, World Development Report 1989, TAble 1, page 164; assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff. The per capita GNP and other criteria used to define ADCs are Devres staff estimates.

Growth Rate >= 1.3

India	1053	Tunisia	2741
Egypt, Arab Rep.	1357	Colombia	3524
Cameroon	1381	Trinidad and Tobago	3664
Lesotho	1585	Costa Rica	3760
Pakistan	1585	Turkey	3781
Indonesia	1660	Syrian Arab Rep.	3810
Morocco	1761	Poland	3817
Philippines	1878	Malaysia	3849
Sri Lanka	2053	Panama	4009
China	2124	Brazil	4307
Botswana	2496	Hungary	4430
Thailand	2576	Mexico	4624
Paraguay	2603	Korea, Republic	4832
Mauritius	2617	Yugoslavia	4905
Algeria	2633		
Ecuador	2687		

Growth Rate < 1.3

Senegal	1068	Gabon	2068
Honduras	1119	Nicaragua	2209
Cote d'Ivoire	1123	Jamaica	2506
Zimbabwe	1184	Peru	3129
Bolivia	1380	Jordan	3161
Yemen Arab Rep.	1466	Venezuela	4306
El Salvador	1733	Argentina	4647
Papua New Guinea	1843	Chile	4862
Guatemala	1957	South Africa	4981

Physical Quality of Life > 60

Honduras	1119	Jordan	3161
Zimbabwe	1184	Colombia	3524
Lesotho	1585	Trinidad and Tobago	3664
Indonesia	1660	Costa Rica	3760
El Salvador	1733	Turkey	3781
Philippines	1878	Syrian Arab Rep.	3810
Guatemala	1957	Poland	3817
Sri Lanka	2053	Malaysia	3849
China	2124	Panama	4009
Nicaragua	2209	Venezuela	4306
Botswana	2496	Brazil	4307
Jamaica	2506	Hungary	4430
Thailand	2576	Mexico	4624
Paraguay	2603	Argentina	4647
Mauritius	2617	Korea, Republic	4832
Algeria	2633	Chile	4862
Ecuador	2687	Yugoslavia	4905
Tunisia	2741	South Africa	4981
Peru	3129		

Physical Quality of Life <= 60

India	1053
Senegal	1068
Cote d'Ivoire	1123
Egypt, Arab Rep.	1357
Bolivia	1380
Cameroon	1381
Yemen Arab Rep.	1466
Pakistan	1585
Morocco	1761
Papua New Guinea	1843
Gabon	2068

Figure 13:-- Categories of ADCs Based on Per Capita PPP for the Conditions Specified

Stability (Debt Service as % of Exports) > 35

Algeria	2633

Stability (Debt Service as % of Exports) <= 35

India	1053	Paraguay	2603
Senegal	1068	Mauritius	2617
Honduras	1119	Ecuador	2687
Cote d'Ivoire	1123	Tunisia	2741
Zimbabwe	1184	Peru	3129
Egypt, Arab Rep.	1357	Jordan	3161
Bolivia	1380	Colombia	3524
Cameroon	1381	Trinidad and Tobago	3664
Yemen Arab Rep.	1466		
Lesotho	1585	Costa Rica	3760
Pakistan	1585	Turkey	3781
Indonesia	1660	Syrian Arab Rep.	3810
El Salvador	1733	Poland	3817
Morocco	1761	Malaysia	3849
Papua New Guinea	1843	Panama	4009
Philippines	1878	Venezuela	4306
Guatemala	1957	Brazil	4307
Sri Lanka	2053	Hungary	4430
Gabon	2068	Mexico	4624
China	2124	Korea, Republic	4832
Nicaragua	2209	Chile	4862
Botswana	2496	Yugoslavia	4905
Jamaica	2506	South Africa	4981
Thailand	2576		

Integration (Manufactured Exports as % of Total Exports) >= 20

India	1053	Colombia	3524
Zimbabwe	1184	Trinidad and Tobago	3664
Yemen Arab Rep.	1466		
Pakistan	1585	Costa Rica	3760
Indonesia	1660	Turkey	3781
El Salvador	1733	Syrian Arab Rep.	3810
Morocco	1761	Poland	3817
Philippines	1878	Malaysia	3849
Guatemala	1957	Brazil	4307
Sri Lanka	2053	Hungary	4430
China	2124	Mexico	4624
Jamaica	2506	Argentina	4647
Thailand	2576	Korea, Republic	4832
Mauritius	2617	Yugoslavia	4905
Tunisia	2741	South Africa	4981
Jordan	3161		

Integration (Manufactured Exports as % of Total Exports) < 20

Senegal	1068	Nicaragua	2209
Honduras	1119	Botswana	2496
Cote d'Ivoire	1123	Paraguay	2603
Egypt, Arab Rep.	1357	Algeria	2633
Bolivia	1380	Ecuador	2687
Cameroon	1381	Peru	3129
Lesotho	1585	Panama	4009
Papua New Guinea	1843	Venezuela	4306
Gabon	2068	Chile	4862

Figure 13:-- Categories of ADCs Based on Per Capita PPP for the Conditions Specified (continued)

Source: Per Capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; the per capita PPP levels and other criteria used to categorize ADCs, and per capita PPP for Hungary, Poland and Yugoslavia, are Devres staff estimates.

F. WHAT A.I.D. ADC PROGRAM CONTENT?

ADC Strategy

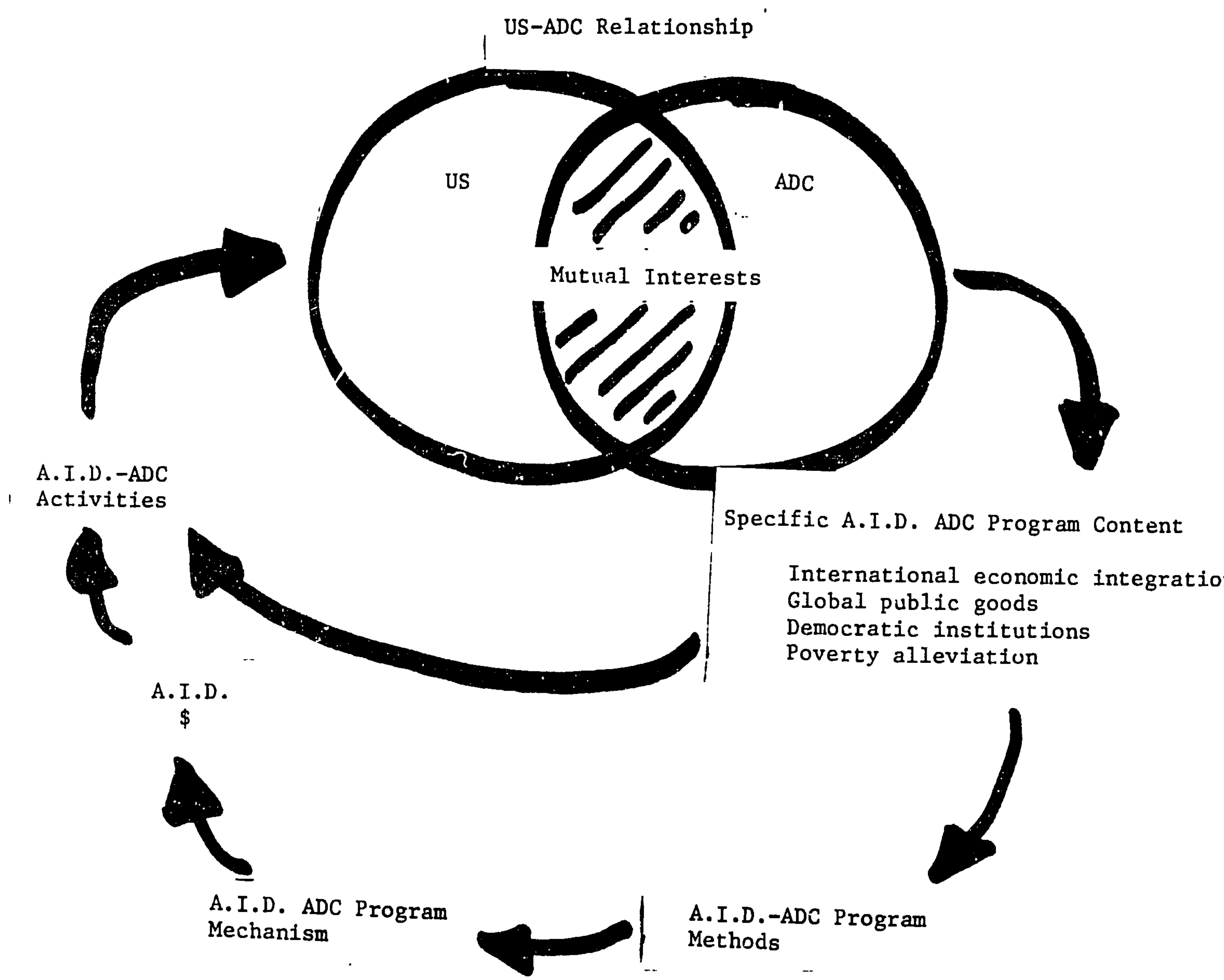

Figure 14:-- Schematic of A.I.D. ADC Program Components

ADC Strategy

Current A.I.D. ADC Program Content
(Five ADCs)

- o LAC
  - Population
  - Democratic initiatives; ADC leadership awareness
  - Narcotics
  - Technology
  - Administration of justice
  - Private sector
  - Natural resources; tropical forestry environment
  - Health; AIDS; child survival
  - Urban environment
  - Networking of many kinds
  - Collaborative health and agriculture research
  - Training
  - Section 416
  - Fisheries
  - Agriculture

- o ANE (Thailand and Portugal)
  - Economic integration into the global economy
  - Private sector development
  - Science and technology
  - Education
  - Public administration and regional development
  - Culture

Potential A.I.D. ADC Program Content

- o International Economic Integration
  - Privatization
  - Economic policy
  - Trade and investment policy
  - Business and financial management
  - Capital market
  - Technology transfer
  - Capital projects--mixed credits, guarantees
  - Short-term commercial activities
  - Information
  - Training

- o Global Public Goods
  - Biodiversity
  - Environment
  - AIDS control and research
  - Narcotics control
  - Population
  - Research (technology, health, agriculture)
  - Education and training
  - collaborative research

- o Democratic Institutions
  - Management of democratic institutions and programs
  - Training; ADC leadership awareness
  - Technology
  - Human rights
  - Information

- o Poverty Alleviation
  - Economic and social development policy
  - Management of poverty alleviation institutions and programs
  - Training
  - Technology transfer
  - PVO development
  - Private sector resource mobilization
  - Information

Figure 15:-- Current and Potential A.I.D. ADC Program Content

G. What ADC Program Methods?

ADC Strategy

Current A.I.D. Program Methods	Potential A.I.D. ADC Program Methods
Methods:	Methods:
o A.I.D. role: Resource transfer to the ADC public sector	o A.I.D. role: Catalyst fostering collaboration and partnership between U.S. and ADC public and private sectors
o A.I.D. plans with the host country government	o A.I.D. works with ADC public and private sector to identify key areas of U.S. and ADC interest
o A.I.D. funds and manages agreed upon projects carried out by ADC public sector, PVO's contractors and others	o A.I.D. funds and supports collaborative efforts including commercial efforts between U.S. and ADC public and private sectors in selected areas
	o A.I.D. funds research, policy dialogue, and public education on key U.S.-ADC issues

Figure 16:-- Current and Potential A.I.D. ADC Program Methods

H. WHAT A.I.D. ADC PROGRAM MECHANISMS?

ADC Strategy

Current A.I.D. ADC Program Mechanisms	Potential A.I.D. ADC Program Mechanisms
o Solo USAID Representative and local hired staff (Brazil, Colombia, Mexico, Paraguay, and Uruguay)	o U.S.-ADC Foundation/Research/Trust Institute
o USAID Mission (Thailand)	o USAID Representative
	o Joint Commission or Partners Organization
o American-Luso Foundation (Portugal)	

Figure 17:-- Current and Potential A.I.D. ADC Program Mechanisms

ADC STRATEGY

I. WHAT A.I.D. ADC PROGRAM FUNDING LEVELS?

ADC Strategy

Current A.I.D. DA & ESF Funding Levels for ADCs

- Small number (7) ADCs: $81.5 million (See Table 1)

Potential A.I.D. DA & ESF Funding Levels for ADCs

- Large number (48) ADCs: $2,339 million (See Figure 7)
- Large number (48) ADCs: (See Figure 7)
  - Normal or better economic and social indicators (16) ADCs: $262 million
  - Low economic indicator (12) ADCs: $438 million
  - Low social indicator (20) ADCs: $1,639 million
- Small number (16) ADCs: $262 million

Figure 18:-- Requested A.I.D. DA and ESF Funding Level for Current ADCs and Potential Groups of ADCs

Table 3: Requested A.I.D. DA and ESF Funding Levels, for FY 1989 for Current ADCs, by Country
(U.S. $ Millions)

	DA	ESF	TOTAL
Brazil	0.0	0.0	0.0
Colombia	0.0	0.0	0.0
Mexico	0.0	0.0	0.0
Paraguay	0.0	0.0	0.0
Portugal	0.0	60.5	60.5
Thailand	16.0	5.0	21.0
Uruguay	0.0	0.0	0.0
	16.0	65.5	81.5

Source: FY 1989 Congressional Presentation

Assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff.

Footnotes: Figures for DA & ESF, allocable by country, were not available for five countries. Their program/project funds are currently provided by Central Bureau funds which were not de-segregated by country.

ADC Strategy

J. Option for A.I.D. ADC Strategy

1. Option 1. Many ADCs, New ADC Program Approach and High A.I.D. Funding Levels

2. Option 2. Few ADCs, "LAC-type" Program Approach and Low A.I.D. Funding Levels

1. DEFINITION OF ADCs: Countries with per capital PPP between $1,000 and $5,000

2. NUMBER OF ADCs: 48

Normal or Better	Low Economic	Low Social
Philippines	El Salvador	India
Sri Lanka	Nicaragua	Senegal
China	Jamaica	Honduras
Thailand	Paraguay	Cote d'Ivoire
Mauritius	Ecuador	Zimbabwe
Colombia	Peru	Egypt, Arab Rep
Trinidad and Tobago	Jordan	Bolivia
Turkey	Costa Rica	Cameroon
Syrian Arab Rep	Panama	Yemen Arab Rep
Poland	Venezuela	Pakistan
Malaysia	Argentina	Lesotho
Brazil	Chile	Indonesia
Hungary		Morocco
Mexico		Papua New Guinea
Korea, Republic		Guatemala
Yugoslavia		Gabon
		Botswana
		Algeria
		Tunisia
		South Africa

3. PROGRAM CONTENT: Activities in support of U.S. interests in the areas of international economic integration, global public goods, democratic institutions and mobilization of ADC domestic resources for poverty alleviation as decided jointly by U.S. and ADC

Figure 19. A.I.D. ADC Strategy Option 1: Many ADCs, New ADC Program Approach and High A.I.D. Funding Levels

A.I.D. ADC Strategy Option 1: Many ADCs, New ADC Program Approach and High A.I.D. Funding Levels (continued)

4. **PROGRAM METHODS:**	A.I.D. as catalyst for U.S. ADC activities in areas of mutual interest undertaken and managed by the ADC and U.S. private and public sectors; emphasize institutional and individual links to the U.S.	
5. **PROGRAM MECHANISM(S):**	o Graduating Countries:	A.I.D. Representative and/or Joint Commission or Partnership until graduation
	o Large Programs:	A.I.D. Representative and Foundation/Research Institute
	o Small Programs:	A.I.D. Representative and/or Joint Commission or Partnership
6. **FUNDING LEVEL**[1]**:**	$2.338 billion DA and ESF	

[1]/ FY89 A.I.D. Assistance requests for the ADCs included in this option, allocable by country.

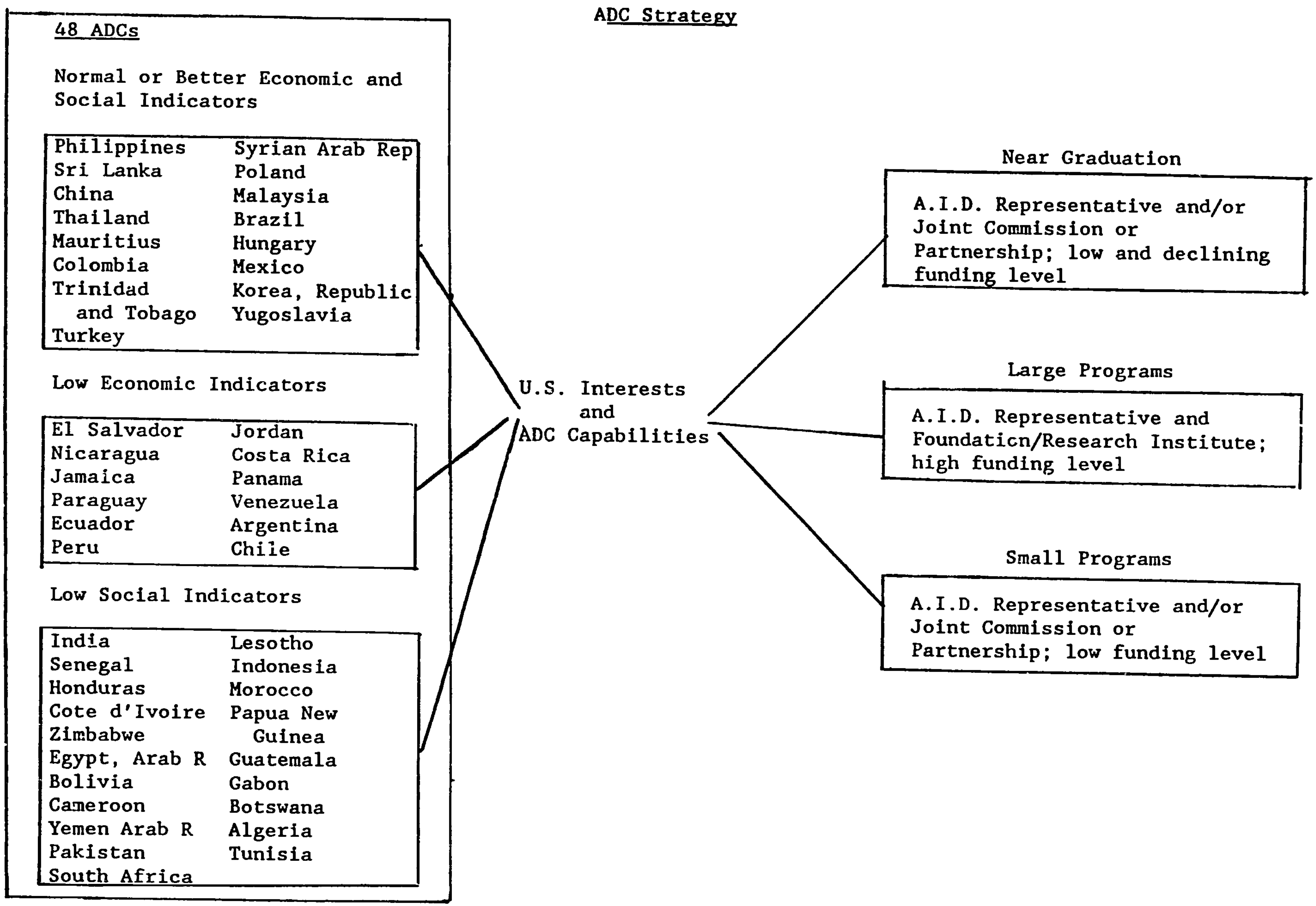

Figure 20. New ADC Categories Based on U.S. Interests and ADC Capabilities

ADC Strategy

1. **DEFINITION OF ADCs:**	Per capita GNP and other economic and social indicators
2. **NUMBER OF ADCs:**	7 Brazil, Colombia, Mexico, Paraguay, Portugal, Thailand, Uruguay
3. **PROGRAM CONTENT:**	Same as Option 1
4. **PROGRAM METHOD:**	A.I.D. as source of funds; some A.I.D. catalytic activities
5. **PROGRAM MECHANISM(S):**	Mission (Thailand); A.I.D. Representative with local hire staff
6. **FUNDING LEVEL[1]:**	$81.5 million DA and ESF

Figure 21. A.I.D. ADC Strategy Option 2: Few ADCs, "LAC-type" Program Approach and Low A.I.D. Funding Levels

1/ FY89 A.I.D. Assistance requests for the ADCs included in this option, allocable by country.

Developing Countries (A.I.D. Conventional Development Program)	Advanced Developing Countries (A.I.D. ADC Countries)	Graduate Countries (No A.I.D. Relationship)
ADC Type Activities	ADC criteria result in a very few ADCs that are nearly graduated from A.I.D. assistance: e.g.,Portugal, Brazil, Mexico	
Mechanism: Mission down to A.I.D. Rep Relationship - Establish zones of mutual advantage - A.I.D. and other USG program support for: o Changes in framework for global economic system o Short-term commercial interests (mixed credits) o Global Public Goods o Democratic institutions and values o Mobilization of domestic resources for poverty alleviation - Emphasize institutional and individual links to U.S.	Mechanism: A.I.D. Representative Funding: Low Level Relationship: - Modest direct and central support for training, networking, PVOs, partners concept and other private sector activity - A.I.D. activities emphasize institutional and individual links to U.S.	Other USG agencies, private sector organizations, PVOs, universities manage relationship

Figure 22 -- Implications of Option 2 for A.I.D.'s Conventional Development Program

ANNEX 1

Country Data Set

d1'

	GNP per capita		Overall surplus/deficit (percentage of GNP)		Purchasing Power Parity per capita GDP Dollars	Physical Quality of Life indicators	External Public Debt service as a percentage of:				Average annual inflation (GDP deflator)	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars	Average annual growth rate (percent)					GNP		Exports of goods and services			
	1987	1965-87	1972	1987	1987	1985	1970	1987	1970	1987	1980-87	1987
Cote d'Ivoire	740	1.0	..	..	1123	49	2.9	7.5	7 1	19 6	4.4	9
Honduras	810	0 7	-2.9	..	1119	67	0.8	6.0	2.9	23 0	4.9	12
Nicaragua	830	-2 5	3 9	-16.3	2209	74	3.0	1.2	10 5	..	86.[illegible]	10
Thailand	850	3.9	-4.2	-2.3	2576	82	0 6	4.1	3.3	13.6	2.8	63
El Salvador	860	-0.4	-1.0	0.6	1733	74	0.9	3.9	3.6	19 4	16.5	31
Congo, People's Rep.	870	4.2	..	..	756	64	3.4	10.3	11.5	18.6	1.8	16
Jamaica	940	-1.5	..	..	2506	92	1.1	17.3	2.8	26 6	19.4	66
Guatemala	950	1.2	-2.2	..	[illegible]	64	1.4	4.2	7 4	24 9	12.7	36
Cameroon	970	3 8	..	-3 5	1381	58	0.8	2.8	3 2	15.9	0.1	9
Paraguay	990	3 4	-1.7	1 5	2603	83	1.8	4.9	11 7	21 3	21.0	12
Ecuador	1040	3 2	0.2	2.1	2687	79	1.4	5.1	8.6	20.7	29.5	4
Botswana	1050	8.9	-23.[illegible]	28 2	2496	66	0.7	5.2	1.0	3 7	8.4	0
Tunisia	1180	3 6	-0 5	..	2741	66	4.7	9.9	19.7	26 9	8.2	61
Turkey	1210	2 6	-2.2	-4 2	3781	73	1.4	7 0	21 9	31 7	37 4	67
Colombia	1240	2 7	-2.5	-0.7	3524	82	1.7	7.0	11.7	33.4	23 7	21
Chile	1310	0 2	-13.0	0.1	4862	91	3.1	7 9	19.2	21 1	20 6	9
Peru	1470	0 2	-0.9	0 2	3129	71	2.0	1.0	11.6	12.5	101.5	19
Mauritius	1490	3 2	-1.2	0.2	2617	83	1.4	4.3	3.2	6.1	8.1	40
Jordan	1560	..	-7.6	-8.4	3161	77	0.9	[illegible]	3.6	21.8	2.8	55
Costa Rica	1610	1.5	-4.5	-4.8	3760	94	29.0	4.5	10.0	12 1	28.6	40
Syrian Arab Rep.	1640	3 3	-3.5	-10.9	..	71	1.7	1.5	11.3	16.5	11.0	27
Malaysia	1810	4.1	-9.4	-8.2	3849	81	1.7	10.2	3 8	14 3	1.1	40
Mexico	1830	2 5	-2.9	-9 5	4624	84	1.9	6.4	23.6	30.1	68.9	47
South Africa	1890	0 6	-4.2	-4.4	4981	66	..	..	..	..	13.8	78
Poland	1930	..	..	-1.7	..	91	..	3.0	..	14.7	29 2	67
Lebanon	..	..	..	..	..	79	0.2	..	..	..	..	0
Brazil	2020	4.1	-0.3	-13.3	4307	77	0 9	2.4	12.5	26 7	166.3	45
Uruguay	2190	1 4	-2.5	-0.7	5063	91	2.7	5.6	21.7	24.4	54.5	44
Hungary	2240	3 8	..	-3 6	..	93	..	12.9	..	26 7	5.7	71
Panama	2240	2 8	-6 5	-4.2	4009	90	3 1	7.5	7.7	6 5	3.3	13
Argentina	2390	0 1	-4.9	..	4547	90	2.1	5.1	21.6	45.3	298.7	31
Yugoslavia	2480	3.7	-0.4	0.0	..	91	1.8	3.5	10.0	13.3	57.2	78
Algeria	2680	3 2	..	..	2633	62	0.9	7.8	3 9	49 0	5 6	1
Korea, Republic	2690	6 4	-3 9	0.5	4832	86	3 0	10.4	19.5	21.9	5.0	92
Gabon	2700	1 1	-12.9	0.1	2068	54	3.8	2.3	5.7	5.1	2.6	10
Portugal	2830	3 2	..	..	5597	91	1.5	13.9	6 8	37.8	20.8	80
Venezuela	3230	-0 9	-0.2	-2.1	4306	87	0 6	5.9	2.9	22 6	11.4	8
Greece	4020	3.1	-1.7	-14.4	..	97	1.0	7.4	9.4	33 9	19.7	54
Trinidad and Tobago	4210	1.3	..	..	3664	90	2.1	9.2	4.6	..	6 2	23
Libya	5460	-2 3	..	..	..	66	..	..	..	..	0.1	0
Oman	5810	8.0	-15.3	-5.2	..	46	..	84.0	..	..	-6.5	7
Iran, Islamic Rep.	..	..	-4.6	-3.9	..	59	..	..	..	..	..	0
Iraq	..	..	..	..	..	62	..	..	..	..	..	0
Romania	..	..	..	..	..	91	..	..	..	..	..	0
Spain	6010	2.3	-0.5	-5.2	8989	98	..	..	..	..	10.7	71
Ireland	6120	2.0	-5.5	-13.0	2566	96	..	..	..	..	10.2	68
Saudi Arabia	6200	4.0	..	..	8320	56	..	..	..	..	-2.8	9
Israel	6800	2 5	-15.7	0.8	9182	96	0.7	7.3	2.8	17.8	159.0	85
New Zealand	7750	0 9	-4.0	0.6	10541	96	..	..	..	..	11.5	25
Singapore	7940	7 2	1.3	1.4	12790	91	0.7	2.4	0.6	1.4	1.3	72
Hong Kong	8070	6.2	..	..	13906	95	..	..	..	..	6.7	92

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	GNP per capita		Overall surplus/deficit (percentage of GNP)		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicators 1985	External Public Debt service as a percentage of:				Average annual inflation (GDP deflator) 1980-87	Machinery, transport equipment and other manufactures as a percent of total exports 1987
							GNP		Exports of goods and services			
	Dollars 1987	Average annual growth rate (percent) 1965-87	1972	1987			1970	1987	1970	1987		
Italy	10350	2.7	-8.1	-16 5	10682	98	..	..	..	..	11.5	88
United Kingdom	10420	1 7	-2.7	-1.8	12191	97	..	..	..	..	5.7	77
Australia	11100	1 8	0.3	-1.2	11782	100	..	..	..	..	7.8	25
Belgium	11480	2.6	-4.3	-10 6	13140	97	..	..	..	..	5.7	81
Netherlands	11860	2 1	..	-3.2	12661	99	..	..	..	..	2.3	60
Austria	11980	3.1	-0.2	-5.3	12386	96	..	..	..	..	4 3	87
France	12790	2 7	0 7	-0.8	13961	100	..	..	..	..	7.7	77
Germany, Fed. Republic	14400	2 5	0.7	-1.1	14370	97	..	..	..	..	2.9	90
Finland	14470	3 2	1.2	-1.0	12795	99	..	..	..	..	7.2	80
Kuwait	14610	-4 0	17.4	23.5	13843	84	..	..	..	..	-4.6	11
Denmark	14930	1 9	2.7	-0.6	15119	98	..	..	..	..	6.8	61
Canada	15160	2.7	-1.3	-4.1	16375	98	..	..	..	..	5.0	61
Sweden	15550	1.8	-1.2	1.9	13780	99	..	..	..	..	7.9	88
Japan	15760	4 2	-1.9	-4.9	13135	99	..	..	..	..	1.4	97
United Arab Emirates	15830	..	0.3	..	12191	74	..	..	..	..	-0.3	16
Norway	17190	3 5	-1.5	3.9	15940	99	..	..	..	..	6.1	38
United States	18530	1.5	-1.5	-3.3	17615	98	..	..	..	..	4.3	78
Switzerland	21330	1.4	0.9	..	15403	99	..	..	..	..	3.9	93

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ANNEX 2

<u>FY 1989 US Economic and Military</u>

<u>Assistance Budget Requests</u>

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	GNP per capita		Overall surplus/deficit (percentage of GNP)		Purchasing Power Parity per capita GDP Dollars	Physical Quality of Life indicators	External Public Debt service as a percentage of:				Average annual inflation (GDP deflator)	Machinery, transport equipment and other manufactures as a percent of total exports
							GNP		Exports of goods and services			
	Dollars 1987	Average annual growth rate (percent) 1965-87	1972	1987	1987	1985	1970	1987	1970	1987	1980-87	1987
Ethiopia	130	0.1	-1.4	..	454	25	1.2	3.4	11.4	28.4	2.6	1
Bhutan	150	..	..	..	..	26	..	0.2	..	..	..	0
Chad	150	-2.0	-2.7	-1.3	..	34	0.9	0.7	4.2	3.9	5.3	0
Zaire	150	-2.4	-3.8	..	220	55	1.1	4.7	4.4	12.8	53.5	6
Bangladesh	160	0.3	-1.9	-1.4	883	43	0.0	1.8	0.0	24.2	11.1	50
Malawi	160	1.4	-6.2	-10.3	476	37	2.3	6.0	7.8	23.3	12.4	16
Nepal	160	0.5	-1.2	-7.5	722	36	0.3	1.2	3.2	9.7	..	72
Lao PDR	170	..	..	..	..	..	..	1.9	..	.	46.5	C
Mozambique	170	..	..	..	..	41	..	..	..	..	26.9	0
Tanzania	180	-0.4	-5.0	-1.9	405	63	1.3	2.9	5.3	18.5	24.9	18
Burkina Faso	190	1.6	0.3	1.6	..	29	0.7	1.7	6.8	..	4.4	2
Madagascar	210	-1.8	-2.5	..	634	57	0.8	7.7	3.7	35.3	17.4	11
Mali	210	.	..	-10.0	543	28	0.2	1.7	1.4	9.9	4.2	29
Burundi	250	1.6	0.0	..	450	41	0.3	3.6	2.3	38.5	7.5	15
Zambia	250	-2.1	-13.8	-15.8	717	62	3.7	6.7	6.4	13.5	28.7	3
Niger	260	-2.2	..	..	452	28	0.4	5.1	4.0	33.5	4.1	1
Uganda	260	-2.7	-8.1	-4.4	..	51	0.5	1.9	2.9	19.5	95.2	0
China	290	5.2	..	..	2124	80	..	1.0	..	7.1	4.2	70
Somalia	290	0.3	0.6	..	..	29	0.3	0.9	2.1	8.3	37.8	1
Togo	290	0.0	..	-5.0	670	48	1.0	5.5	3.1	14.2	6.6	8
India	300	1.8	-3.4	-8.1	1053	55	0.9	1.3	22.2	18.9	7.7	69
Rwanda	300	1.6	-2.7	..	571	45	0.1	1.0	1.2	11.3	4.5	1
Sierra Leone	300	0.2	-4.4	-8.9	480	26	3.1	0.5	10.8	..	50.0	59
Benin	310	0.2	..	..	665	40	0.6	2.0	2.4	15.9	8.2	21
Central African Republic	330	-0.3	..	..	591	43	1.7	2.1	5.1	12.1	7.9	33
Kenya	330	1.9	-3.9	-4.6	794	58	1.9	6.5	6.0	28.8	10.3	17
Sudan	330	-0.5	-0.8	..	750	41	1.7	0.6	10.7	6.8	31.7	7
Pakistan	350	2.5	-6.9	-8.2	1585	43	1.9	3.4	23.5	25.9	7.3	67
Haiti	360	0.5	..	..	775	48	1.0	1.0	59.4	7.0	7.9	82
Lesotho	370	4.7	3.5	-2.6	1585	61	0.5	2.3	4.5	4.4	12.3	0
Nigeria	370	1.1	-0.7	-10.3	665	47	0.4	3.3	4.3	10.0	10.1	1
Ghana	390	-1.6	-5.8	0.6	481	28	1.2	3.5	5.5	19.2	48.3	2
Sri Lanka	400	3.0	-5.3	-8.9	2053	87	2.1	5.2	10.9	19.2	12.4	40
Yemen PDR	420	..	..	..	..	39	..	7.6	..	38.2	5.0	0
Mauritania	440	-0.4	..	..	840	33	1.8	9.9	3.4	18.2	9.8	2
Indonesia	450	4.5	-2.5	-0.9	1660	63	0.9	8.2	7.0	27.8	8.5	27
Liberia	450	-1.6	1.1	-7.9	696	43	4.3	1.0	8.1	2.5	1.5	1
Afghanistan	..	..	..	..	..	21	..	..	..	..	..	0
Burma	..	..	-7.3	-0.8	752	71	..	..	12.1	59.3	..	11
Guinea	..	..	..	..	..	26	..	..	..	..	..	0
Kampuchea Dem	..	..	..	..	..	..	..	..	..	..	..	0
Viet Nam	..	..	..	..	..	..	..	..	..	..	..	0
Senegal	520	-0.6	-2.8	..	1068	36	0.8	6.1	2.9	21.4	9.1	15
Bolivia	580	-0.5	-1.8	..	1380	59	2.3	3.3	11.3	22.1	601.8	2
Zimbabwe	580	0.9	..	-10.8	1184	67	0.6	6.8	2.3	23.2	12.4	40
Philippines	590	1.7	-2.0	-5.0	1878	79	1.4	6.2	7.5	23.2	16.7	62
Yemen Arab Rep.	590	..	-2.2	-19.9	1466	28	..	3.1	..	24.8	11.4	78
Morocco	610	1.8	-3.9	-9.3	1761	54	1.6	7.9	8.7	29.9	7.3	49
Egypt. Arab Rep	680	3.5	..	-6.6	1357	60	4.8	4.6	38.0	18.5	9.2	19
Papua New Guinea	700	0.6	..	-3.3	1843	54	0.2	6.1	1.1	13.0	4.4	6
Dominican Republic	730	2.3	-0.2	-2.0	..	75	0.8	3.5	4.4	..	16.3	22

Source: Per Capita GNP, growth, public debt and trade Data: The World Bank, World Development Report 1989, Table 1, page 164; Per Capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; per capita PPP for Hungary, Poland, and Yugoslavia are Devres staff estimates; Physical Quality of Life data from the Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, (New York: Praeger, 1988), pp. 246 ff.

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Figure 1, Box 1
Date 01/11/90

FY 1989 U.S. Economic And Military Assistance - Requests (Figures In Thousands)

Country	Per Capita	DA	ESF	PL 480 Title I	PL 480 Title II	Narc's	Peace Corps	Other Econ	FMS (Conc)	FMS (Forgiven)	MAP	IMET	Other Military
Switzerland	21330	..	..	..	..	..	..	..	..	..	..	..	0.000
United States	18530	..	..	..	..	..	..	..	..	..	..	..	0.000
Norway	17190	..	..	..	..	..	..	..	..	..	..	..	0.000
United Arab Emirates	15830	..	..	..	..	..	..	..	..	..	..	..	0.000
Japan	15760	..	..	..	..	..	..	..	..	..	..	..	0.000
Sweden	15550	..	..	..	..	..	..	..	..	..	..	..	0.000
Canada	15160	..	..	..	..	..	..	..	..	..	..	..	0.000
Denmark	14930	..	..	..	..	..	..	..	..	..	..	..	0.000
Kuwait	14610	..	..	..	..	..	..	..	..	..	..	..	0.000
Finland	14470	..	..	..	..	..	..	..	..	..	..	0.600	0.000
Germany, Fed Republic	14400	..	..	..	..	..	..	..	..	..	..	..	0.000
France	12790	..	..	..	..	..	..	..	..	..	..	..	0.000
Austria	11980	..	..	..	..	..	..	..	..	..	..	0.060	0.000
Netherlands	11860	..	..	..	..	..	..	..	..	..	..	..	0.000
Belgium	11480	..	..	..	..	..	..	..	..	..	..	..	0.000
Australia	11100	..	..	..	..	..	..	..	..	..	..	..	0 000
United Kingdom	10420	..	..	..	..	..	..	..	..	..	..	..	0.000
Italy	10350	..	..	..	..	..	..	..	..	..	..	..	0.000
Hong Kong	8070	.	..	..	..	..	..	..	..	..	..	..	0.000
Singapore	7940	.	..	..	..	..	..	..	..	..	..	0.050	0.000
New Zealand	7750	..	..	..	..	..	..	..	..	..	..	..	0.000
Israel	6800	..	1200.000	..	..	..	..	..	..	1800.000	..	..	0.000
Saudi Arabia	6200	..	..	..	..	..	..	..	..	..	..	..	0.000
Ireland	6120	..	..	..	..	..	..	..	..	..	..	0.030	0.000
Spain	6010	..	..	..	..	..	..	..	..	..	..	2.900	0.000
Oman	5810	..	15.000	..	..	..	..	..	..	..	..	0.150	0 000
Libya	5460	..	..	..	..	..	..	..	..	..	..	..	0 000
Trinidad and Tobago	4210	..	..	..	..	..	..	..	..	..	..	0.075	0.000
Greece	4020	..	..	..	..	..	..	..	..	..	350.000	..	1.130
Totals	326130	..	1215.000	..	..	..	..	..	..	1800.000	350.000	3.865	1.130

Source: Assistance request figures are from the U.S. Agency for International Development, Congressional Presentation, Fiscal Year 1989, Main Volume, pp. 500 ff.

Figure [illegible]. Box 2
Date 01/11/90

FY 1989 U.S. Economic And Military Assistance - Requests (Figures In Thousands)

Country	Per Capita	DA	ESF	PL 480 Title I	PL 480 Title II	Na:c's	Peace Corps	Other Econ	FMS (Conc)	FMS (Forgiven)	MAP	IMET	Other Military
Venezuela	3230	..	..	..	..	1.000	..	..	..	..	..	0.125	0.000
Portugal	2830	..	60.500	..	..	..	..	..	..	100.000	..	2.550	0.000
Gabon	2700	..	..	..	..	..	2.376	..	..	..	..	0.200	0.000
Korea, Republic	2690	..	..	..	..	..	..	..	..	..	.	1.800	0.000
Algeria	2680	..	..	..	..	..	..	..	..	..	..	0.100	0.000
Yugoslavia	2480	..	..	..	..	..	..	..	..	..	..	0.100	0.000
Argentina	2390	..	..	..	..	..	..	..	..	..	..	0.125	0.000
Hungary	2240	..	..	..	..	..	..	..	..	..	..	..	0.000
Panama	2240	..	..	..	..	..	..	..	..	..	..	0.445	0.000
Uruguay	2190	..	..	..	..	..	..	..	..	..	..	0.125	0.000
Brazil	2020	..	..	..	..	1.600	..	..	..	..	..	0.125	0.000
Poland	1930	3.225	..	..	..	..	..	..	..	..	..	..	0.000
South Africa	1890	21.600	3.300	..	..	..	..	..	..	..	..	..	0.000
Mexico	1830	..	..	..	..	15.000	..	..	..	..	..	0.225	0.000
Malaysia	1810	..	..	..	..	..	..	..	..	..	..	1.100	0.000
Syrian Arab Rep.	1640	..	..	..	..	..	..	..	..	..	..	..	0.000
Costa Rica	1610	12.000	70.000	15.000	..	..	3.411	..	..	..	1.500	0.230	0.000
Jordan	1560	..	18.000	..	..	..	..	..	..	48.000	..	1.800	0.000
Mauritius	1490	1 500	..	..	..	.	..	..	..	..	..	0.050	0.000
Peru	1470	15.270	2.000	16.000	9.904	10.000	..	..	..	..	..	0.560	0.000
Chile	1310	..	..	..	..	..	..	..	..	..	..	0.050	0.000
Colombia	1240	..	..	..	..	10.000	..	..	..	..	5.000	0.950	0.000
Turkey	1210	..	70.000	..	.	0.750	..	..	..	550.000	..	3.500	0 000
Tunisia	1180	..	12.500	10.000	..	..	1.808	..	..	30.000	..	1.450	0.000
Botswana	1050	8.000	..	..	..	..	3.451	..	..	..	4.000	0.350	0.000
Ecuador	1040	16.720	9.000	..	0.510	1.600	3.668	..	..	..	3.000	0.650	0 000
Paraguay	990	..	..	..	..	..	2.475	..	..	..	..	0.125	0 000
Cameroon	970	18.000	..	..	..	..	3.587	..	..	..	..	0.250	0.000
Guatemala	950	34 000	80.000	18.000	5 075	..	3.865	..	..	..	5.000	0.400	0.000
Jamaica	940	17.589	25.000	30.000	..	1.000	2.943	..	..	..	3.500	0.300	0.000
Congo, People's Rep.	870	0.500	..	..	..	..	..	..	..	..	..	0.040	0.000
El Salvador	660	67.700	185.000	35.000	4.771	..	..	..	..	..	95.000	1.500	0.000
Totals	55530	216.104	535.300	124.000	20 260	40.950	27.584	..	..	728.000	117.000	19.225	0.000

Figure 1. Box 3
Date 01/11/90

FY 1989 U.S. Economic And Military Assistance - Requests (Figures in Thousands)

Country	Per Capita	DA	ESF	----- PL 480 ----- Title I	Title II	Narc's	Peace Corps	Other Econ	------ FMS ------ (Conc)	(Forgiven)	MAP	IMET	Other Military
Thailand	850	16.000	5.000	..	..	3.900	3.013	..	..	..	45.000	2.200	0.000
Nicaragua	830	..	..	..	..	..	..	..	..	..	..	..	0.000
Honduras	810	40.000	87.000	12.009	3.122	..	5.694	..	..	..	60.000	1.200	0 000
Cote d'Ivoire	740	0.500	..	..	..	..	..	..	..	..	..	0.150	0.000
Dominican Republic	730	20.318	25.000	25.000	3.268	..	2.358	..	..	..	2.000	0.700	0.000
Papua New Guinea	700	..	..	..	..	..	1.669	..	..	..	..	0.050	0.000
Egypt, Arab Rep.	680	..	815.000	170.000	1.622	..	..	..	..	1300.000	..	1.650	0.000
Morocco	610	12 500	15.000	[illegible]0.000	15.000	..	2.881	..	..	40.000	..	1.450	0.000
Philippines	590	15 000	124.000	..	12.658	..	5.443	..	..	..	110.000	2.600	0.000
Yemen Arab Rep.	590	21 500	..	5.000	..	..	1.461	..	..	2.000	..	1.000	0.000
Bolivia	580	22 270	25.000	17.000	12.696	10.000	..	..	..	..	5.000	0.400	0.000
Zimbabwe	580	..	..	..	..	..	..	..	..	..	..	0.200	0.000
Senegal	520	22 000	10.000	5.000	2.495	..	2.809	..	..	..	2.000	0.475	0.000
Indonesia	450	45.000	..	10.000	5.627	..	..	..	..	..	10.000	1.900	0 000
Liberia	450	10.000	7.000	5.000	..	..	2.711	..	..	..	1.000	0.800	0 000
Mauritania	440	3.000	..	..	2.554	..	2.175	..	..	..	..	0.100	0.000
Yemen, PDR	420	..	..	..	..	..	..	..	..	..	..	..	0.000
Sri Lanka	400	26.800	..	16 000	0.194	..	0.704	..	..	..	..	0.160	0.000
Ghana	390	8 000	..	6.000	4.898	..	2.057	..	..	..	..	0.225	0.000
Lesotho	370	10 000	..	..	2.656	..	2.209	..	..	..	..	0.050	0.000
Nigeria	370	11.500	..	..	..	..	..	..	..	..	..	0.100	0 000
Haiti	360	25 150	..	..	6.781	..	1.534	..	..	..	..	0.550	0.000
Pakistan	350	50.000	250.000	80.000	..	5.300	0.371	..	..	240.000	..	0.915	0.000
Central African Republic	330	..	..	..	..	..	..	..	..	..	..	..	0.000
Kenya	330	30.000	10.000	5.000	1.283	..	3.229	..	..	..	13.000	1.200	0.000
Sudan	330	15 000	12.000	40.000	1.476	..	..	..	..	..	5.000	1.000	0.000
Benin	310	..	..	..	1.196	..	1.993	..	..	..	..	0.075	0.000
India	300	35 500	..	..	81.567	..	..	..	..	..	..	0.500	0.000
Rwanda	300	8.000	..	..	1.268	..	0.411	..	..	..	..	0.075	0.000
Sierra Leone	300	0.500	..	4.000	0.774	..	3.187	..	..	..	..	0.070	0 000
China	290	..	..	..	..	..	..	..	..	..	..	..	0.000
Somalia	290	4 000	23.000	2.000	..	..	..	..	..	..	17.000	1.100	0.000
Togo	290	3 750	..	..	2.424	..	2.436	..	..	..	..	0.075	0.000
Niger	260	18.000	..	..	..	..	3.854	..	..	..	2.000	0.250	0.000
Uganda	260	8.000	..	..	..	..	..	..	..	..	..	0.150	0.000
Burundi	250	2 500	..	..	..	..	0.835	..	..	..	..	0.140	0.000
Zambia	250	7 000	..	10.000	..	..	..	..	..	..	..	..	0.000
Madagascar	210	11.000	..	5.000	2.028	..	..	..	..	..	1.009	0.075	0.000
Mali	210	12.000	..	..	2.139	..	4.118	..	..	..	..	0.150	0 000
Burkina Faso	190	2 500	..	..	4.272	..	..	..	..	..	..	0.100	0.000
Tanzania	180	10 000	..	..	0.616	..	1.475	..	..	..	..	0.035	0.000
Lao PDR	170	..	..	..	..	..	..	..	..	..	..	..	0.000
Mozambique	170	15.000	..	..	4.487	..	..	..	..	..	..	..	0.000
Bangladesh	160	54.500	..	60.000	15.476	..	..	..	..	..	..	0.300	0.000
Malawi	160	15 000	..	..	..	..	1.628	..	..	..	1.200	0.250	0.000
Nepal	160	12.000	..	..	..	..	2.222	..	..	..	0.500	0.100	0.000
Bhutan	150	..	..	..	..	..	..	..	..	..	..	..	0.000
Chad	150	6.000	10.000	..	2.601	..	0.839	..	..	..	10.000	0 250	0.000
Zaire	150	33.000	..	16.000	0.220	..	4.422	..	..	..	10.000	1.200	0.000
Ethiopia	130	..	..	..	5.838	..	..	..	..	..	..	..	0.000
Totals	19090	662.788	1418.000	533.000	201.236	19.200	67.738	..	..	1582.000	294.700	23.970	0.000

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ANNEX 3

ADCs Categorized by per capita PIP and Other Economic and Social Indicators

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Condition 1

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	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
India	300	1.8	1053	55	18.9	69
Senegal	520	-0.6	1068	36	21.4	15
Honduras	810	0.7	1119	67	23.0	12
Cote d'Ivoire	740	1 0	1123	49	19.6	9
Zimbabwe	580	[illegible].9	1184	67	23.2	40
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Bolivia	580	-0.5	1380	59	22.1	2
Cameroon	970	3.8	1381	58	15.9	9
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
Lesotho	370	4.7	1585	61	4.4	0
Pakistan	350	2.5	1585	43	25.9	67
Indonesia	450	4.5	1660	63	27.8	27
El Salvador	860	-0.4	1733	74	19.4	31
Morocco	610	1.8	1761	54	29.9	49
Papua New Guinea	700	0.8	1843	54	13.0	6
Philippines	590	1.7	1878	79	23.2	62
Guatemala	950	1.2	1957	64	24.9	36
Sri Lanka	400	3.0	2053	87	19.2	40
Gabon	2700	1.1	2068	54	5.1	10
China	290	5.2	2124	80	7.1	70
Nicaragua	830	-2.5	2209	74	0.0	10
Botswana	1050	8.9	2496	65	3.7	0
Jamaica	940	-1.5	2506	92	26.6	66
Thailand	850	3.9	2576	82	13.6	53
Paraguay	990	3.4	2603	83	21.3	12
Mauritius	1490	3.2	2617	83	6.1	40
Algeria	2680	3.2	2633	62	49.0	1
Ecuador	1040	3.2	2687	79	20.7	4
Tunisia	1180	3.6	2741	66	26.9	61
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
Colombia	1240	2.7	3524	82	33.4	21
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3817	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Panama	2240	2.4	4009	90	6.5	13
Venezuela	3230	-0.9	4306	87	22.6	8
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Argentina	2390	0.1	4647	90	45.3	31
Korea, Republic	2690	6.4	4832	86	21.9	92
Chile	1310	0.2	4862	91	21.1	9
Yugoslavia	2480	3.7	4905	91	13.3	78
South Africa	1890	0.6	4981	66	0.0	78

<u>Condition 1</u> -- 1000<= PPP per capita <= 5000

<u>Condition 2</u> -- Income plus Growth >=1.3%

<u>Condition 3</u> -- Income but Growth < 1.3

<u>Condition 4</u> -- Income plus Growth plus PQLI > 60

<u>Condition 5</u> -- Income but excluded by Growth or PQLI

<u>Conditon 6</u> -- Income plus Growth plus PQLI plus Integration (>=20% of exports are manufactures)

<u>Condition 7</u> -- Income but excluded by Growth, PQLI or Integration

<u>Condition 8</u> -- Income plus Growth plus PQLI plus Integration plus Stability (Debt Service as a % of Exports <=35%)

<u>Condition 9</u> -- Income but excluded by Growth, PQLI, Integration or Stability

Source: Per Capita GNP, growth, public debt and trade Data: The World Bank, <u>World Development Report 1989</u>, Table 1, page 164; Per Capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, <u>Development and the National Interest</u>, Table 1, page 132; conditions and per capita PPP for Hungary, Poland, and Yugoslavia are Devres staff estimates; Physical Quality of Life data from the Overseas Development Council, <u>Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries</u>, (New York: Praeger, 1988), pp. 246 ff

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Condition 2

	GNP per capita		Purchasing Power Parity per capita GDP	Physical Quality of Life Indicator	External Public Debt Service as a % of Exports of Goods and Services	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars 1987	Average annual growth rate (percent) 1965-87	Dollars 1987	1985	1987	1987
India	300	1.8	1053	55	18.9	69
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Cameroon	970	3.8	1381	58	15.9	9
Lesotho	370	4.7	1585	61	4.4	0
Pakistan	350	2.5	1585	43	25.9	67
Indonesia	450	4.5	1660	63	27.8	27
Morocco	610	1.8	1761	54	29.9	49
Philippines	590	1.7	1878	79	23.2	62
Sri Lanka	400	3.0	2053	87	19.2	40
China	290	5.2	2124	80	7.1	70
Botswana	1050	8.9	2496	66	3.7	0
Thailand	850	3.9	2576	82	13.6	53
Paraguay	990	3.4	2603	83	21.3	12
Mauritius	1490	3.2	2617	83	6.1	40
Algeria	2680	3.2	2633	62	49.0	1
Ecuador	1040	3.2	2687	79	20.7	4
Tunisia	1180	3.6	2741	66	26.9	61
Colombia	1240	2.7	3524	82	33.4	21
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3317	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Panama	2240	2.4	4009	90	6.5	13
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Korea, Republic	2690	6.4	4832	86	21.9	92
Yugoslavia	2480	3.7	4905	91	13.3	78

Condition 3

	GNP per capita		Purchasing Power Parity per capita GDP	Physical Quality of Life Indicator	External Public Debt Service as a % of Exports of Goods and Services	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars 1987	Average annual growth rate (percent) 1965-87	Dollars 1987	1985	1987	1987
Senegal	520	-0.6	1068	36	21.4	15
Honduras	810	0.7	1119	67	23.0	12
Cote d'Ivoire	740	1.0	1123	49	19.6	9
Zimbabwe	580	0.9	1184	67	23.2	40
Bolivia	580	-0.5	1380	59	22.1	2
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
El Salvador	860	-0.4	1733	74	19.4	31
Papua New Guinea	700	0.8	1843	54	13.0	6
Guatemala	950	1.2	1957	64	24.9	36
Gabon	2700	1.1	2068	54	5.1	10
Nicaragua	830	-2.5	2209	74	0.0	10
Jamaica	940	-1.5	2506	92	26.6	66
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
Venezuela	3230	-0.9	4306	87	22.6	8
Argentina	2390	0.1	4647	90	45.3	31
Chile	1310	0.2	4862	91	21.1	9
South Africa	1890	0.6	4981	66	0.0	78

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<u>Condition 4</u> -- Income plus Growth >= 1.3 plus PQLI > 60

	GNP per capita		Purchasing Power Parity per capita GDP	Physical Quality of Life Indicator	External Public Debt Service as a % of Exports of Goods and Services	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars 1987	Average annual growth rate (percent) 1965-87	Dollars 1987	1985	1987	1987
Lesotho	370	4.7	1585	61	4.4	0
Indonesia	450	4.5	1660	63	27.8	27
Philippines	590	1.7	1878	79	23.2	62
Sri Lanka	400	3.0	2053	87	19.2	40
China	290	5.2	2124	80	7.1	70
Botswana	1050	8.9	2496	66	3.7	0
Thailand	850	3.9	2576	82	13.6	53
Paraguay	990	3.4	2603	83	21.3	12
Mauritius	1490	3.2	2617	83	6.1	40
Algeria	2680	3.2	2633	62	49.0	1
Ecuador	1040	3.2	2687	79	20.7	4
Tunisia	1180	3.6	2741	66	26.9	61
Colombia	1240	2.7	3524	82	33.4	21
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3817	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Panama	2240	2.4	4009	90	6.5	13
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Korea, Republic	2690	6.4	4832	86	21.9	92
Yugoslavia	2480	3.7	4905	91	13.3	78

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Condition 5

	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
India	300	1.8	1053	55	18.9	69
Senegal	520	-0.6	1068	36	21.4	15
Honduras	810	0.7	1119	67	23.0	12
Cote d'Ivoire	740	1.0	1123	49	19.6	9
Zimbabwe	580	0.9	1184	67	23.2	40
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Bolivia	580	-0.5	1380	59	22.1	2
Cameroon	970	3.8	1381	58	15.9	9
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
Pakistan	350	2.5	1585	43	25.9	67
El Salvador	860	-0.4	1733	74	19.4	31
Morocco	610	1.8	1761	54	29.9	49
Papua New Guinea	700	0.8	1843	54	13.0	6
Guatemala	950	1.2	1957	64	24.9	36
Gabon	2700	1.1	2068	54	5.1	10
Nicaragua	830	-2.5	2209	74	0.0	10
Jamaica	940	-1.5	2506	92	26.6	6C
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
Venezuela	3230	-0.9	4306	87	22.6	8
Argentina	2390	0.1	4647	30	45.3	31
Chile	1310	0.2	4862	91	21.1	9
South Africa	1890	0.6	4981	66	0.0	78

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	GNP per capita		Purchasing Power Parity per capita GDP	Physical Quality of Life Indicator	External Public Debt Service as a % of Exports of Goods and Services	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars 1987	Average annual growth rate (percent) 1965-87	Dollars 1987	1985	1987	1987
Indonesia	450	4.5	1660	63	27.8	27
Philippines	590	1.7	1878	79	23.2	62
Sri Lanka	400	3.0	2053	87	19.2	40
China	290	5.2	2124	80	7.1	70
Thailand	850	3.9	2576	82	13.6	53
Mauritius	1490	3.2	2617	83	6.1	40
Tunisia	1180	3.6	2741	66	26.9	61
Colombia	1240	2.7	3524	82	33.4	21
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3817	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Korea, Republic	2690	6.4	4832	86	21.9	92
Yugoslavia	2480	3.7	4905	91	13.3	78

	GNP per capita		Purchasing Power Parity per capita GDP	Physical Quality of Life Indicator	External Public Debt Service as a % of Exports of Goods and Services	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars 1987	Average annual growth rate (percent) 1965-87	Dollars 1987	1985	1987	1987
India	300	1.8	1053	55	18.9	69
Senegal	520	-0.6	1068	36	21.4	15
Honduras	810	0.7	1119	67	23.0	12
Cote d'Ivoire	740	1.0	1123	49	19.6	9
Zimbabwe	580	0 9	1184	67	23.2	40
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Bolivia	580	-0.5	1380	59	22.1	2
Cameroon	970	3.8	1381	58	15.9	9
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
Lesotho	370	4.7	1585	61	4.4	0
Pakistan	350	2.5	1585	43	25.9	67
El Salvador	860	-0.4	1733	74	19.4	31
Morocco	610	1.8	1761	54	29.9	49
Papua New Guinea	700	0.8	1843	54	13.0	6
Guatemala	950	1.2	1957	64	24.9	36
Gabon	2700	1.1	2068	54	5.1	10
Nicaragua	830	-2.5	2209	74	0.0	10
Botswana	1050	8.9	2496	66	3.7	0
Jamaica	940	-1.5	2506	92	26.6	66
Paraguay	990	3.4	2603	83	21.3	12
Algeria	2680	3.2	2633	62	49.0	1
Ecuador	1040	3.2	2687	79	20.7	4
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	[illegible]	3161	77	21.8	55
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Panama	2240	2.4	4009	90	6.5	13
Venezuela	3230	-0.9	4[illegible]06	87	22.6	8
Argentina	2390	0.1	46[illegible]7	90	45.3	31
Chile	1310	0.2	486[illegible]	91	21.1	9
South Africa	1890	0.6	4981	66	0.0	78

Condition 8

01/18/90

	GNP per capita		Purchasing Power Parity per capita GDP	Physical Quality of Life Indicator	External Public Debt Service as a % of Exports of Goods and Services	Machinery, transport equipment and other manufactures as a percent of total exports
	Dollars 1987	Average annual growth rate (percent) 1965-87	Dollars 1987	1985	1987	1987
Indonesia	450	4.5	1660	63	27.8	27
Philippines	590	1.7	1878	79	23.2	62
Sri Lanka	400	3.0	2053	87	19.2	40
China	290	5.2	2124	80	7.1	70
Thailand	850	3.9	2576	82	13.6	53
Mauritius	1490	3.2	2617	83	6.1	40
Tunisia	1180	3.6	2741	66	26.9	61
Colombia	1240	2.7	3524	82	33.4	21
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Poland	1930	2.0	3817	91	14.7	67
Malaysia	1810	4.1	3849	81	14.3	40
Brazil	2020	4.1	4307	77	26.7	45
Hungary	2240	3.8	4430	93	26.7	71
Mexico	1830	2.5	4624	84	30.1	47
Korea, Republic	2690	6.4	4832	86	21.9	92
Yugoslavia	2480	3.7	4905	91	13.3	78

Condition 9

	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
India	300	1.8	1053	55	18.9	69
Senegal	520	-0.6	1068	36	21.4	15
Honduras	810	0.7	1119	67	23.0	12
Cote d'Ivoire	740	1.0	1123	49	19.6	9
Zimbabwe	580	0.9	1184	67	23.2	40
Egypt, Arab Rep.	680	3.5	1357	60	18.5	19
Bolivia	580	-0.5	1380	59	22.1	2
Cameroon	970	3.8	1381	58	15.9	9
Yemen Arab Rep.	590	0.0	1466	28	24.8	78
Lesotho	370	4.7	1585	61	4.4	0
Pakistan	350	2.5	1585	43	25.9	67
Indonesia	450	4.5	1660	63	27.8	27
El Salvador	860	-0.4	1733	74	19.4	31
Morocco	610	1.8	1761	54	29.9	49
Papua New Guinea	700	0.8	1843	54	13.0	6
Philippines	590	1.7	1878	79	23.2	62
Guatemala	950	1.2	1957	64	24.9	36
Gabon	2700	1.1	2068	54	5.1	10
Nicaragua	830	-2.5	2209	74	0.0	10
Botswana	1050	8.9	2496	66	3.7	0
Jamaica	940	-1.5	2506	92	26.6	66
Paraguay	990	3.3	2603	83	21.3	12
Algeria	2680	3.2	2633	62	49.0	1
Ecuador	1040	3.2	2687	79	20.7	4
Tunisia	1180	3.6	2741	66	26.9	61
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
Colombia	1240	2.7	3524	82	33.4	21
Trinidad and Tobago	4210	1.3	3664	90	0.0	23
Costa Rica	1610	1.5	3760	94	12.1	40
Turkey	1210	2.6	3781	73	31.7	67
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Panama	2240	2.4	4009	90	6.5	13
Venezuela	3230	-0.9	4306	87	22.6	8
Mexico	1830	2.5	4624	84	30.1	47
Argentina	2390	0.1	4647	90	45.3	31
Chile	1310	0.2	4862	91	21.1	9
South Africa	1890	0.6	4981	66	0.0	78

ANNEX 4

ADCs Categorized by per capita GNP and

Other Economic and Social Indicators

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Condition 1 -- 1070<= GNP per capita <= 3845

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Thailand	850	3.9	2576	82	13.6	53
El Salvador	860	-0.4	1733	74	19.4	31
Congo, People's Rep.	870	4.2	756	64	18.6	16
Jamaica	940	-1.5	2506	92	26.6	66
Guatemala	950	1.2	1957	64	24.9	36
Cameroon	970	3.8	1381	58	15.9	9
Paraguay	990	3.4	2603	83	21.3	12
Ecuador	1040	3.2	2687	79	20.7	4
Botswana	1050	8.9	2496	66	3.7	0
Tunisia	1180	3.6	2741	66	26.9	61
Turkey	1210	2.6	3781	73	31.7	67
Colombia	1240	2.7	3524	82	33.4	21
Chile	1310	0.2	4862	91	21.1	9
Peru	1470	0.2	3129	71	12.5	19
Mauritius	1490	3.2	2617	83	6.1	40
Jordan	1560	0.0	3161	77	21.8	55
Costa Rica	1610	1.5	3760	94	12.1	40
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Malaysia	1810	4.1	3849	81	14.3	40
Mexico	1830	2.5	4624	84	30.1	47
South Africa	1890	0.6	4981	66	0.0	78
Poland	1930	2.0	3817	91	14.7	67
Brazil	2020	4.1	4307	77	26.7	45
Uruguay	2190	1.4	5063	91	24.4	44
Hungary	2240	3.8	4430	93	26.7	71
Panama	2240	2.4	4009	90	6.5	13
Argentina	2390	0.1	4647	90	45.3	31
Yugoslavia	2480	3.7	4905	91	13.3	78
Algeria	2680	3.2	2633	62	49.0	1
Korea, Republic	2690	6.4	4832	86	21.9	92
Gabon	2700	1.1	[illegible]	54	5.1	10
Portugal	2830	3.2	5597	91	37.8	80
Venezuela	3230	-0.9	4306	87	22.6	8

OECD MEMBERS (Data not available for Iceland ard Luxembourg)

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Index 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Turkey	1210	2.6	3781	73	31.7	67
Portugal	2830	3.2	5597	91	37.8	80
Greece	4020	3.1	..	97	33.9	54
Spain	6010	2.3	8989	98	..	71
Ireland	6120	2.0	8566	96	..	68
New Zealand	7750	0.9	10541	96	..	25
Italy	10350	2.7	10682	98	..	88
United Kingdom	10420	1.7	12191	97	..	77
Australia	11100	1.8	11782	100	..	25
Belgium	11480	[illegible]	13140	97	..	81
Netherlands	11860	[illegible]	12661	99	..	60
Austria	11980	[illegible]	12386	96	..	87
France	12790	2.7	13961	100	..	77
Germany, Fed. Republic	14400	2.5	14370	97	..	90
Finland	14470	3.2	12795	99	..	80
Denmark	14930	1.9	15119	98	..	61
Canada	[illegible]	2.7	16375	98	..	61
Sweden	15550	1.8	13780	99	..	84
Japan	15760	4.2	13135	99	..	97
Norway	17190	3.5	15940	99	..	38
United States	[illegible]	1.5	17615	98	..	78
Switzerland	[illegible]	1.4	15403	99	..	93
OECD Members	14670	2.3	11763	97	..	67

Source: Per Capita GNP, growth, public debt and trade Data: The World Bank, World Development Report 1989, Table 1, page 164; Per Capita GDP expressed terms of Purchasing Power Parity: U.S. Agency for International Development, Development and the National Interest, Table 1, page 132; conditions and per capita PPP for Hungary, Poland, and Yugoslavia are Devres staff estimates; Physical Quality of Life data from the Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, (New York: Praeger, 1988), pp. 246 ff

Condition 2 -- Income plus Growth >=1.3%

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Thailand	850	3.9	2576	82	13.6	53
Congo, People's Rep.	870	4.2	756	64	18.6	16
Cameroon	970	3.8	1381	58	15.9	9
Paraguay	990	3.4	2603	83	21.3	12
Ecuador	1040	3.2	2687	79	20.7	4
Botswana	1050	8.9	2496	66	3.7	0
Tunisia	1180	3.6	2741	66	26.9	61
Turkey	1210	2.6	3781	73	31.7	67
Colombia	1240	2.7	3524	82	33.4	21
Mauritius	1490	3.2	2617	83	6.1	40
Costa Rica	1610	1.5	3760	94	12.1	40
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Malaysia	1810	4.1	3849	81	14.3	40
Mexico	1830	2.5	4624	84	30.1	47
Poland	1930	2.0	3817	91	14.7	67
Brazil	2020	4.1	4307	77	26.7	45
Uruguay	2190	1.4	5063	91	24.4	44
Hungary	2240	3.8	4430	93	26.7	71
Panama	2240	2.4	4009	90	6.5	13
Yugoslavia	2480	3.7	4905	91	13.3	78
Algeria	2680	3.2	2633	62	49.0	1
Korea, Republic	2690	6.4	4832	86	21.9	92
Portugal	2830	3.2	5597	91	37.8	80

Condition 3 -- Income but Growth < 1.3

	GNP per capita: Dollars 1987	GNP per capita: Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
El Salvador	860	-0.4	1733	74	19.4	31
Jamaica	940	-1.5	2506	92	26.6	66
Guatemala	950	1.2	1957	64	24.9	36
Chile	1310	0.2	4862	91	21.1	9
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
South Africa	1890	0.6	4981	66	0.0	78
Argentina	2390	0.1	4647	90	45.3	31
Gabon	2700	1.1	2068	54	5.1	10
Venezuela	3230	-0.9	4306	87	22.6	8
United States	18530	1.5	17615	98	..	78
OECD Members	14670	2.3	11763	97	..	67

GNP PER CAPITA

Condition 4 -- Income plus Growth plus PQLI > 60

	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
Thailand	850	3.9	2576	82	13.6	53
Congo, People's Rep.	870	4.2	756	64	18.6	16
Paraguay	990	3.4	2603	83	21.3	12
Ecuador	1040	3.2	2687	79	20.7	4
Botswana	1050	8.9	2496	66	3.7	0
Tunisia	1180	3.6	2741	66	26.9	61
Turkey	1210	2.6	3781	73	31.7	67
Colombia	1240	2.7	3524	82	33.4	21
Mauritius	1490	3.2	2617	83	6.1	40
Costa Rica	1610	1.5	3760	94	12.1	40
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Malaysia	1810	4.1	3849	81	14.3	40
Mexico	1830	2.5	4624	84	30.1	47
Poland	1930	2.0	3817	91	14.7	67
Brazil	2020	4.1	4307	77	26.7	45
Uruguay	2190	1.4	5063	91	24.4	44
Hungary	2240	3.8	4430	93	2[illegible].7	71
Panama	2240	2.4	4009	90	6.5	13
Yugoslavia	2480	3.7	4905	91	13.3	78
Algeria	2680	3.2	2633	62	49.0	1
Korea, Republic	2690	6.4	4832	86	21.9	92
Portugal	2830	3.2	5597	91	37.8	80

Condition 5 -- Income but excluded by Growth or PQLI

	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
El Salvador	860	-0.4	1733	74	19.4	31
Jamaica	940	-1.5	2506	92	26.6	66
Guatemala	950	1.2	1957	64	24.9	36
Cameroon	970	3.8	1381	58	15.9	9
Chile	1310	0.2	4862	91	21.1	9
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
South Africa	1890	0.6	4981	66	0.0	78
Argentina	2390	0.1	4647	90	45.3	31
Gabon	2700	1.1	2068	54	5.1	10
Venezuela	3230	-0.9	4306	87	22.6	8
United States	18530	1.5	17615	98	..	78
OECD Members	14670	2.3	11763	97	..	67

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Conditon 6 -- Income plus Growth plus PQLI plus Integration (>=20% of exports are manufactures)

	GNP per capita Dollars 1987	GNP per capita Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
Thailand	850	3.9	2576	82	13.6	53
Tunisia	1180	3.6	2741	60	26.9	61
Turkey	1210	2.6	3781	73	31.7	67
Colombia	1240	2.7	3524	82	33.4	21
Mauritius	1490	3.2	2617	83	6.1	40
Costa Rica	1610	1.5	3760	94	12.1	40
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Malaysia	1810	4.1	3849	81	14.3	40
Mexico	1830	2.5	4624	84	30.1	47
Poland	1930	2.0	3817	91	14.7	67
Brazil	2020	4.1	4307	77	26.7	45
Uruguay	2190	1.4	5063	91	24.4	44
Hungary	2240	3.8	4430	93	26.7	71
Yugoslavia	2480	3.7	4905	91	13.3	78
Korea, Republic	2690	6.4	4832	86	21.9	92
Portugal	2830	3.2	5597	91	37.8	80

Condition 7 -- Income but excluded by Growth, PQLI or Integration

	GNP per capita Dollars 1987	GNP per capita Average annual growth rate (percent) 1965-87	Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
El Salvador	860	-0.4	1733	74	19.4	31
Congo, People's Rep.	870	4.2	756	64	18.6	16
Jamaica	940	-1.5	2506	92	26.6	66
Guatemala	950	1.2	1957	64	24.9	36
Cameroon	970	3.8	1381	58	15.9	9
Paraguay	990	3.4	2603	83	21.3	12
Ecuador	1040	3.2	2687	79	20.7	4
Botswana	1050	8.9	2496	66	3.7	0
Chile	1310	0.2	4862	91	21.1	9
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
South Africa	1890	0.6	4981	66	0.0	78
Panama	2240	2.4	4009	90	6.5	13
Argentina	2390	0.1	4647	90	45.3	31
Algeria	2680	3.2	2633	62	49.0	1
Gabon	2700	1.1	2068	54	5.1	10
Venezuela	3230	-0.9	4306	87	22.6	8
United States	18530	1.5	17615	98	..	78
OECD Members	14670	2.3	11763	97	..	67

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Condition 8 -- Income plus Growth plus PQLI plus Integration plus Stability (Debt Service as a % of Exports <=35%)

	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
Thailand	850	3.9	2576	82	13.6	53
Tunisia	1180	3.6	2741	66	26.9	61
Turkey	1210	2.6	3781	73	31.7	67
Colombia	1240	2.7	3524	82	33.4	21
Mauritius	1490	3.2	2617	83	6.1	40
Costa Rica	1610	1.5	3760	94	12.1	40
Syrian Arab Rep.	1640	3.3	3810	71	16.5	27
Malaysia	1810	4.1	3849	81	14.3	40
Mexico	1830	2.5	4624	84	30.1	47
Poland	1930	2.0	3817	91	14.7	67
Brazil	2020	4.1	4307	77	26.7	45
Uruguay	2190	1.4	5063	91	24.4	44
Hungary	2240	3.8	4430	93	26.7	71
Yugoslavia	2480	3.7	4905	91	13.3	78
Korea, Republic	2690	6.4	4832	86	21.9	92

Condition 9 -- Income but excluded by Growth, PQLI, Integration or Stability

	GNP per capita		Purchasing Power Parity per capita GDP Dollars 1987	Physical Quality of Life Indicator 1985	External Public Debt Service as a % of Exports of Goods and Services 1987	Machinery, transport equipment and other manufactures as a percent of total exports 1987
	Dollars 1987	Average annual growth rate (percent) 1965-87				
El Salvador	860	-0.4	1733	74	19.4	31
Congo, People's Rep.	870	4.2	756	64	18.6	16
Jamaica	940	-1.5	2506	92	26.6	66
Guatemala	950	1.2	1957	64	24.9	36
Cameroon	970	3.8	1381	58	15.9	9
Paraguay	990	3.4	2603	83	21.3	12
Ecuador	1040	3.2	2687	79	20.7	4
Botswana	1050	8.9	2496	66	3.7	0
Chile	1310	0.2	4862	91	21.1	9
Peru	1470	0.2	3129	71	12.5	19
Jordan	1560	0.0	3161	77	21.8	55
South Africa	1890	0.6	4981	66	0.0	78
Panama	2240	2.4	4009	90	6.5	13
Argentina	2390	0.1	4647	90	45.3	31
Algeria	2680	3.2	2633	62	49.0	1
Gabon	2700	1.1	2068	54	5.1	10
Portugal	2830	3.2	5597	91	37.8	80
Venezuela	3230	-0.9	4306	87	22.6	8
United States	18530	1.5	17615	98	..	78
OECD Members	14670	2.3	11763	97	..	67

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ANNEX 5

Countries Arrayed by per capita PPP

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COUNTRIES RANKED BY PER CAPITA GDP EXPRESSED IN TERMS OF PURCHASING POWER PARITY (1987 DOLLARS)

	GNP per capita Dollars 1987	Purchasing Power Parity per capita GPD Dollars 1987
Bhutan	150	..
Chad	150	..
Lao PDR	170	..
Mozambique	170	..
Burkina Faso	190	..
Uganda	260	..
Somalia	290	..
Yemen, PDR	420	..
Afghanistan	..	..
Guinea	..	..
Kumpuchea, Dem.	..	..
Viet Nam	..	..
Dominican Republic	730	..
Syrian Arab Rep.	1640	..
Poland	1930	..
Lebanon	..	..
Hungary	2240	..
Yugoslavia	2480	..
Greece	4020	..
Libya	5460	..
Oman	5810	..
Iran, Islamic Rep.	..	..
Iraq	..	..
Romania	..	..
Zaire	150	220
Tanzania	180	405
Burundi	250	450
Niger	260	452
Ethiopia	130	454
Malawi	160	476
Sierra Leone	300	480
Ghana	390	481
Mali	210	543
Rwanda	300	571
Central African Republic	330	591
Madagascar	210	634
Benin	310	665
Nigeria	370	665
Togo	290	670
Liberia	450	696
Zambia	250	717
Nepal	160	722
Sudan	330	750
Burma	..	752
Congo, People's Rep.	870	756
Haiti	360	775
Kenya	330	794
Mauritania	440	840
Bangladesh	160	883
India	300	1053

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COUNTRIES RANKED BY PER CAPITA GDP EXPRESSED IN TERMS OF PURCHASING POWER PARITY (1987 DOLLARS) (con.)

	GNP per capita Dollars 1987	Purchasing Power Parity per capita GPD Dollars 1987	
Senegal	520	1068	
			$1070
Honduras	810	1119	
Cote d'Ivoire	740	1123	
Zimbabwe	580	1184	
Egypt, Arab Rep.	680	1357	
Bolivia	580	1380	
Cameroon	970	1381	
Yemen Arab Rep.	590	1466	
Pakistan	350	1585	
Lesotho	370	1585	
Indonesia	450	1660	
El Salvador	860	1733	
Morocco	610	1761	
Papua New Guinea	700	1843	
Philippines	590	1878	
Guatemala	950	1957	
Sri Lanka	400	2053	
Gabon	2700	2068	
China	290	2124	
Nicaragua	830	2209	
Botswana	1050	2496	
Jamaica	940	2506	
Ireland	6120	2566	
Thailand	850	2576	
Paraguay	990	2603	
Mauritius	1490	2617	
Algeria	2680	2633	
Ecuador	1040	2687	
Tunisia	1180	2741	
Peru	1470	3129	
Jordan	1560	3161	
Colombia	1240	3524	
Trinidad and Tobago	4210	3664	
Costa Rica	1610	3760	
Turkey	1210	3781	
			$3845
Malaysia	1810	3849	
Panama	2240	4009	
Venezuela	3230	4306	
Brazil	2020	4307	
Mexico	1830	4624	
Argentina	2390	4647	
Korea, Republic	2690	4832	
Chile	1310	4862	
South Africa	1890	4981	
Uruguay	2190	5063	
Portugal	2830	5597	
Saudi Arabia	6200	8320	

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COUNTRIES RANKED BY PER CAPITA GDP EXPRESSED IN TERMS OF PURCHASING POWER PARITY (1987 DOLLARS) (con.)

	GNP per capita Dollars 1987	Purchasing Power Parity per capita GPD Dollars 1987
Spain	6010	8989
Israel	6800	9182
New Zealand	7750	10541
Italy	10350	10682
Australia	11100	11782
United Kingdom	10420	12191
United Arab Emirates	15830	12191
Austria	11980	12386
Netherlands	11860	12661
Singapore	7940	12790
Finland	14470	12795
Japan	15760	13135
Belgium	11480	13140
Sweden	15550	13780
Kuwait	14610	13843
Hong Kong	8070	13906
France	12790	13961
Germany, Fed. Republic	14400	14370
Denmark	14930	15119
Switzerland	21330	15403
Norway	17190	15940
Canada	15160	16375
United States	18530	17615

Note: The World Bank has established an upper limit of $1070 in per capita GNP (1987 Dollars) for eligibility for Development Credits. The upper limit for IBRD Loans is $3845 in per capita GNP (1987 Dollars).

Source: Per Capita GNP Data: The World Bank, World Development Report 1989, Table 1, page 164.
Per Capita GDP expressed terms of Purchasing Power Parity: USAID, Development and the National Interest, Table 1, page 132.

ANNEX 6

Countries Arrayed by per capita GNP

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COUNTRIES RANKED BY PER CAPITA GNP (1987 DOLLARS)

	GNP per capita Dollars 1987	Purchasing Power Parity per capita GPD Dollars 1987
Afghanistan	..	..
Burma	..	752
Guinea	..	..
Kumpuchea, Dem.	..	..
Viet Nam	..	..
Lebanon	..	..
Iran, Islamic Rep.	..	..
Iraq	..	..
Romania	..	..
Ethiopia	130	454
Bhutan	150	..
Chad	150	..
Zaire	150	220
Bangladesh	160	883
Malawi	160	476
Nepal	160	722
Lao PDR	170	..
Mozambique	170	..
Tanzania	180	405
Burkina Faso	190	..
Madagascar	210	634
Mali	210	543
Burundi	250	450
Zambia	250	717
Niger	260	452
Uganda	260	..
China	290	2124
Somalia	290	..
Togo	290	670
India	300	1053
Rwanda	300	571
Sierra Leone	300	480
Benin	310	665
Central African Republic	330	591
Kenya	330	794
Sudan	330	750
Pakistan	350	1585
Haiti	360	775
Lesotho	370	1585
Nigeria	370	665
Ghana	390	481
Sri Lanka	400	2053
Yemen, PDR	420	..
Mauritania	440	840
Indonesia	450	1660
Liberia	450	696
Senegal	520	1068
Bolivia	580	1380
Zimbabwe	580	1184
Philippines	590	1878
Yemen Arab Rep.	590	1466

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COUNTRIES RANKED BY PER CAPITA GNP (1987 DOLLARS) (con.)

	GNP per capita Dollars 1987	Purchasing Power Parity per capita GPD Dollars 1987	
Morocco	610	1761	
Egypt, Arab Rep.	680	1357	
Papua New Guinea	700	1843	
Dominican Republic	730	..	
Cote d'Ivoire	740	1123	
Honduras	810	1119	
Nicaragua	830	2209	
Thailand	850	2576	
El Salvador	860	1733	
Congo, People's Rep.	870	756	
Jamaica	940	2506	
Guatemala	950	1957	
Cameroon	970	1381	
Paraguay	990	2603	
Ecuador	1040	2687	
Botswana	1050	2496	
			$1070
Tunisia	1180	2741	
Turkey	1210	3781	
Colombia	1240	3524	
Chile	1310	4862	
Peru	1470	3129	
Mauritius	1490	2617	
Jordan	1560	3161	
Costa Rica	1610	3760	
Syrian Arab Rep.	1640	..	
Malaysia	1810	3849	
Mexico	1830	4624	
South Africa	1890	4981	
Poland	1930	..	
Brazil	2020	4307	
Uruguay	2190	5063	
Hungary	2240	..	
Panama	2240	4009	
Argentina	2390	4647	
Yugoslavia	2480	..	
Algeria	2680	2633	
Korea, Republic	2690	4832	
Gabon	2700	2068	
Portugal	2830	5597	
Venezuela	3230	4306	
			$3845
Greece	4020	..	
Trinidad and Tobago	4210	3664	
Libya	5460	..	
Oman	5810	..	
Spain	6010	8989	
Ireland	6120	2566	
Saudi Arabia	6200	8320	
Israel	6800	9182	
New Zealand	7750	10541	

COUNTRIES RANKED BY PER CAPITA GNP (1987 DOLLARS) (con.)

	GNP per capita Dollars 1987	Purchasing Power Parity per capita GPD Dollars 1987
Singapore	7940	12790
Hong Kong	8070	13906
Italy	10350	10682
United Kingdom	10420	12191
Australia	11100	11782
Belgium	11480	13140
Netherlands	11860	12661
Austria	11980	12386
France	12790	13961
Germany, Fed. Republic	14400	14370
Finland	14470	12795
Kuwait	14610	13843
Denmark	14930	15119
Canada	15160	16375
Sweden	15550	13780
Japan	15760	13135
United Arab Emirates	15830	12191
Norway	17190	15940
United States	18530	17615
Switzerland	21330	15403

Note: The World Bank has established an upper limit of $1070 in per capita GNP (1987 Dollars) for eligibility for Development Credits. The upper limit for IBRD Loans is $3845 in per capita GNP (1987 Dollars).

Source: Per Capita GNP Data: The World Bank, World Development Report 1989, Table 1, page 164.
Per Capita GDP expressed terms of Purchasing Power Parity: USAID, Development and the National Interest, 1989, Table 1, page 132.

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ANNEX 7

Countries Ranked by

Physical Quality of Life Index

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ANNEX 7: Countries Ranked by Physical Quality of Life Index

COUNTRY	PQLI
Kumpuchea, Dem.	..
Lao PDR	..
Viet Nam	..
Afghanistan	21
Ethiopia	25
Bhutan	26
Sierra Leone	26
Ghana	28
Guinea	28
Mali	28
Niger	28
Yemen Arab Rep.	28
Burkina Faso	29
Somalia	29
Mauritania	33
Chad	34
Nepal	36
Senegal	36
Malawi	37
Yemen, PDR	39
Benin	40
Burundi	41
Mozambique	41
Sudan	41
Bangladesh	43
Central African Republic	43
Liberia	43
Pakistan	43
Rwanda	45
Oman	46
Nigeria	47
Haiti	48
Togo	48
Cote d'Ivoire	49
Uganda	51

Source: Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, pp. 246-257.

ANNEX 7: Countries Ranked by Physical Quality of Life Index (continued)

Gabon	54
Morocco	54
Papua New Guinea	54
India	55
Zaire	55
Saudi Arabia	56
Madagascar	57
Cameroon	58
Kenya	58
Bolivia	59
Iran, Islamic Rep.	59
Egypt, Arab Rep.	60
Lesotho	61
Algeria	62
Iraq	62
Zambia	62
Indonesia	63
Tanzania	63
Congo, People's Rep.	64
Guatemala	64
Botswana	66
Libya	66
South Africa	66
Tunisia	66
Honduras	67
Zimbabwe	67
Burma	71
Peru	71
Syrian Arab Rep.	71
Turkey	73
El Salvador	74
Nicaragua	74
United Arab Emirates	74
Dominican Republic	75
Brazil	77
Jordan	77
Ecuador	79
Lebanon	79
Philippines	79

Source: Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, pp. 246-257.

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ANNEX 7: Countries Ranked by Physical Quality of Life Index (continued)

China	80
Malaysia	81
Colombia	82
Thailand	82
Mauritius	83
Paraguay	83
Kuwait	84
Mexico	84
Korea, Republic	86
Sri Lanka	87
Venezuela	87
Argentina	90
Panama	90
Trinidad and Tobago	90
Chile	91
Poland	91
Portugal	91
Romania	91
Singapore	91
Uruguay	91
Yugoslavia	91
Jamaica	92
Hungary	93
Costa Rica	94
Hong Kong	95
Austria	96
Ireland	96
Israel	96
New Zealand	96
Belgium	97
Germany, Fed. Republic	97
Greece	97
United Kingdom	97
Canada	98
Denmark	98
Italy	98
Spain	98
United States	98
Finland	99

Source: Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, pp. 246-257.

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ANNEX 7: Countries Ranked by Physical Quality of Life Index (continued)

Japan	99
Netherlands	99
Norway	99
Sweden	99
Switzerland	99
Australia	100
France	100

Source: Overseas Development Council, Growth, Exports, & Jobs in a Changing World Economy Agenda 1988: U.S. Policy and the Developing Countries, pp. 246-257.

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ANNEX 8

Advanced Developing Country (ADC) Strategy Meeting

October 4, 1989

- o Meeting Summary
- o List of Participants
- o Minutes of the Meeting
- o Issues for Discussion

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Summary

of the

Advanced Developing Country (ADC) Strategy Meeting

October 4, 1989

Purpose of Meeting

The objective of this meeting is to consider major A.I.D. ADC policy issues and to present views on each. Given the diversity of A.I.D. countries, an issue may be resolved differently by country.

A second ADC strategy meeting, according to the original plan, would include representatives of other government agencies and private groups interested in ADC policy. A third would cover sector activities, within actual or potential ADC countries, of special interest in formulating ADC strategy. Based on these meetings, interviews and reviews of ADC-related activities, an A.I.D. ADC strategy statement will be prepared for further consideration.

US ADC Strategy

The US should maintain and develop ties with ADCs to sustain important economic, political and other relationships. These relationships benefit the US and ADCs in areas such as trade, technology and regional economic and political stability. In the short run, economic, political and other returns to the US from funding appropriate ADC strategies are likely to be higher than from similar outlays in poorer developing countries.

US relationships with ADCs like Korea and Taiwan were not well nurtured by other USG agencies after A.I.D. activities ended. This negatively impacted US public and private sector interests. Other ADCs failed to sustain economic growth. Strong ties between the US and ADCs can help solve these difficulties and bring about mutual US-ADC benefits. US-ADC relationships can assist in dealing effectively with global public goods issues of vital importance to the US such as the drug problem in Colombia or Mexico. As an ADC integrates more fully into competitive trade, investment, science and other global regimes, a broad-based US relationship with the country can serve as a positive "balance-wheel" to US actions aimed at that ADC in trade, such as the elimination of GSP status, and other global integration issues. ADCs in such regions as the Pacific Rim also compete increasingly with the US for resources, markets and influence. Their progress likely affects future US competitiveness. The USG

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should be able to influence ADC behavior in areas of direct importance to the US like intellectual property rights.

Some countries, such as Japan, focus aid heavily where its economic return is expected to be greatest. Guiding A.I.D. program or project selection solely on this basis may not be appropriate since A.I.D. also has humanitarian, economic stabilization, political and other concerns. But, it is time to take fully into account our competition and consider the key question: "What are we in A.I.D. "transitioning" to as we achieve a desired state of development in certain countries or sectors of countries?" In an increasingly competitive world A.I.D needs to allocate available resources to achieve US interests in a way an average American can understand. ADC programs in countries like Mexico may provide leverage for attaining US objectives that are important and obvious to Americans.

A.I.D. may become more involved with ADCs. A strategy can guide A.I.D.'s actions in transforming its relationships with these countries. A strategy also will help build broad support within A.I.D. for its role in developing ADC relationships because of their importance for achieving US foreign policy goals. A well conceived strategy would help garner political and budgetary support from other USG agencies and donors for closely integrated actions in ADCs. Articulating the significance of ADC relationships to US interests and A.I.D.'s specific role in developing and integrating these relationships into the activities of other US government agencies will help allay fears that A.I.D. is undertaking the activities of these other agencies by not graduating countries.

To date A.I.D. has been the main USG agency working on ADC strategy. OMB is looking to A.I.D. to demonstrate the importance of ADC strategy to the achievement of US foreign policy objectives.

A.I.D. should be involved with ADCs. A.I.D. is very familiar with developing countries. As they move toward ADC status, A.I.D. is in an excellent position to assist in the transition. ADCs also are treated as A.I.D. priority countries. A.I.D. is concerned with both the interests of the ADC and the US. Other USG agencies are concerned almost exclusively with US interests. When A.I.D. previously graduated countries from conventional development assistance, other USG agencies did not move quickly enough to maintain existing relationships and build other ones commensurate with the changing status of the ADC. A gap in US-ADC relationships occurred as a result. A.I.D. appears to be the appropriate agency to span this gap. Also, ADC economic growth is fragile. A.I.D. is well suited to assisting ADCs cope with slow growth or external shocks that disrupt the growth process. A.I.D. is effective in maintaining and strengthening scientific, technical and institutional links between the US and ADCs while also advancing US commercial and political interests. Assisting ADC donor coordination is another important A.I.D. role.

An absolute definition of an ADC may not be necessary. Many countries will have some "ADC" sectors while other sectors are still very underdeveloped. An ADC strategy may have to account for operating ADC programs in the advanced sectors of these societies while carrying on conventional development efforts in other sectors. For this reason and because ADCs are individually unique, A.I.D. is likely to have a portfolio of different activities in each ADC. The activities in the portfolio and their focal point(s) will change over time as the ADC matures and different opportunities occur. Transitioning to an on-going ADC relationship after years of A.I.D. development activity is easier than returning to begin an ADC relationship after A.I.D. has left the country.

Some basic definition criteria for considering ADC programming are a high degree of integration into the international marketplace, rapid sustainable progress in economic growth or key areas such as science, existence of generally sound domestic economic and social indicators, and documented mutual interests with the U.S.

US Interests and ADC Needs

Mutual gains from joint activities are important for a US-ADC relationship. Such gains may arise from international trade, from international investment and transfer of technology, from cooperation in preserving international public goods, from enhanced political stability, or from sharing a wider array of mutual experience and values. Is A.I.D. better at defining and realizing mutual gains than are other agencies? Is A.I.D. the agency most interested in mutual interest? Mutuality could be based on the existence of long-term relationships important to the national interest, or the presence of mutual economic, developmental or foreign policy gains. Mutuality would involve greater coordination with ADCs to define issues and benefits of importance.

US mutuality of interests with ADCs may be larger than with less developed countries because US-ADC interactions are more frequent and important in areas where mutual gains are likely to occur. The ADCs also may be more capable of working with the US on a broad range of issues, many of which the ADCs define, and of contributing substantially to the resolution of those matters as well. However, there is an important mutuality of interest in US-less developed country relationships also.

The primary goal of an ADC strategy is to enhance US-ADC relationships by undertaking activities that provide benefits to the ADC and the US. An acid test of this mutuality would be ADC willingness to suggest an appropriate agenda for action and to provide substantial resources of its own to help carry it out. Principally, the ADC strategy will involve maintenance of linkages previously established by A.I.D. and the development and creation of additional ties after conventional donor assistance ends.

Within many ADCs, A.I.D. and ADC goals will focus heavily on economic growth, liberalization and integration into the world economy. For example, ANE is developing a proposal for Thailand that will support additional integration with the global economy, thus furthering US-Thai interests as participants in a growing global commercial interchange. In the proposal, specific ADC activities will remove domestic constraints to Thailand's further integration into the international marketplace. Environmental or other global public goods issues might also become part of A.I.D.'s Thailand strategy if consistent with economic growth and development.

Another goal of ADC strategy can be dealing jointly with global public goods issues such as the environment, drug awareness, biodiversity, AIDS control and population growth. These goals are closely linked with the economic goals cited above. Other appropriate goals are promotion of democratic values, consideration of mutual foreign policy problems, and US-ADC country leader direct involvement in bilateral development issues. All of these latter goals are part of LAC's strategy for ADCs.

ADC strategy should focus on satisfying country needs rather than all aspects of A.I.D.'s global agenda. Resource constraints are likely to preclude covering every area of potential in all ADCs. A template of broadly overlapping areas such as security, development or trade might be used while A.I.D. is in a country to find a focus for that country's ADC strategy. A.I.D.'s strategy for ADCs should foster consistency in determining what the focus should be in specific countries and why.

A.I.D. must make certain that countries have an incentive to meet ADC criteria. ADC status should not equate with automatic resource cuts, although ADCs would normally need and receive fewer resources. US-ADC benefits arising from trade gains, access to markets, or environmental preservation could justify larger ADC programs. Likewise, ADC policy changes that directly support important US interests could justify expanded funding.

A.I.D. may direct only a small portion of its ADC funding toward humanitarian goals. Not addressing poverty directly in ADC countries will be difficult to explain to some A.I.D. constituents. However, A.I.D. probably can influence government policy and private sector development with an ADC strategy. Thus, one possible long-run solution would be to help ADCs attack poverty using their own institutional and other resources. Also, most A.I.D. activities can have some positive effect on poverty, and ADC programs could be structured to shift non-A.I.D. resources toward poverty alleviation.

Scope and Implementation of ADC Strategy

Consistency with other A.I.D. and US government programs should be one goal of ADC program management. Central bureau involvement could be important in this regard. ADC programs could be implemented through a fund or foundation with a small staff.

A.I.D. will increasingly need to provide highly technical experts in ADC programs. These persons generally cannot be supplied at present from within A.I.D. Experts can be hired short-term or while on sabbatical to meet some of these needs. Restructuring A.I.D. skills over time will be required. Phasing down a big mission would require at a minimum the services of a controller covering several ADC programs as well as those of a country officer for each ADC.

An ADC strategy may require A.I.D. to shift from being a funding agency to being mostly a catalyst influencing the allocation of other funds. This new A.I.D. role would require leveraging the available A.I.D. portfolio to generate complementary funding for ADC activities from private sources and other donors. One option already in use is the financing of ADC activities through central bureau programs. Most of these programs anticipate Mission buy-ins. ADCs may have very small programs if this process is depended upon too heavily. Buy-ins by Missions also are lost if the country graduates, causing the central bureau to bear unanticipated costs. Buy-ins by ADC institutions into existing training, technology and other non-A.I.D. managed programs in the US have worked well in some cases because these organizations want to maintain existing relationships and are willing to pay to benefit from available ties.

Second ADC Strategy Meeting

Officials from other USG agencies should not be included in the planned second ADC meeting. Only personnel from non-governmental entities should be invited. The topic of the meeting with non-governmental entities should be mechanisms used in dealing with ADCs. The meeting with officials from other USG agencies requires additional preparation time and will have a different agenda.

LIST OF PARTICIPANTS

ADC STRATEGY MEETING

October 4, 1989

Name	Affiliation	Phone No.
Adelman, Carol	AA/ANE	647-9119
Bissell, Richard	AA/PPC	647-5482
Blakeslee, Katherine	PPC/PDPR	647-8594
Brown, Reginald	AA Designate/PPC	647-8966
Cylke, Owen	DAA/FVA	875-4801
Davis, William	Devres, Inc.	951-5546
Donelly, Gerry	USAID/Thailand	647-9240
Hageboeck, Molly	ES	647-8000
Holsman, Henrietta	AA Designate/PRE	647-8298
Kenefick, Frank	C/AID	647-9662
Kimm, Peter	PRE/H	663-2530
Langmaid, Brad	A/AA/S&T	647-4322
Lewis, C.M.	DAA/PPC	647-5164
Millar Wood, Jayne	Devres, Inc.	951-5546
Raymond, Susan	Consultant	647-8895
Russell, Chris	A/AA/PRE	647-8584
Schieck, Fred	A/AA/LAC	647-9108
Schwartz, Karl	ANE/DP/PPG	647-8895
Sines, Dick	PPC/PDPR	647-7073
Tynan, Ellen	Devres, Inc.	951-5546
Unger, Mike	DAA/PRE	647-8584
Westley, John	AFR/DP	647-3362
Wood, Dennis	Devres, Inc.	951-5546

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Record

of the

<u>Advanced Developing Country (ADC) Strategy Meeting</u>

October 4, 1989, Main State Building

Richard Bissell, PPC: This is the first of a series of three meetings which will discuss ADC strategy. We need to take a fresh look at the broader policy issues, step back from old biases, and decide what our ADC strategy should be. The second of these meetings will include people from other USG agencies and from PVOs, while the third with focus on sectors within ADC economies which are essential to ADC strategy. The important thing in this meeting is not to find all the answers but to discuss different views on the issues. It is important to present these and to explain how they have been derived. At the end we will try to synthesize the discussion. I expect we will have a number of different answers, given the diversity of A.I.D. countries.

Jayne Wood, Devres: To help document all the comments made, may I pass around a sign-up sheet?

Bissell: Of course. It will help with our informal record of this meeting.

Owen Cylke, FVA: In focussing on ADCs we need to deal with the graduation problem. Our characterization of ADCs may be too restrictive since only parts of some economies are highly developed. Much of the Indian economy, for example, is technically and economically advanced. By categorizing whole countries as ADC we may be missing out on important countries. We should look more closely at what I call Advanced Developing Economies, so we don't miss out on some of these countries.

Carol Adelman, ANE: What are these meetings leading up to? Will OMB hearings result, for example?

Bissell: I had a less diffuse goal in mind. OMB would like to see a statement on ADCs, as would the House Foreign Affairs committee. We do need to come up with something coherent, but whether it should be a strategy or program or whatever I don't know. People should be able to see the

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results of ideas expressed throughout the whole process, however. We need to produce a statement for people to vet.

John Westley, AFR: ADC strategy is important as it relates to U.S. competitiveness. The trends of the last ten years will continue to be important aspects in the 1990's and in the 21st century. We need to look ahead at how these trends will apply as we maintain linkages with ADC's in education, trade, and other sectors which will be important to how the U.S. deals with the world.

Peter Kimm, PRE/H: OMB has budget-reducing objectives now, and Congress has "graduate" objectives. A.I.D. wanted to be able to say "Here, we've graduated a country." Now A.I.D. has a more "mature" objective; the U.S. wants to retain relationships with certain developing countries We have a good relationship with many of them and we don't want to lose that. Mark's point in the last budgetary meeting was to focus on what A.I.D. should do. What does A.I.D. want and what is it going to do about these issues? Most ADCs have rapid urbanization and growing capital markets. Their middle class wants a piece of the capital markets. A.I.D. has a significant presence in these fields.

Bissell: I can't put you at ease with regard to others' motives, but my interest is not budgetary. In a recent meeting with a Japanese official I asked him why is Japan spending money in Thailand, which is a growing economy? A key issue for us in the United States is, "What are we supposed to transition to?" It's time to think why Japanese aid goes where its marginal utility will be greatest.

Kimm: Still, this is a valuable exercise. Even a heterogeneous result would be useful.

Reggie Brown, PPC: How do nations such as Poland or Hungary fit into an ADC strategy?

Adelman: Their per capita incomes are higher, so they fall into ADC category based on human resource base -- having large numbers of skilled people.

We also share historical ties, and the Communist period, in that context, is relatively insignificant. These countries are unique but are not ADCs.

In considering ADCs, we could measure integration with the world economy to justify ADC programs rather than presence of large A.I.D. missions.

Bissell: Why don't we carry that thought. Poland and Hungary are open questions with regard to ANE. How do you fit them into ANE's definition, since they are not natural ADCs? And, how does ANE's mission change with Poland and Hungary?

Adelman: ANE's ADC definition is challenged every month by OMB. ADCs have two main characteristics. First, they are highly integrated into the international marketplace in production and finance and have mutual economic interests with industrialized (and other) countries -- as in the case between the U.S. and Thailand. Second, the domestic economy and social foundation on which growth is based are good -- good life expectancy, good primary schools and so on. Not all the social indicators have to be good for each country, however. These low areas will be outliers from the general pattern, and may be areas we need to go into.

This differs from LAC's definition because LAC uses per capita GNP and social domestic indicators. These are more isolated and do not reflect standing in the global marketplace. The Economic Policy Council is looking at international issues and their effects on U.S. economic interests. The OMB definition is similar.

LAC has had a lot of program models. The Economic Policy Council is saying programs would be very different for each country according to its needs.

Our underlying strategy rests on mutual economic interest, but programs may differ by country. In the Thai example these could include, labor skills training to develop the industrial base, improving joint venture

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capability, and regulatory issues such as intellectual property rights or food safety and integration of U.S. and Thai financial markets.

In this conceptual scheme we are not looking exclusively at social performance under the poverty line because this is not sufficient to define a country as an ADC.

Bissell: Would you say the goals in Thailand are different from other ANE countries, or on a different level?

Adelman: No, they are at a different level because of different economic growth paths. Our goal in all these countries should be to move them toward integration, liberalization, economic growth and so forth.

Bissell: But if an ADC had an especially high level of child mortality would you include a child survival intervention in the strategy?

Adelman: We might include a child survival intervention, but it might also be an outlier and treated as such.

Kimm: Thailand has notable environmental problems which the mission is working on, but these are not clearly linked to U.S. commercial interests. Should these be included in the strategy?

Adelman: It is not clear how an environmental strategy does relate tightly to an economic growth agency like A.I.D. We are looking at overall environmental policy and trying to link it to A.I.D.'s economic growth objectives. This may be more of an S&T issue. We are trying to relate the environment to economic growth issues. If environmental problems interrupt a country's growth path, we would work with it. Because of limited resources we have to focus on environmental problems where they affect economic growth.

Fred Schieck. LAC: I don't think LAC has particularly sophisticated criteria for deciding what countries are ADCs. We backed into ADC's as a means of reestablishing relations with graduated countries. We had left some of these completely and wanted to go back in. By happenstance these countries have similar circumstances, for instance being middle income countries. We created criteria for countries where we already wanted to stay.

These decisions are political as much as economic. We don't have the money for programs like we did in the past. The programs that are possible now have political benefits as well as economic ones. We can do interesting things with available money, and serve U.S. foreign policy objectives at the same time. We would get more involved in the Amazon if the environment became a critical problem for example. The same with drug related issues in Brazil or other countries. The types of ADC programs we have depends on the resources allocated to them, but I think they have been a good thing. I think our Ambassadors could enumerate many benefits of our ADC programs. ANE is trying to plan an ADC program before leaving a country, while LAC is trying to return to countries which it has left, but there aren't many resources.

It is a good thing to put an ADC strategy down on paper.

Bissell: Within an ADC strategy would LAC be comfortable with a set of interventions focused on growth objectives in Brazil?

Schieck: It would make sense, but the reality is that money probably isn't available for it.

Bissell: Well, financially we have to present our best case for ADC-type activities, but are we sure that LAC's ADC country programs are doing this?

Schieck: There's strong interest in growth in all of these countries.

Bissell: I growth what an ADC strategy is about if we are looking at drugs and so on?

Schieck: Our ADC strategy defines mutual interests as economic and non-economic. We are trying to promote democratic values, maintain links to

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U.S. technical institutions, address mutual foreign policy problems, to access host country leaders so as to effectively address bilateral development issues. Given the resources that are available, we can't put everything into an ADC program.

Adelman: I think we are defining mutual interests as economic and non-economic. For instance, the drug problem, which is pretty economic, could be included. The problem of acid rain could be included also. Even though these are not purely economic growth issues per se, they are important.

Schieck: Argentina is not an ADC, but when the new government announced it wanted to encourage privatization, PRE responded. The ADC office in Uruguay handled it and scraped together funds for technical assistance, including country courses, and technical assistance for privatization.

Bissell: Where are the essential bureaus in defining ADC policy? Central bureaus should be involved.

Schieck: In the past we gave A.I.D. representatives hunting licenses and told them to hunt up projects.

Adelman: S&T could have a role in helping to define issues and providing assistance in areas like intellectual property and financial markets. Central Bureaus can help with new areas as we go into ADC relationships. Basically they can help with training and with the knowledge base.

Chris Russell, PRE: From the point of view of PRE, S&T can help the most if it concentrates on the issues when A.I.D. is in the country rather than when it is retrofitting. Projects run on budgets with half or more "buy ins" from the Missions, and the country puts up the rest. This is easy to handle as long as assistance in ongoing, but not when countries graduate because the Central Bureau bears these unanticipated costs. The mechanisms are still good, but it's harder.

Bissell: How are we going to pay for Argentina?

Schieck: PRE is paying for it now, and LAC. The regional project covers ADCs. I'd be happy to take any good suggestions.

Kimm: LAC has its own regional ADC projects. The Central Bureau is set up so Missions can buy in. The Missions are supposed to raise money elsewhere. It may be ADCs will have small projects and little money if this process continues to be followed.

Russell: It seems like the payoff from these programs is highly leveraged, which is good. I like the ANE formulacion with the focus on mutual economic interests. We should put the money where its highly leveraged, though it's still useful where we are retrofitting programs.

Bissell: In fact $1 million in Argentina has a bigger payoff than $1 million in Bolivia. Doesn't this pose political problems? Can we make these comparisons between higher and lower income countries?

Schieck: Optics are important. Do we put Argentina in the budget?

Cylke: That could give us problems with Congress and Hill staffers. They have listened to ADC concepts before and then said, "We didn't ask you to do that." How can we justify ADC strategy to them? What is our market for ADC concepts?

Bissell: I'm willing to consider authorization language.

Russell: It's easier to bury this budget in a Central Bureau project than in a regional project. In a project like the Center for Privatization we could decide as an agency to assign a heavier load to it rather than to specifically identified projects.

Brad Langmaid, S&T: $80 million is buried in the budget for buy-ins into bilateral programs. That works well.

In ADCs we want to foster political pluralism. There's tremendous leverage if you pay a little for the ties. Both sides will pay to maintain

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important linkages. A little money gives you big payoffs in educational institutions in LDCs because they to maintain relationships with U.S. institutions and we want them to look to the U.S. for intellectual leadership. You can do this for very little money. We can get intellectual input and leadership to countries via an ADC program.

Cylke: I think it's important to make the distinction between our global agendas for population and the environment and what we want to do in a specific country. If we have to show how we touch all our concerns in each country it makes it very hard to run a country program and it dissipates our efforts.

Adelman: We can't ignore the environment. We should still work on those issues, but we have to focus on economic growth in the context of a strategy. I don't know how much we should get involved in the global issues.

Cylke: We need to define a tight country agenda. The global issues are to be financed elsewhere.

Frank Kenetick, C/AID: We need a sliding scale or template. For example, Thailand was saved from graduation by the Vietnam War. Some interventions are political, some social, and others economic. It would be more useful to use security, development or trade, and not to focus on categories. Look at how these areas overlap and find a focus where an ADC strategy makes sense for each country or region. Each ADC program shouldn't have to fit <u>all</u> our requirements, possible interests or functional accounts.

Adelman: Mutual economic and non-economic interests will always be important for any country. We should run all the countries against the figures on the sheets and work out norms and averages. We need a consistent way to determine what to do in specific countries and why. It will still be an Agency decision, though.

Bissell: If the concept is to define countries in terms of their resource bases, how do we deal with hybrid societies with developed and underdeveloped sectors?

Cylke: The hybrid mission is important, but we lack resources and must make choices. Do we apply money against the poverty issue or apply it to help ADCs "level" sectors? Why? The notion that you can do both areas implies too much money.

Bissell: So are you saying we should only work with the upper sectors and ignore the poor?

Cylke: No, but we might not be able to do everything. There are a lot of poor in Brazil.

Adelman: The best way to deal with poverty over the long run is to expand the ADC circle. India is weaker than Thailand, but they have enough institutional resources to reduce their own poverty.

Cylke: It's partly intellectual. We have to be driven not just by logic, but by funding levels too. If we had $1 billion would we do something different?

Bissell: I have no problem with the concept, but is there any way to explain not attacking poverty directly? Can we explain our ADC concept in the case of India so that it makes sense?

Kimm: If the amounts are small, any activity can have some positive effect on poverty. But with small amounts people aren't going to be that concerned. We shouldn't argue that each dollar chases poverty. Rather, we will reduce poverty indirectly by maintaining relationships with ADCs.

Cliff Lewis, PPC: We need to focus more on U.S. interests because a powerful lobby already exists for this. Some cite computers in Brazil as a success story, but we are fighting with Brazil over them. Is there sufficient attention in the Agency portfolio to ADC programs? Given fixed resources for A.I.D., should we conduct more ADC programs?

If we apply a U.S. interest test for benefits, ADC programs may compete with poverty alleviation programs for funding.

Cylke: If you play the ADC game you might be able to capture and shape other resource flows. That gives you the capacity for more leverage. For instance you can influence private investment in Thailand. Or, you might do more with $20 million in ADC programs in India than in using it to alleviate India's great poverty.

Lewis: But that has nothing to do with the income in a country. Your argument fits any situation.

Cylke: It has a lot to do with economic opportunities. It's more appropriate in Thailand than in Chad.

Lewis: That's true, but one investor going into an agricultural project in Senegal is bigger locally than IBM going into Brazil.

Cylke: The amount of resources isn't the only important thing. The spin you get on government policy and private sector development in Thailand versus the case of a large single investor in Chad is also important. In India the program went from $100 million to $20 million and no one complained. We still have a program there, but with fewer resources to achieve our ends.

Russell: Provision of services to the poor is another area of concern. S&T has a host of institutional ties which should be used to impact on poverty. These should benefit basic human needs, if the private sector can figure out private provision of social services. This could work on both fronts, private and public.

Adelman: I would make the same argument. In Bangladesh health finance cooperatives are being developed because poor people are unhappy with the nationalized health care system. They would be happy to have a system that allowed them to hire private doctors as compared to getting free health care that doesn't exist.

Kenetick: In terms of the national interest and trade and so on, the question is how much can be leveraged by U.S. involvement. We need to pay more attention to this. This kind of analysis used to be conducted as a matter of course, and we need to start doing it again.

Bissell: Let's go back into the issue of the various kinds of mutuality. I am concerned that in discussing ADC strategy in terms of mutuality we might be conveying to outside observers that non-ADC activities are not based on mutuality. I don't believe that this is the case, and I don't want to convey that impression. The question is, what is so mutual for ADCs that is not mutual before a country reaches that point?

Cylke: On the mutuality of interest issue, ADCs are more a part of the global economy. Also U.S. daily interaction is much more intimate in some ADCs than in others. This makes the ADC concept much more self-serving from the U.S. perspective.

Lewis: I'm not sure I would agree with that analysis. Ghana exports a very high percentage of GDP. Its exports are as large a share of GDP as in Thailand, but it's clearly not a success story. Foreign aid is intended to promote U.S. interests, and maintaining a special sec of (ADC) countries begs this question. The marginal return of spending in France, Germany or Japan would be high, but you can't argue that A.I.D. should return there. We have got to establish what is important to the U.S. here.

Cylke: Mutuality should not be defined by the amount of trade leveraged, but by the existence or establishment of long-term interests such as S&T relationships.

Lewis: Still, the return on investment in scientific relationships is higher for Japan than for Thailand.

Kimm: The question arises whether this is a USG or an A.I.D. policy. If you go very far down the U.S. trade road you lose sight of A.I.D.'s purpose.

Lewis: What is A.I.D. responsible for that no other agency is covering? Scientific relationships?

Adelman: What about environmental problems?

Kimm: Our responsibility is for developing countries.

Brown: Distinguishing between advanced and non-advanced developing countries is critical. How are we going to define ADCs?

Langmaid: Turkey has great political and commercial importance for the U.S. in NATO and as a potential actor in a Middle Eastern peace settlement. When A.I.D. closed down in Turkey, no other agency moved in and took over A.I.D.s linkages. At that point A.I.D. had established a range of useable assets in both the private and public sectors. The State Department had economic reporters, but no one to really deal with the problems. We trained Ozal, and he wanted to keep these ties to the U.S., and to maintain training relationships. The issue is how to bridge the gap at end of the traditional role where A.I.D. leaves but other USG actors don't move in.

Kimm: This is the real justification for an A.I.D. program for ADCs.

Adelman: Brad raises an important next issue: When a country gets to the level of an ADC, why should A.I.D. be involved any longer? There are two main reasons. First, this growth is usually still fragile, and it is vulnerable to external shocks. Second, A.I.D. can set up linkages in the country, and U.S. organizations in Thailand represent more business for U.S. companies. So A.I.D. is looking out both for Thailand and U.S. interests as Thailand integrates with U.S.

Schieck: The reason we should stay involved in ADCs is that the U.S. is a world power while the countries being discussed are not on a par with Europe. Just because they have no need for poverty assistance doesn't mean we should leave. The U.S. still looms very large to them. So what do we mean by mutuality? In the typical A.I.D. program we design our own strategy for recipient countries. Under the

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idea of mutuality we are more open to working with them on a broad front, and to allowing them to define which issues are most important to them. For instance in Brazil telecommunications training was an excellent idea. They sent some people up to AT&T for training. Overall, the fact of mutuality comes from dealings across a broad front and a maintenance of linkages in a variety of areas.

Cylke: We maintain a country focus, whereas other USG functional agencies treat ADC's as low priority countries. ADCs may still be relatively low on the USG priority scale. But A.I.D. lends attention, concern, etc, to them which is important in relating them to the U.S. and its interests. A.I.D. may be a transitional agency because of the priority these countries have because of trade and so on.

Schieck: But these are also good places for the future for the U.S. in terms of potential trade and investment. Turkey is a good example of this, and also Brazil. Keeping a foot in the door is important.

Lewis: But you still must have some calculation of relevant return. What is of central importance and priority to the U.S.?

Cylke: Return on the investment, which is not calculated on a specific deal but over the long range. We are really talking about potential here -- over the long run.

Lewis: The reason people are suspicious at OMB is that it looks like we're never going to graduate anyone and will just wrap up a policy in whatever is in vogue to keep our level of effort going. So if trade is the big issue, we use trade. Selling this as an ADC strategy is incorrect. Is there much to what we're saying is different in these programs? If so, then we should expand on it and sell it as a Pacific Rim or Mexican strategy. Unless we define this another way we're going to lose allies by marketing incorrectly.

Langmaid: I think you're right. ADC is A.I.D.'s term and A.I.D. has been dealing with these countries.

We haven't had much external review or criticism.

Brown: There's pressure to close down programs in some countries, but also to start-up programs in some countries.

Russell: We should build capacity in host country institutions. Mutuality flows when a country gets more mature institutions. Institutions in ADC's are not yet mature, because you get maturity through the development process, so this is not inconsistent.

Adelman: Mali doesn't fit into the ADC definition, but it's up to the A.I.D. Mission to decide what to focus on. If it focusses on education, though, it shouldn't limit their economic work -- they could still carry out ADC-style programs.

Bissell: Let me try to clarify. The two questions seem to be the following: First, Is A.I.D. better at defining mutual interests than other agencies are? Second, Is A.I.D. the agency most <u>interested</u> in mutual interests. Is mutual interest solely an A.I.D. term?

Molly Hageboeck, ES: This represents a different view from Commerce, and is almost an NSC understanding of mutuality. Yes, with some countries staying means transforming relationships. A.I.D. has spent many years in some countries, and should not withdraw now. In hindsight it was not a good idea to leave Korea, as it is now a donor nation and a major trader. We should have held onto our relationships there. Letting go may not serve us well, because we have invested heavily in these countries.

We have positive relationships through A.I.D. in these countries. If we let these go, is another sphere of influence picking them up? We shouldn't look for a tangible immediate dollar return for all investments, but instead for a long-term NSC-type relationship. We're at sea in defining relationships with countries that no longer need us for developmental purposes. What relationships do we need to have with countries which no longer need us developmentally? We need to conceptualize this relationship as we let go.

Bissell: The issue is that of implementation.

Cylke: The question is criteria for being an ADC. We need to make becoming an ADC a good thing. If a country meets the criteria does it win or lose?

Adelman: Becoming an ADC shouldn't involve an automatic cut in resources. It depends on how you want to advance our interests. Realistically, if a country is advanced it will need and receive fewer resources because they are more able to pay for themselves. Our programs in these countries wouldn't necessarily be growing.

Cylke: Are we talking about criteria because we need to make becoming an ADC something good? Is it good or bad financially for the country or the Bureau for it to become an ADC? This defines the kind of program ANE will have and whether countries struggle to meet criteria or not.

Brown: Becoming an ADC could mean the opposite. Successes should be reinforced if a country's development progress is good.

Hageboeck: It's not just our money that counts. Funds from other resources are available, like the Luso-American Foundation. What can you get from U.S. Steel? What can you get the country to put in? The pool of resources is blended more and more as development occurs.

Karl Schwartz, ANE: We need a pot of resources for an ADC strategy. Molly has a good point. We need to diversify resources, including private sector and other public sector funds. We must also make sure U.S. products are used and U.S. interests furthered.

Hageboeck: But there are still development problems.

Schwartz: In looking at A.I.D.'s role there are a variety of mutual interests.

Adelman: Mutual interests means that as we leave we leave gradually, promote U.S. companies and the use of English.

Lewis: Is graduation ever intended -- are we saying we will never close a mission? Is an ADC strategy phased-in some way? In many people's minds, ADC is synonymous with A.I.D.'s response to graduation. Most outsiders think it means that we don't want to pull out, because pulling out was so bad. Somehow we want to avoid just stopping or cutting off our relationships as we have in the past.

Cylke: Graduation should be from assistance levels not from the A.I.D. relationship. Donor assistance could end, but A.I.D. could still be involved within an ADC. Do we pretend to be a donor? Or, do we transform the relationship in some way?

Langmaid: The term was moving from assistance to a new definition. Assistance is provided to develop a cooperative relationship under which countries graduate, but haven't left entirely a relationship with A.I.D. or the USG.

Bissell: Possibly we should not leave. Donor coordination is important for these countries, for example in learning how to appraise programs and evaluate projects. Korea, for example, now wants U.S. help in this area.

Langmaid: A lot of ADCs serve as models for LDCs.

Adelman: We are assuming a long-term phase down in Thailand on staff, but the level hasn't been decided in advance. We'll have to see how shifting to the new mode, we will reallocate A.I.D. resources. Maybe this will be to a fund structure managed by a small staff, with us essentially privatizing resources.

Hageboeck: We need a broadening of the thinking. With Brazil someone is going to ask about their trade policies if we want to educate their people in our technology. We don't want to train them to trade unfairly against us with greater success. We need to have an overall view.

Lewis: The basic issue is how we define the argument. Reallocation of funds beyond sectoral accounts is sensible. We have been trying to obtain Caribbean Basin Initiative money, and have not been successful. We can cast the argument in terms of performance based budgets, or, as a better option, in terms of U.S. interests which would allow us to focus on ADC countries. We can argue that we can do more in Brazil than in Senegal with equal amounts spent. On the other hand, we could apply that analysis everywhere. Everyone is troubled by the idea of closing our best programs, but we don't have unlimited resources. I'm just concerned that the rhetoric surrounding the ADC issue is not being examined very carefully. What should we really be trying to do ?

Hageboeck: What we're doing now with ADCs just isn't making sense. We need a coherent idea that makes sense, then we can worry about the funding. Funding is not necessarily the key issue -- if an idea makes sense the resources will follow. ADC's don't make sense now.

Lewis: ADCs sound sensible and defensible, but it may just be an entrepreneur in an A.I.D. Mission. The problem is one of not allocating resources in a flexible country-oriented way that reflects U.S. interests in a way that the average American can understand.

Hageboeck: The charter is to get concepts together in a way that makes sense for A.I.D., then present it to the USG at large. The problem right now is to find the right ideas. Money is not the question now.

Lewis: The distinction between A.I.D. and the USG is fallacious. These are contested markets. The World Bank and IMF are in there as well as foundations and universities. We have to find A.I.D.'s market niche in the context of what others are doing. That defines the opportunities and irrelevancies. ADCs are a more competitive environment in which A.I.D.'s contributions must be sold and made effective. There are more opportunities for leverage in ADCs, but also a greater chance for A.I.D. to be a non-player because of all the other USG and other players involved.

Bissell: We've talked about several issues here. I'd like to go into implementation further. How do you manage implementation? Is this appropriate for Central Bureaus, or should it be a mix of bureaus? We need to be more consistent across the agency with this.

Kimm: What has been your experience in Latin America?

Schieck: We've conducted management assessments of three of our ADC's in LAC. It requires a variety of things that we can't provide. We've asked neighboring missions to help with accounting, but more help is needed. Strains on A.I.D. management are part of it, combined with a lack of staff in ADC's to do support work. In some countries there's we have hired someone as a PSC to do some of the contracting work.

Kimm: If you are phasing down a full mission like Peru or Ecuador do you phase to one USDH, or do you need more?

Schieck: One person is a bit thin for the phase-down of a big mission like Ecuador. OMB wanted this. Ideally you would probably have a controller-type who did just ADC work, but for a number of countries, as well as a CO working out of a regional office.

Bissell: The regional office may be a better model, because it could cover several countries. The ASEAN Mission could cover ADCs within ANE.

Cylke: If we go in Brazil, no one is looking at it as a mission because it's only an ADC. In Thailand the bureaucracy sees it as the old system, and conversion to a new system is tough.

Langmaid: Other parts of management present some difficulties. Segments of ADC's are as sophisticated as their U.S. counterparts, and the people in these want to interact with other technically skilled people. We have not been putting these types of people in the field -- most A.I.D. personnel are supervisors who are not highly skilled technically. Instead, we frequently need people who are technically highly qualified who do not manage anyone.

Kimm: So we may need more short term and less long term personnel.

Langmaid: Yes, there are a range of possibilities. We could use people on sabbaticals or on short assignments.

Schieck: Most ADC Embassies in LAC have a freestanding A.I.D. representative who reports to the Economic Officer, but setting things up has been ad hoc. It's not always like this, which caused a reporting problem in Colombia. We need to attract good people to these positions. There's a lot of decision-making. The jobs are often in attractive places.

Bissell: So there's no policy on whom A.I.D. officers report to in ADCs?

Schieck: In every other but Colombia place they report to the DCM.

Hageboeck: What kind of people should be involved in the next ADC meeting? I think we need to know what non-A.I.D. people are thinking.

Dennis Wood, Devres, Inc.: The next meeting is designed to include a wide mix of participants, including other USG agency representatives. Do we think we're ready for such a wide-ranging meeting yet, or should the next meeting be limited to NGOs? Does anyone have specific suggestions for people to be included in the next meeting?

Lewis: We should talk to people from some of the programs we've terminated, maybe the Mission Directors.

Schieck: Maybe, but not all of them were the same. Colombia was very unusual. At the time they had a lot of money, so when their President paid an official visit on Nixon he told Nixon he appreciated what A.I.D. had done, thank you, and please to shift it to other countries since it wasn't needed any longer.

Wood: We're not just interested in outsiders from within the government. What about people from other agencies or the PVOs?

Hageboeck: We don't want to put USG officials from other agencies in the same meeting with PVO personnel. Each group's interests are too different. We should talk to the Ford Foundation and the PVOs first, because we're not ready for the USG. There's going to be a turf war, and we're just not ready yet.

Lewis: I agree. We should have an informal meeting with people from outside A.I.D., but we shouldn't have U.S. government people in the next meeting.

Bissell: We should involve only NGOs at the next meeting; at subsequent meetings, we can have other USG agencies. Maybe later we can hear from UN agencies and other donor organizations. Anything else?

CONSIDERATION OF AN ADVANCED DEVELOPING COUNTRIES STRATEGY FROM A COUNTRY PERSPECTIVE

(October 4, 1989)

A.I.D. wishes to develop a strategy paper that covers both advanced and transitional developing countries. Several A.I.D.-recipient countries are considered to be advanced developing countries (ADC's). These include Brazil, Chile, Colombia, Mexico, Uruguay and Portugal. Other countries, such as Thailand, are exhibiting very impressive economic progress. A.I.D.'s strategy paper will identify ways in which A.I.D. can transform its conventional development relationships with these and similar countries into relationships that directly enhance the progress they are already making.

In considering A.I.D.'s strategy for ADCs, numerous questions arise. In our October 4th meeting, we will seek to identify questions for which A.I.D. has answers or partial answers and questions for which we still need answers to develop an A.I.D. strategy for ADCs.

A. US Interests and Objectives in ADCs

Issue 1--Longer-term perspective: Will there be more and more countries that require an ADC approach in the 1990s and beyond? If so, how will this impact on A.I.D.'s strategy, structure and human and financial resource requirements?

Issue 2--Interests and objectives of the US in the country: What are the interests and objectives of the US in countries exhibiting advanced progress in their development effort? How do US interests in ADCs differ from their interests in other developing countries? How much do US interests and objectives differ between ADCs? Will A.I.D.'s ADC objectives be principally to "maintain a US presence" or to contribute in a major way in such areas as broadly based integration into the global economy or strengthened democratic development? To what extent are specific US objectives supported by various USG entities and the private sector?

Issue 3--Priority of ADCs vs. non-ADCs in receiving development assistance: Are ADCs likely to receive more attention and resources than those not having that status? Are there criteria that should govern the allocation of resources to ADCs as compared to other developing countries?

B. Mutuality of ADC Needs and US Interests

Issue 4--Needs of ADCs: What are the particular needs of ADCs that can be dealt with effectively via an ADC approach? How similar are these needs across ADCs?

Issue 5--Mutuality of interests between the US and ADCs regarding areas of potential ADC type activity: In what areas is this mutuality greatest in ADCs? Are environmental degradation, drug awareness and some other potential areas of ADC activity mutual interests or mostly US interests?

Issue 6--Mutually agreed upon purpose of a US sponsored ADC strategy: Can the purpose of an ADC strategy and its supporting activities (e.g., increasing market orientation in the society, strengthening democratic institutions, promoting trade and investment, ADC promotion of economic development in other less developed countries) be mutually agreed upon by ADC governments and A.I.D.? Can such activities be designed to enable adequate monitoring and evaluation?

C. Scope and Implementation of ADC Strategy

Issue 7--Distinguishing between conventional and ADC strategies: How does an ADC approach differ from a conventional development approach? Do these differences involve substance, management, resource levels or all three? Are there one or more essential differences between ADC and conventional strategies? Will a combination of conventional and ADC strategies be normal in many A.I.D.-recipient countries?

Issue 8--Size of program to support an ADC strategy: What levels and types of resources are available or needed to implement an effective ADC strategy? What dollars, number of staff, type of staff, USG entities and non-USG entities need to be involved?

Issue 9--Funding sources to support an ADC strategy: What funding sources are available or needed to support an effective ADC strategy? How important is integration of different funding sources to support an ADC strategy effectively?

Issue 10--Mechanisms for use in an ADC strategy: What mechanisms are available or needed to support an effective ADC strategy? To what degree will an ADC strategy involve creation of new institutions or mechanisms to support the strategy?

Issue 11--Management of ADC strategy implementation: What are the management requirements of an ADC strategy? How do they compare to the management requirements for conventional strategy implementation? Should A.I.D.'s organizational structure for implementing an ADC strategy differ from that A.I.D. uses in its conventional strategies (e.g., with respect to the US Embassy, multilateral organizations, local PVOs)?

ANNEX 9

ADC Strategy Meeting with A.I.D. Staff and

Representatives of Non-Governmental Groups

October 25, 1989

- Meeting Summary
- List of Participants
- Minutes of the Meeting
- Issues for Discussion

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Summary

of the

Advanced Developing Countries Strategy Meeting with A.I.D. Staff and Representatives of Non-Governmental Groups

October 25, 1989

Dick Sines of PPC and Jayne Millar-Wood of Devres, Inc. introduced the meeting. They stressed the importance of the meeting as a forum for learning more about some of the methods used by private sector groups to create linkages and relationships with and within developing countries. Representatives from three NGOs -- The World Wildlife Foundation, The Luso-American Foundation and Partners of the Americas -- gave presentations with regard to the operating structure and financing of their programs, as well as lessons they have learned about establishing such linkages which could be applicable to other organizations. The following is a summary of the NGO presentations and the ensuing discussion between NGO representatives and A.I.D. staff.

A. Presentations

1. Luso-American Foundation

Don Finberg (former President of the Luso-American Foundation's Executive Board), made the first presentation. The operating structure of the Foundation is centered around three boards: a Board of Directors which directs budget and policy review; an Executive Board which approves grants and manages the staff and financial endowment; and an Advisory Board composed of four Portuguese and four American advisors. The Foundation works in five broad areas, with 75% of its work in the areas of Private Sector Development, Science and Technology and Education, and 25% in Public Administration and Regional Development and Culture. The Foundation has a support staff of approximately 27, and is viewed as primarily a Portuguese institution.

The financing of the Foundation stems from a cash transfer from the U.S. government to the Government of Portugal. The Government of Portugal then endowed the Foundation with the total cash transfer. The Foundation was established and operates under Portuguese law. The full amount of the endowment was never fully financed, and this has resulted in some tension. The result of this has been to reinforce the Portuguese attitude that the Foundation is essentially Portuguese. Generally speaking, grantees who receive money from the Foundation contribute 50% of project costs themselves. The Foundation distribute funds in a number of ways, including grants, loans and venture capital.

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Funds may also be distributed to individuals and groups in any country, although there has been a bias towards Portuguese enterprises.

Critical lessons which the Foundation has learned are the necessity for an excellent executive board, the need for full-time directors, respect for cultural differences, government non-interference, the need for U.S. back stopping, and the extensive uses of local currency.

2. Partners of the Americas

Jim Cooney (Director, Partnership Development) and Al Cohen (Director, University Linkages Program) made presentation. Partners of the Americas is incorporated in the state of Washington and Chile. It creates local, community based partnerships between U.S. states and Latin American countries. Each partnership is established and works within its own by-laws. Decision making is decentralized and the partnerships only call on the Washington, D.C. office for coordination. The partnerships work in a wide range of areas including: health, education, training and university linkages. Host country institutions are involved in all activities. Partnerships are project oriented. Partners has 43 staff in its Washington, D.C.; 2 in Bogota, 2 or 3 in Brasilia and 2 or 3 in Bridgetown, Barbados.

The financing for Partners of the Americas comes from both public sources, (including A.I.D.) and private sector contributions from U.S. and foreign corporations and some foundations. There is also some fund-raising at the partnership level. In-kind funding is an important source of income for projects.

Lessons from Partners include the importance of leveraging resources and matching U.S. government funds with local funds and local input to reduce suspicion. The importance of networking was also stressed.

3. The World Wildlife Fund

Diane Wood (Vice President for Latin America, formerly Dir. of International PVO Activities) made the presentation. The World Wildlife Fund structures its activities around geographic and thematic areas. It works in approximately 140 countries and has a budget of approximately $30 million. WWF has no regional offices, but works instead through indigenous organizations. WWF provides grants attached to technical assistance. The work is U.S. staff intensive (110 in Washington, D.C.), and requires extensive travel. World Wildlife affiliated three years ago with the Conservation Foundation.

The majority of WWF funding, 60-75%, comes from individual contributions. Government sources provide about 5-10% of the funding. The Conservation Foundation receives 20-50% of its funds from the U.S. government and the remainder from the private sector. WWF requires

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grantees to match the grants which they receive, but the amount is determined by local economic conditions.

Lessons from World Wildlife include the importance of keeping local governments informed of your activities so that they don't feel threatened. WWF believes that the basic principles of development work, but that you need to develop trust and be flexible when dealing with indigenous organizations and individuals.

4. Other Groups

A number of representatives from other organizations were present at the meeting. Although they did not give formal presentations, brief summaries of their comments are included here.

a. The Debt For Development Coalition

Jack Ross discussed a number of the Debt for Development Coalition's current activities, as well as issues which Debt for Development is currently addressing. With Brazil, for example, Debt for Development has discussed using D for D as a funding mechanism for University and NGO programs, in ways which will not corrupt the inflation management measures the government is trying to implement. Debt for Development developed a financing mechanism which matures over 19 years to lessen any impact on inflation. Tremendous interest has been expressed in the use of this funding mechanism. Debt for Development is currently addressing the issues of getting the countries organized (e.g. Brazil), and ensuring the equitable distribution of control between the city/capital regions and regions elsewhere in the country. While the funding mechanism effectively guards against inflation (one of the major problems when local currency payments are involved), and is positive from the government's perspective, the long-term aspect of the mechanism represents a problem for many groups.

The Debt for Development Coalition is exploring this, and other issues with respect to the interests of banks, NGOs and local government. The Coalition is also examining such issues as local government involvement, and approaching ecological and environmental issues from the local government's perspective.

b. National Academy of Sciences

Michael Greene discussed numerous issues which are of concern to NAS: the need for additional funding to develop new relationships with ADCs; the need to provide training in the U.S. for young people from ADCs, in order to establish a structure on which to build future relationships; and the need to provide technical assistance to ADCs in certain areas. Mr. Greene also discussed NAS's bilateral exchanges and the mutuality of interests which are reflected in these programs, as well as the importance of recognizing the long-term benefits (trade, scientific, etc.) of being involved with ADCs.

c. U.S. Chamber of Commerce/CIPE

John Sullivan stressed the importance of having a clear view of whether or not local governments need to be involved in programs. Groups which deal directly with the private sector, such as the U.C.C. may be able to by-pass governmental restrictions on dealing with certain groups more easily than other organizations. Mr. Sullivan also discussed issues of trilateral cooperation and involving ADCs in LDC development.

d. Battelle Pacific Northwest Laboratory (PNL)

Fred March discussed issues which concern the role of the private sector in industrial development. The role of governments is seen as crucial to the development of cooperation between private sector entities here and in developing countries. As well, Battelle sees an expanding role for working with developing country governments to help them develop the critical role of technical capacity in solving environmental problems. Mr. March expressed the need for an institutional focus for viewing the government as client, since the government can deal with issues such as exports, technological markets, and R&D. The government is also important to development because it can organize projects dealing with larger social problems.

Battelle is interested, from the business point of view, in the idea of partnership with organizations which would essentially be mini-Battelles. Battelle would like to think about future partnerships working on industrial productivity and Research and Development. One of the things which will be important in the future is for organizations to develop their models inspired by Battelle's R&D model. However, due to the risk involved in the R&D area, government involvement, (as seen in the PACT program [see B.7]) can be crucial to enabling such future partnerships to develop. Programs, such as PACT, are viewed as temporary supports for the developing industry; nurturing the industry through a period of development and acting as an incubator for new developments.

B. Discussion

1. Replicable Nature of Mechanisms

The group discussed the possibility of replicating country specific models, e.g. the Luso-American Foundation, in other countries. It was generally agreed that the Luso model (bi-national foundations), was fairly replicable, depending on access to funds. It was also suggested that the scope of activities might be curtailed or altered to fit the specific circumstances. This question also arose with regard to applying the Debt for Development mechanism in Mexico.

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2. The Need to Keep Local Governments Informed

The issue of keeping local governments informed and involved raised a small debate within the group. NGO representatives spoke of the importance of working closely with local government agencies and of keeping them well-informed as governments can often feel threatened by NGO activities they know little about. NGOs also felt hindered, at times, in their activities because local governments would often refuse to work with certain organizations. On the positive side, governments can help to facilitate programs. Other individuals expressed the opinion that government involvement depends upon an organization's focus, and that it is possible to ignore local government interdictions in some circumstances.

3. The Availability of Funding for Work in ADCs

A number of issues were raised with regard to funding. Some NGO representatives expressed a concern over the assumption that ADC status was becoming synonymous with "less money." They have experienced difficulty in funding projects in ADCs, despite the fact that there may be more of a return, or equal exchange involved for the U.S. There was a consensus that funders and others may assume that ADCs are advanced in all economic and technological sectors. This assumption often results in ADCs being left out of activities and training which they need as much as the LDCs do.

A.I.D. staff and others, stressed the importance of recognizing the differential return on investments in ADCs. A small investment may result in a large impact. The issue of the OMB budget constraints was raised briefly, and the importance of defining the opportunities and needs in ADCs was stressed. Also, the issue of whether such goals as self-sustaining equitable growth could be reached through funding was discussed.

4. Mutuality of Interest and Peer Relationships

Both NGO representatives and A.I.D. staff members provided examples of areas where ADCs and the U.S. had a mutual interest, or where the ADCs could actively help the U.S. Global "goods" issues such as the environment and natural resources, health, science and technology, and R&D should be areas where the U.S. could work directly with ADCs. Those who were working in Latin America and Asia felt that recognizing the ADCs' industrial and technological concerns with regard to the environment could help make these issues more acceptable and applicable to the ADCs. Also, explaining the issues in terms of specific advantages to a given country, would aid in creating more interest in these global "goods" issues within developing countries.

There are some areas where ADCs may be more advanced or have more experience than the U.S. for example, alternative fuel production in Brazil, tropical disease treatment, and even some areas of Ag.

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technology. University and science foundations in the U.S. and ADCs currently have some very equitable exchanges. Expanding work in these areas will help to establish peer relationships and mutual respect. ADCs are beginning to work more with LDCs, as well which is another area of mutual interest and concern. There was a general consensus that the areas of global concern, bio-diversity, deforestation, population, etc. were of the utmost importance in our dealings with ADCs.

5. Training

The issue of training was discussed at length. It was noted that training programs are an advantage to the ADC, as well as to the long term interests of the U.S. Training of individuals in U.S. institutions creates relationships within many of the top government agencies and scientific institutions in ADCs. These relationships can have positive long-term effects in business, politics, S&T and R&D.

The possibility of working through affiliated overseas universities was discussed, although the group seemed to feel that the shared experience and contacts developed at a U.S. university were invaluable in terms of long-term relationships. The need for supporting and working with in-country institutions was also stressed.

6. Trade and Investment

Issues with regard to developing ADC industrial and R&D potential along with ADC markets were discussed. The ADCs are developing their capabilities rapidly in various financial and technological fields. This development is often due, at least in part, to training and inputs from the U.S. over the years. The importance of utilizing this investment and continuing to work with ADCs now that they have more to offer the U.S. was stressed. Investing in ADCs could provide a better return than some of the countries where U.S. money is presently being invested.

Concerns were expressed about the possible infringement of ADC goods on U.S. markets. While this is an area of concern, there was a general consensus that it was better for the U.S. to be involved and benefit as much as possible, than to let it happen without U.S. involvement. Joint ventures and the development of third country markets were seen as ways to lessen the negative market impact for the U.S. When A.I.D. left Korea and Taiwan, a gap was left which was filled by other countries; the U.S. needs to learn how to avoid that situation. This raised the question of how to develop partnerships and linkages during the a country's "transition period."

7. Alternative Funding Methods

The group explored some of the new forms of funding which are being used in such programs as PACT and PACER in India. These programs use a grant conversion mechanism whereby a grant will become a soft loan should a given project be successful. Increased private sector input was discussed, mostly in terms of joint ventures and projects. Joint funding was discussed, specifically with regard to World Bank and foundation cooperation.

LIST OF PARTICIPANTS

ADC STRATEGY MEETING

October 25, 1989

Name	Affliation	Phone No.
Callison, Stuart C.	PPC/PDPR	647-7101
Cohen, Alvin	Partners of the Americas	628-3300
Cooney, James	Partners of the Americas	628-3300
Davis, Bill	Devres, Inc.	951-5546
Finberg, Don	Pan American Development Foundation	458-3971
Greene, Michael	National Academy of Sciences	334-2675
Hagger, Jeremy	PRE/H	663-2553
Jhirad, David	S&T/EY	875-4047
Johnson, Twig	S&T/FENR	875-4106
Kenefick, Frank	C/AID	647-9662
Langmaid, Brad	S&T/SAA	647-4322
Love, Ray	C/AID	647-8596
March, Fred	Battelle	646-5200
Millar Wood, Jayne	Devres, Inc.	951-5546
Ross, Jack	Debt-for-Development Coalition	822-8200
Schaffert, Robert E.	S&T/AGR	875-4320
Schouten, B.	LAC/DP	647-7359
Schwartz, Karl	AFE/DP/PPG	647-8895
Simmons, Emmy	AFR/DP/PPE	647-3335
Sines, Dick	PPC/PDPR	647-7073
Sullivan, John D.	U.S. Chamber of Commerce	463-5901

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LIST OF PARTICIPANTS

ADC STRATEGY MEETING

October 25, 1989
(Continued)

Name	Affliation	Phone No.
Tynan, Ellen	Devres, Inc.	951-5546
Unger, Mike	AA/PRE	647-8584
van der Veen, Jan	PPC/PDPR/RP	647-7068
Wood, Dennis	Devres, Inc.	951-5546
Wood, Diane	World Wildlife Fund	778-9609

ADVANCED DEVELOPING COUNTRY STRATEGY PROJECT:

MINUTES OF THE 10/25/89 NGO/A.I.D. MEETING

Dick Sines, A.I.D./PPC/PDPR: We're here to examine the different mechanisms which NGOs are using in developing countries. Some of the groups represented here have been active in ADCs for many years, following them from low-income to near-graduate status. Other groups are relatively new to the area, but are engaged in new and exciting activities which may represent a new approach to development. The purpose of this meeting is not to include all PVOs, but a representative group. As one output of this project we want to know what mechanisms may be available to A.I.D. in working with ADCs. We expect that the private sector will play an important role, which is why there are representatives of the private sector here.

The contractor on this project is Devres, Inc., represented by Jayne Millar Wood, who will introduce the people making presentations. We see this as an informal working session, so if you have questions or see gaps in the discussion please let us know. Think of this as a brainstorming session.

Jayne Millar Wood, Devres, Inc.: As part of the process of assisting A.I.D. with the ADC strategy effort, we have interviewed many NGOs. I am using NGOs in the broadest sense of the term, to include a variety of organizations, entities and institutions which work in the non-governmental sector. To date we have interviewed representatives from about 35 organizations. We've asked them to tell us about the models they use in developing countries. We are looking at models for A.I.D. to consider, although I don't mean models in a rigorous sense. Maybe mechanisms with common characteristics is a better way to express it. As we identify some generic models. we will share them with A.I.D.

We have asked three presenters to speak briefly about how their institutions have worked outside the traditional donor role as they try to build relationships with developing countries. Diane Wood of World Wildlife Fund; Al Cohen and Jim Cooney of Partners of the Americas; and Don Finberg of the Pan American Development Foundation.

We have asked each of the presenters to address three major points: first, their operating structure; second, how they are funded and what impact this has on their program; and third, what lessons they have extracted for others and what guidance they might offer to others in a government context and a policy context. We have asked Don to begin, and to speak for 10 minutes. This will give us time for the presentations as well as time for discussing the issues.

Don Finberg, Pan American Development Foundation: It's nice to be back in this room. I'm with PADF, but the "P" here also stands for Portugal and that's what I'll be discussing here today -- the Luso-American Foundation. PADF, however, also has a lot of programs in ADCs in business, health, and education. The "Columbias" of the world make good candidates for ADC programs and bi-national foundations.

I served as the head of the Portuguese Foundation for three years. Portugal is a country where the U.S. has long-term interests, but relatively few short-term strategy interests. We needed A.I.D., at the time of the program's inception, primarily for its leverage. The Portuguese wanted ties to the U.S. as they were entering the European Community, while the U.S. wanted ties as an entry point into the Community. Portugal has had good ties with the U.S., its people are reasonable and not xenophobic, and its standards of honesty are high. These are all needed as undergirding for this sort of bi-national relationship. Now, let me respond directly to the three points Jayne has raised.

First, the Portuguese in this relationship are primus inter pares. There is only one American on the Board; all the other members are Portuguese. There is a small board for policy and budget review. The executive board approves grants and is responsible for the management of the staff and the financial endowment. All board members are picked by the prime minister, so all the political bases are pretty well covered. An advisory board also exists, composed of four Americans and four Portuguese, but it has not been very effective. The foundation focuses on five broad areas: private sector development, science and technology, education -- about 75 percent of the work is in these areas; the remaining 25 percent is in the areas of public administration and regional development and culture. We chose bright young Portuguese for the staff, by putting an open announcement in the newspaper. The Foundation has a support staff of about 25 to 27. The Foundation kept USAID and the Ambassador informed about its activities, but as a courtesy, not a right. This was a Portuguese institution.

Financing was tricky and successful. Cash was transferred to the Government of Portugal with no strings attached. The Government then turned around and gave an endowment to the Foundation, but there was never a legal requirement that they do that. We had a roomful of government lawyers really stewing over that one. This ensured that we were working under Portuguese law and accounting practices. Although we've always been careful about setting up careful accounting procedures, including keeping a second set of books using U.S. law.

The full amount of the endowment was never fully financed. As you can imagine, this is a serious bone of contention. Only

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$200 million has been received. This has led to some friction, as the Portuguese feel the U.S. has not fully carried out its obligations under the agreement. Because they have never received the full endowment the Portuguese feel even more strongly, rightly or wrongly, that it is their foundation. The Foundation money can be invested in any way and in any country. There has been a tendency to invest in Portuguese enterprises and in their stock market. We have been flexible using grants, loans, and venture capital. We have not gotten much money from the private sector. Whoever gets money from LUSO has to put up one half themselves.

We learned that countries are all different and that you have to make adjustments for this. Selection of the executive board is critical. You must have good people in there. Cultural differences run deeper than you might think, even after spending many years in a country. Governments should keep their hands off the organization for three to five years to see how it will work out. Some U.S. backstopping would have been helpful. Also, we did this largely without U.S. dollars -- you can do a lot with local currency.

Millar Wood: Thank you Don. Could you tell us anything which did not work out well with LUSO?

Finberg: A lot of the Portuguese didn't work full-time on their jobs. The directors really need to put in a full-time effort.

Millar Wood: It was intended that they should?

Finberg: Yes, when you have a job like that you really need to put a lot into it.

Sines: How replicable do you think this mechanism is in other countries or environments?

Finberg: Highly replicable. According to differential access to money. At least in Latin American countries it would be replicable.

Sines: Would it be necessary, or would it be advantageous, to curtail the scope?

Finberg: Yes, in part. At first they wanted to set a broad agenda to prove they were not a "paper tiger." They were very activist in encouraging and reacting to proposals. We wanted to encourage people to come in with proposals. Under the new regime, the Foundation has a Portuguese President, which is as it should be, and they are setting their own agenda more. They have identified fourteen key topics, which I think is too many. The first way was a system of reacting within a broad scope. This current method is designing your own agenda. Both styles are possible and could work well.

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Millar Wood: I'm afraid I may have misled everyone by asking Don that question -- I want to hold the questions until after the presentations. Could we go to Jim or Al from Partners of the Americas for their presentation on what we are calling the "Twinning Approach?"

Jim Cooney, Partners of the Americas: I'm familiar with this room from many previous meetings during twenty five years here at A.I.D. while I was in LAC, including some dealing with these very issues. "Twinning" is a good way to describe what we do, although we call it partnerships. We develop partnership relationships between Kansas and Paraguay, Montana and Patagonia. Partners is incorporated in the State of Washington and in Chile. The partnerships are all local and community based with their own by-laws. They carry out their own fund raising and rely on the headquarters in Washington, DC for coordination. That's how we operate everywhere. There's no distinction between ADCs and others. We have a lot of linkages that focus on economic development An example is the linkage between a Washington State program and their counterpart in Chile. Al is more familiar with this, and can tell you more about the linkages we set up.

Al Cohen, Partners of the Americas: We have seven or eight key characteristics in our programs. One is that they are decentralized. All decisions are made at the partner level, and they come to the DC Headquarters only when they have decided on some action. Also, participation is total. We have committees on health, education, universities and other topics. The range is infinite, and is really limited only by the desires of the partners themselves. In terms of sustainability -- how long the program will go on -- some of ours have carried on even in very difficult political situations, as in Nicaragua. There's also a multiplier effect because we have a lot of people involved in our projects, each with different interests and contacts.

Jim mentioned institutional links. We look to involve host country institutions in all we do in ADCs and elsewhere. There are several aspects we try to encourage. Advancing democratic practices and values is one of these. There are really two ways of doing this: the by-laws in these partnerships require that board members be elected, so that brings in the democratic process. On the U.S. side of the partnership, the partner tries to introduce visitors to institutions that represent the democratic political system in this country.

The partnerships are project oriented. People get into them because of an intrinsic interest, but then they see results in short order. That is one of our strengths, because our results

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are usually visible and people who are involved for a limited period have a reason to see their work through to the end.

In funding, public sector sources provide a lot, and A.I.D. a good part of that. From the private sector we get funding from U.S. and foreign corporations and some foundations. The partnerships also raise some money and there is a lot of in-kind funding through human resources and transportation. Lastly, and perhaps most importantly, we have found we can leverage funds from the public sector in the private sector. In Brazil, the Government and the Brazilian subsidiary of Atlantic Richfield put money into an education program where Atlantic Richfield provided funding for transportation to universities in the U.S. Another example might be a university charging an exchange student in-state tuition because they come from a "partnered" community.

Cooney: Leveraging resources is one of the main lessons we have learned. Good people and leadership are also very important to the success of the process. We have had sixty partnerships involving forty-six U.S. states and 31 nations in Latin America and the Caribbean -- Wisconsin and Nicaragua, Delaware and Panama, and so on, some of these relationships have lasted twenty-five years -- leadership is key.

Cohen: Just one final point or two. We've found that money from the U.S. Government is always going to be subject to suspicion, because of the foreign policy interests that may be behind it. However, people are much more receptive when you match that with local people and funds. Then it becomes their project and they no longer have those concerns. That attitude is very important. Also, we have found that networking is extremely important. Our partnerships are made up of scores of people, each leading to a lot of other people in other circles or with different interests. Because of this we can have a larger multiplier effect than an organization structured for a single purpose.

Millar Wood: Thanks Jim and Al. Now let's turn to Diane Wood from the World Wildlife Fund.

Diane Wood, World Wildlife Fund: The World Wildlife Fund (WWF) is 28 years old and involves 23 international organizations in about 140 countries. We have carried out over 1400 projects. WWF U.S. has an annual budget of approximately $30 million.

WWF is structured around geographic areas. Within that we have a thematic approach; for example, tropical forestry, NGO development or any other appropriate special focus.

We focus on grants attached to technical assistance. We don't have regional offices, but work instead with indigenous organizations. There is a lot of staff travel overseas. Our staff travels to review projects and proposals and to work with local NGOs. Our goal is the protection of biological diversity. Proposals are reviewed in Washington. If the project will fulfill the necessary criteria, then we provide funding. We usually find ourselves asking for more information. We have a staff-intensive approach on the ground, working with the implementing group.

We affiliated three years ago with the Conservation Foundation, which has a policy focus. The boards of both organizations were merged, but our programs remained separate -- though we occasionally collaborate on programs. There is no formal structure in the developing countries where we work, since we work through local NGO's.

Sixty or seventy-five per cent of our funding comes through individual contributions. We sell our staff as being action oriented and working primarily in the field. This has kept our funds flexible. About five to ten per cent of our funding is from government sources. The Conservation Foundation receives twenty to fifty per cent of its money from the U.S. Government and the rest from the private sector.

We always require matches for funding we provide, although local conditions determine a lot of what you can do. In Brazil an NGO called SOS Mata Atlantica received a seed grant of $5,000 from us which was later increased to $20,000 to carry out an advertising campaign on pollution of the Atlantic Ocean. Their TV campaign raised about $200,000 in local contributions and their membership rose from 600 to 2,000 in 6 months. Now, that's different from a Peru, where 98 per cent of the funding is from international sources. In Brazil 50 or 60 or 70 per cent is local now. In Mexico a group called Monarca is working on protecting the over-wintering habitats of Monarch butterflies. We provided them with a $5,000 seed grant, and they worked out a deal with DHL and American Express. DHL distributed the Monarch commemorative coin developed by the organization and American Express included fliers on their program in its normal mailings. Monarca received $60,000 in-kind assistance from them and was able to bring in an additional $50,000 for their work.

The lessons we have learned are pretty basic. I don't want to sound naive, but we think that basic development principles work. Seed grants provide a basis of trust between organizations, and so does having our staff in the field. Informal agreements are usually enough, although we have a memorandum of understanding sometimes. We try to keep these arrangements pretty flexible and informal. We realize that these are high-risk activities, and we try out a lot of ideas without feeling that all have to succeed. It is important to keep government agencies informed about what you're doing. Some government agencies feel threatened by our relationships with indigenous organizations, and we try to keep them informed so they don't feel out of control. Also, there are many models you might follow -- ours is only one.

Millar Wood: Thank you for that presentation. You came in right on time at ten minutes.

Diane Wood: I want to mention that I represent only one of many conservation organizations, and that other groups, like the Nature Conservancy, may have different views on some of the issues.

Millar Wood: Well, we have talked to a lot of different groups working in different geographic areas, with different ways of operating and in different substantive areas in trying to get an idea of the range of ways programs can be organized. We tried for this meeting to choose a representative group. I appreciate the three presentations we have just heard. We also have several other people with interesting experiences relevant to this discussion -- Michael Greene (National Academy of Sciences), Fred March (Battelle, Inc.) and John Sullivan (U.S. Chamber of Commerce). I would like to hear any comments they and others have that illustrate the points we are discussing. We had worked out five issues to discuss in no particular order. The basic questions we need to ask are: what are some of the mechanisms U.S. private entities use? How can A.I.D. work productively to enhance mutual interest, peer relationships and more input from the ADCs?

Finberg: From the standpoint of the ADC, rapid approval and rapid disbursement of funds are important. When I was at A.I.D. I saw a lot of great ideas implemented too late. You need to work in a time frame of weeks or months and that's how these organizations operate.

Millar Wood: That goes to the importance of flexibility in these programs.

Jack Ross, The Debt For Development Coalition: Diane has raised a very important point on the importance of involving the local government. We have had discussions in Brazil on using Debt for Development as a funding mechanism in ways that won't corrupt the inflation management measures the government is trying to implement. We developed a financing mechanism which matures over 19 years to lessen any impact on inflation. The Brazilian Central Bank is very interested, but they want the money to move through them so that they will stay informed. The Central Bank also wants to arrange a meeting between themselves and the universities and foundations that would be involved in the program.

There is tremendous interest in this idea all over the place. The question now is how to get the Brazilian side organized, how to build up the smaller cities around Sao Paulo, and how to get them to set the priorities that are better left to them. Throughout this process it is very important to involve the government. I'm afraid I have to leave the meeting now because of another commitment. I'm very glad to have been invited, and I just wanted to make those comments before having to leave.

Twig Johnson, A.I.D. S&T/FENR: Partners of the Americas has had extraordinary success in Brazil. Have you had any interaction with them there.

Ross: Yes, Al Cohen has been very helpful. One of the big problems has been managing the people from Sao Paulo. They say, "Leave it to us. We can manage everything," but people elsewhere in the country are afraid of them taking over the process and say: "Whatever you do, don't let the people from Sao Paulo have control, or they'll want to run everything."

Sines: What applications could your program have for a country like Mexico? Because of border cooperation issues between Mexico and the U.S., Mexico is one of the most important ADCs.

Ross: Well, of course there are debt swaps that would result in debt reduction. That is possible because as in Brazil we can show that it will not complicate their debt management program. In Mexico as in Brazil the importance of trees and the concern over ecology are not isolated issues. There are real benefits, such as preventing mudslides, and these governments are open to ecological programs if we think about them in terms of science and technology and development.

Millar Wood: Just a quick question -- is there any downside for debt for development?

Ross: It can be inflationary if the government pays with local currency. Local politicians are saying it's inflationary, and some can be. If you ask a government to pay off a large part of the debt and they haven't budgeted for it there's going to be a fiscal impact. We had a case of a grant by a university last March in which they can't understand why there has been no donation. Meanwhile the Brazilian Central Bank is saying "We have to pay for this and need local currency to do that." We also need a mechanism to spread over the long term. In the case of a child survival program, nineteen or twenty years is not workable. The head of a major environmental group told me that getting into 19-year programs represents too great a risk because they don't want to tie up their resources for so long.

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Banks say this will complicate discussion of the issues. Local politicians are willing to work with not-for-profits, but hesitate about debt for equity swaps. And if they say no -- it's no. Also, governments will not work with certain groups, especially religious groups. Several countries will not work with one specific U.S. organization.

Diane Wood: We often see that in our non-government/government discussions. The government tells us that we can't work with certain NGOs. In Mexico we have found that because of decentralization we are able to work directly with state governments which can help the situation somewhat.

John Sullivan, U.S. Chamber/Center for International Private Enterprise: I think you have to separate out your area of focus in terms of the government partnership issue. Debt for Development works extensively with governments, but not all groups will need the same ties. Our experience in Mexico is that only independent business organizations are off limits. We just went right ahead and talked to people, not through the government with its traditional client/patron relationships.

Finberg: That wasn't an issue for LUSO. It wasn't limited to whom it could deal with. I think a group should be able to work with any government. You just have to use common sense.

Millar Wood: In looking at mechanisms in terms of size and the implications for communities' economies, what are the common elements and what kind of models can we extract from this exercise?

Brad Langmaid, AA/S&T: I have a question for Don. The key objective seems to be sustainable relationships. Luso-American could go a variety of directions. It could be an "individual" organization or it could build U.S. ties. Has it been a success?

Finberg: I would say it has -- yes. The question is what is the local organization trying to help. We had a Catholic university in Portugal tied to a U.S. university. They had very good management and arranged for exchanges of faculty and students and all the international travel. There were some weaknesses in backstopping. The deal was struck between them, not through A.I.D.

The Portuguese are now trying to establish a branch here, though it will be mostly for fund raising.

Langmaid: Has the Luso-American concept appeared in the U.S.?

Finberg: Not yet.

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Millar Wood: Let's get back to the issues paper. Does anyone have any other ideas with regard to those topics?

Emmy Simmons, AFR/DP/PPE: Just as a point of clarification, I was curious about what Jim said about staff intensity. What is the size of your staff?

Cooney: We have 43 in the D.C. office, and in regional offices there are two in Bogota, two or three in Brasilia, and two or three in Bridgetown, Barbados. Until recently we also had an office in Central America.

Cohen: We have a Brazil office because there are 19 partnerships there, and so there is a need for local representation. Bridgetown serves the English-speaking Caribbean, and in the Spanish-speaking Caribbean we have an office in the Dominican Republic.

Diane Wood: World Wildlife Foundation has a staff of 110 in D.C. We have one field representative in Central America, and where there is heavy involvement we might pay the salary for a member of an indigenous organization who supervises grants. I'm really only familiar with the Latin American program, however.

Michael Greene, National Academy of Sciences: In interacting with host governments we have similar problems at the National Academy of Sciences. We have two bilateral exchanges -- the Luso-American Foundation and Taiwan. These are both scientifically based, and we expect to get as much out as we put in. These exchanges are not always viewed that way, and we have to defend them around the clock.

We want to open an office of Mexican affairs to establish relationships between the Academies of Science in both countries. There haven't been any particular objections, but it has been hard to find support for funding.

We also have three collaborative research agreements on small grants for technical assistance. These all deal with problems inherent in the Tropics, and A.I.D. and some LDCs are involved. Host country governments have had no objections, and qualitatively the ADCs have been little different from LDCs. Both have needs and can use help in some areas. In general we have the same problems in the scientific areas which people have already mentioned today.

Millar Wood: What about getting funding for Chinese or Japanese projects?

Greene: That is another issue. The funding for these projects is different. The National Science Foundation and the World Bank might support the Chinese efforts, while funding in Japan is

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meant to come from the private sector. It's really a different case.

Cohen: The issue here is that it is important to remember that development is a two-way street. Brazil is very far advanced, but it has some sectors which are as bad as in the poorest countries in Africa. Averages don't tell the story, as you can see in the differences between the Northeast and the Sao Paulo area. Recipient countries also find it very important that donor countries recognize their expertise in areas they developed on their own and that we listen to what they have to say about these areas. For instance, Brazil is advanced in alternative fuels such as alcohol and in treatment of tropical diseases. Most American doctors have never seen any of these, so when you have a specialist come up to the contact country there is a recognition of their maturity which works well in future programs.

Millar Wood: This also ties in to the notion of mutuality we have discussed.

Sines: We have been wondering if ADCs help LDCs. Has anyone had any experience with this happening?

Finberg: That's a big issue at LUSO. Originally they decided not to help the former colonies for a couple of reasons. One issue or question was: Why should money intended for Portugal be sent elsewhere? Also, there was the question of expertise. They had a small staff, and it's difficult to get people who are expert in all areas. They really had to focus on Portugal, not on the internal politics of Guinea Bissau. However since I left, this has changed somewhat, and the Foundation has started some trilateral cooperation and activities involving LDCs.

Sullivan: Taiwan is another example. In the area of land reform they are working in 40 countries.

Johnson: I think we really have to look at issues of planetary concern. Issues where there is a broad consensus and interest. The environment and natural resources, health, science, technology and R.&D. In the issue of deforestation, we should be working in Brazil, Malaysia, China. It's incredible -- trying to explain why we're not working in the Amazon. People on the Hill are increasingly amazed. We have to respond to these issues in ways which people have been discussing this morning.

Diane Wood: What's happened is that ADC has become synonymous with less money. For example there have been a lot of restrictions in Brazil, and work on deforestation has been complicated by political tensions. Becoming an ADC means the relationship should change, not necessarily the money. Groups may actually need more money to do the job right. Now is the best time to come in as equivalent partners and to be ready to invest more in ADCs. ADCs are often left out of the loop, when it comes to funding and several countries have suffered -- Bolivia, Colombia and others. Now their people can't afford to go to the same conferences and meetings as everyone else, so they are not sharing the same scientific and technical information. It's assumed that the ADCs are advanced in all areas, but they end up getting left behind.

Johnson: Following up on what Diane said, we see a new pattern in Brazil. Jose Goldenberg, a leading expert on deforestation, wanted to do a project which would determine the value of land in the Amazon. He came to us because the U.S. has expertise in this area and because of a desire to build a collegial relationship with the U.S. S&T community.

Since the 1950's and 1960's they have had collaborative relationships, and no longer react in a xenophobic way to outsiders.

Mike Unger, AA/PRE: We have to look at resources.

Finberg: The Gulbenkian Foundation is co-financing projects in Africa with the World Bank. They put up the technical assistance money and the Bank provides the infrastructure.

Sines: Where's the money coming from?

Millar Wood: It's a private foundation -- I believe it was founded with money from an oil fortune.

Finberg: They do jointly funded projects. They'd probably be interested in S&T, health and the environment. Other critical areas might interest them too. Possibly the group should discuss this.

David Jhirad, A.I.D./S&T/EY: These jointly funded projects can work where we have a mutuality of interest. Between the U.S. and India there is joint development of Research and Development capacity, using the BIRD Foundation (The Israel-U.S. Binational Industrial Research and Development Foundation) as a model. Funds are run on a cost and risk trade basis -- the work runs the gamut of software, medical technology and robotics. There is also a program for energy.

There is a link between S&T development, the environment and the marketplace. China, Brazil, Malaysia, and India are all looking for ways to develop S&T potential and create markets. If we can link environmental issues to industrial development and R&D, it will be more attractive on all sides. Our work gives us access and leverage, and not because we are in a resource transfer mode. We have access to the highest levels of political leadership. The mechanism is flexible and rapidly

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dispersing -- although this is an area where the multi-lateral institutions are cautious. Venture capital for development is not in their purview. However, the U.S. has an advantage here, we have a lot of leverage, because of its image of excellence in S&T.

Sines: Is the program self-supporting?

Jhirad: There is a revolving fund with the Indian Industrial Development Bank. It works as a conditional grant. Companies get the grant. If the project works and makes a profit the grant turns into a soft loan. If it fails, it remains a grant. There has been an electrifying response. There are billions of dollars to be invested. They are looking at it as a broader model for India, and have been asked to go to Ghana to discuss it. This works very well on ADC elements within a country. This was started at $10 million and in fact is now $20 million. For this we have gotten access to the Prime Minister to discuss the program. The Indians see a need to change their policy of the last 40 years and believe this is one way to do it. And the environmental dimension offers new opportunities.

Sines: Doesn't this present problems in terms of increasing potential exports to the U.S.? How can we justify a program that promotes foreign competition with U.S. producers?

Jhirad: That's a good question. I think we would have to encourage joint ventures with U.S. firms to export to third countries. This is a good program, and getting part of the benefit is better than getting none. It's going to happen anyway; software production is shifting out to South Asia.

Millar Wood: Is this capacitating any local NGOs, or only this parastatal organization?

Jhirad: There is parastatal disbursement of funds, but it can also get funding to others. A number of NGOs are getting funding through this.

Millar Wood: I know Fred March has been involved in interesting programs. Fred, do you have any comments you would like to make?

Fred March, Battelle Pacific Northwest Laboratory (PNL): I have some familiarity with A.I.D.'s programs. Battelle is managing a project in India, and I would like to reinforce David's messages about his program there.

We're entering a world where the developing countries are joining the culture of technology. It's a complicated process. High tech is going to come in through the private sector regardless of government actions or programs. There are certain ADC objectives which we need to look at, and important lessons to be learned from the PACT and PACER programs for all of us. We should encourage A.I.D. to aggressively disseminate these lessons.

One lesson for Battelle from the business point of view, is the idea of partnership with organizations which would essentially be mini-Battelles. We'd like to think about future partnerships working on industrial productivity and Research and Development. One of the things which will be important in the future is for organizations to develop their models inspired by Battelle's R&D model. We'd like to work with them to help develop the critical role of technical capacity in solving environmental problems. We need an institutional focus for viewing the government as client. The government can deal with many of the issues at hand -- exports, technological markets, R&D. The government is also important to development because it can organize projects dealing with larger social problems.

Sines: How difficult is it for Battelle to work in these countries?

March: That depends on your objectives. If you have a contract with A.I.D. as in the PACT project, the cost is paid by the government. If you have stake holders, you have the same problems as with any other U.S. investors.

Simmons: Why is it essential to have a godfather? Why don't you just do it? Why can't you move on your own?

March: R&D is a marginal business. No one yet sees the payoff for doing it on their own in LDCs. We have a window into the Indian economy thanks to A.I.D., but you don't see management being assured of the return as they would in the case of a pure private sector case. No one sees over a five or ten year horizon a guaranteed return on the investment, so they are reluctant to invest. This is not a grant type of program. It's just intended to nurture the industry through a period of development and to act as an incubator of one type or another.

Jan van der Veen, PPC/PDPR/RP: So the institutional structures are put in place by PACT. What about the success of employment and productivity? What are the successful inputs in terms of development?

Simmons: To generalize -- are we attempting to measure the impact of these mechanisms, or is it the mechanism itself that is important? Has there been any attempt to evaluate these programs?

Finberg: It is still early to do so. There are reappraisals annually through the Board of Trustees. They also conduct project

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evaluations, although these are not as rigorous as A.I.D. evaluations and focus mainly on whether the project has been successful or not.

Millar Wood: Those of you specializing in programs and countries -- is there something which makes them more or less effective in meeting development goals?

Jhirad: PACT is three years old, and is due for an evaluation in one year. Just as a quick insight, my own sense is that market driven R&D would not occur without the PACT mechanism, nor would links to U.S. companies develop without assistance. Success in the marketplace remains to be seen. We need to look at the BIRD Foundation example in Israel -- their results are well-documented and they are at work in France, Finland, Chile. All these types of relationships are important mechanisms for technological development. We need to do our own evaluation of the PACT project in India.

Millar Wood: Michael did you have a point?

Greene: Just that we need to expand to new areas.

Johnson: We usually expect a big bang for the buck in an ADC. If you want impact, go to Korea -- they'll make it happen whether it's designed well or not. While regardless of what you do in Guinea Bissau, good luck. So there is a likelihood of getting a lot from investments in the ADCs, and good results on issues like the Amazon and links to LDCs.

Finberg: Yes. The Luso-American Foundation has done a lot of work on coffee rust that can be applied in Brazil, Mozambique, or Angola. They have developed a capability for this sort of symbiosis over time.

Millar Wood: This relates to what Twig said about getting a lot done for a small investment. However, let's not forget Diane's comment about a commonly made, perhaps fallacious, assumption that money should always be cut when we're dealing with ADCs. ADCs may not need a lot of support, but working with their problems may require more flexibility.

Greene: The Bumper Amendment has put a limit on the amount of success we can aim for.

Bastiaan Schouten, LAC/DP: There are two areas the LAC Bureau finds important which I haven't heard discussed at all. We put these as ideals, and I'm unsure how to bring them to earth. One is to deepen democratic values and institutions. How do we do this as an objective, knowing they are still fragile in many countries? The other LAC-specific concern is the lack of self-sustaining equitable economic growth. I'm not sure that we can address Mexico or Brazil vis-a-vis the multi-laterals. The question is should these be elements in the program. I'm not sure how much NGOs are involved. These are two important areas, although I'm not sure how much interest there is in them generally.

Finberg: This is worthwhile for the U.S., but it's marginal dollars at the margins. The Luso-American Foundation has $100 million, and you have to be kidding to tackle self-sustaining equitable development with that money. The same applies to strengthening democratic values and institutions. It's too much.

Schouten: The assumption has been that ADC countries are on a growth path, but the figures don't bear this out.

Finberg: Well, that's based on the wrong figures. You're looking at the wrong indicators. We've only looked at GNP; the wrong criteria were used.

Millar Wood: One of the few ground rules here is that we will not discuss the criteria for defining ADCs.

Frank Kenefick, C/A.I.D.: Trying to come up with a template for ADCs is useless. Brazil has a mixture of sectors and we need to look at it this way. Talking about self-sustaining equitable growth in the same breath with large-scale A.I.D. funding isn't really satisfactory.

Schouten: These may be inverse relationships, but we still need to look at these problems and discuss the issues.

Kenefick: I think this harks back to Diane's talk about the issue of less money. We're getting "less money" messages from OMB This has little to do with the real world. We need to figure out the impact. The challenge is to define the opportunities and needs.

Greene: I feel the training issue is extremely important. There has been a collapse in training and the flow from Latin America -- the flow of students in general, has dwindled to a trickle. It's important to train the next generation of leaders. Having foreign students here at Ohio State and N.C.S.U., builds allegiances for the future, and without it these allegiances aren't going to get built.

Karl Schwartz, ANE/DP/PPG: What are the U.S. interests which are served by Partners, the Academy, World Wildlife and others?

Cooney: Well, I think the NAS comment is extremely important. At Partners, we've encountered many people in decision-making positions in Latin America who have gone through higher education in this country. We need University links, they

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create allegiances to the U.S.. It's in the U.S. interest to think about who our main contacts are and who we go to when there's a break-down government to government. Partners still exists in Nicaragua. It can't be kicked out because it's a Nicaraguan entity.

Schwartz: So U.S. geo-political and economic interests are maintained by these partnerships?

Cooney: Yes. We had a fellow from Partners come up to discuss Ecuadorian issues of environment and development. He was really educating people in the U.S. about what you here at A.I.D. do.

Millar Wood: The Kettering Foundation is another example, For years it sponsored off-the-record dialogues between Americans and the Soviets on a variety of issues that may be bearing fruit now. Sometimes work is being done in ways you can't measure. Those relationships were there even when formal US/Soviet ties were not.

Cooney: Right. When Partner's acting Assistant Administrator spent a weekend in Vermont with Senator Leahy discussing a particular Honduran project we're working on, they also got a chance to talk about the training issue and other broad issues of concern.

Johnson: These sorts of relationships do support democratic values and sustainable, equitable growth. In Latin America the Soviet systems which are in place are pushing others towards the U.S. and NGO programs have kept up the connection. Now the division chiefs are educated at Kansas and Missouri U., but that may not last. The next level is going to be educated in Eastern Europe and Russia. We didn't put our development money where our mouth is. But now there are emerging opportunities in relatively non-political objectives of mutual interest -- the environment, population, drugs. Now is the time to move on these things.

Finberg: We really need to exploit these relationships. Trade and investment, U.S. investment, is going to other countries. The money is going where there's no potential. There's more much more potential in Brazil.

Sines: But, there will be political problems due to those exports entering U.S. markets.

Finberg: If I was wearing my U.S. government hat I'd say the same thing. But we need a non U.S.G. dominated approach to the situation. We need to look at the long-term versus the short-term.

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Robert Schaffert, A.I.D./S&T/AGR: The U.S. is becoming a net importer of agricultural technology. If not a net importer, it's certainly not on the cutting edge. Agricultural technology is being developed outside the U.S. S&T has several programs and has found collaboratively supported community production of peanuts, sorghum valuable. Producers associations are now involved and support what we do. Agricultural producers in the U.S. are beginning to realize we need this sort of thing. Really, at this point, the Bumpers Amendment is doing a disservice.

Greene: If we in this room don't understand the issues, how can we expect our boards or the average American to understand the advantages of working with ADCs. First, they have increasing diplomatic importance to us. And second, we've given help to these countries for two decades. There is tremendous market for goods in these countries and they are now beginning to develop the ability to solve problems. New financial market are developing as well. If we drop these countries now, all our investment is wasted and everything will get turned over to others.

Sines: In Korea and Taiwan, when A.I.D. pulled out it left a void and Japan went in to keep U.S. investors out. The gap -- the period of transition is a key issue.

March: How do we begin the partnership process in the transition period?

Jhirad: There are trade and development objectives in leveraging transitions which are already in the market place. Leverage with fellowship and with what countries want in education in high technology fields. These are areas where others can't really match us. If we play our cards right, we'll develop cadres of senior R&D people in other countries.

Johnson: In terms of U.S. trade issues and interests, David's example is a good one -- find something which is about to happen and tap in. We want to talk to broad groups with regard to general industry good in agriculture, for example. But we have to be careful of a case like the rice example when we pushed it down the throats of various countries because of the powerful lobby in this country. We want to leave competition abstract not specific and take a broader look at industry and trade gaps.

Diane Wood: Training -- I couldn't stress it more. It's important to note that these organizations are not self-sufficient. There really isn't the capacity to develop cadres. It's not so much money, as a lack of bodies to carry out the work. I agree with Twig that we get more bang for the buck in these countries. We need to have different expectations for ADCs, but people expect progress too quickly. There needs to be a weaning process.

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The World Wildlife Fund is spending the same $20,000 in Mexico as in Peru, but we have different expectations and questions in Mexico.

Sines. With regard to the training question, is there a role for the overseas affiliated institutions? An example might be the Harvard/Thai cooperation. I've also seen it done in Africa by the French.

Greene: It's better than nothing, but coming to the U.S. for training is really the key for the longer term. They meet the same people. They share the same experiences.

Sines: What about mixing? -- two years here, two years there.

Diane Wood: We need to help expand in-country universities as well. This might also help us in developing links with these universities in the long run.

Finberg: Grafting institutions, overseas and here, is not as successful. It's better to have graduates return to their countries and then continue relations.

Cooney: It's extremely important that they come to this country. Six economic development experts from Chile came to Washington state, and while they were there they met with the Hispanic Chamber of Commerce there. Established networks with others, not just universities. This means they have friends they can call on. We need to nurture these relationships.

Cohen: The possibility for growth and the question of sustainability are tied up with higher education. We have created lasting links between U.S. and Brazil. These types of links spawn others. When a university is satisfied with a link created between one of its departments and another university, it's likely to go with another department. ADCs have a lot of money available. We need to do more to leverage private and public sector money. We also need to push the commonality of a lot of these issues. Just using A.I.D. money is no longer appropriate; we need to expand and go after new funding sources.

Dennis Wood, Devres, Inc.: I've got a thinking assignment for all of us, which is to think about how we who are working on developing this strategy should deal with the issue of transforming relationships between ADCs and A.I.D. What is the interface here? What mechanisms are being used? How can we deepen, extend and broaden the tapestry of relationships in all its senses? We would love to hear any more suggestions from any of you.

October 25, 1989

Consideration of an Advanced Developing Countries Strategy from the Perspective of Non-Governmental Entities

A.I.D. is considering ways to extend and deepen relationships with "advanced" developing countries. In transforming its conventional development relationships with such countries into more mature, mutually beneficial relationships, A.I.D. may need to use different mechanisms and approaches.

Numerous US and other non-governmental entities are involved in more advanced developing countries or use mechanisms in their activities that may be applicable to such countries. The ways these organizations develop and continue their programs in developing countries may provide guidance for A.I.D. in considering how to strengthen US relationships with these advanced developing countries.

Issue 1--Key areas of importance for US-ADC relationships: What areas are of special significance in US-ADC relationships? How should the USG transform its relationships with ADCs in these areas? What attributes should characterize US relationships with ADCs --additional or less USG funding, more or less extensive USG fostered activities, more joint management of agreed upon activities, additional initiative from the ADC for activities and programs, clearer mutual benefits for agreed upon activities, stronger support for US interests, etc.

Issue 2--Operating Modes for use in an ADC strategy: What operating modes are in use by non-governmental entities that are especially applicable to ADCs? Do these ways of operating have common characteristics? What are the advantages and disadvantages of each mechanism? Are some operating modes best used to deal with certain issues or activity areas?

Issue 3--Management of applicable ADC mechanisms: What are the management requirements of different applicable mechanisms? Are they management intensive? How much or little do they involve A.I.D. or other US Government staff or management?

Issue 4--Funding to support applicable ADC operating modes: What funding requirements do applicable mechanisms have? What funding sources are used? What other sources could be used? To what degree are "advanced developing country" buy-ins a part of each mechanism? Are the various applicable operating modes sustainable without US government funding?

Issue 5--Impact of applicable ADC mechanisms: To what degree do applicable ADC mechanisms impact on the US-"advanced" developing country relationships? Do these mechanisms provide major relationship building potential? Are these ways of operating designed to create and sustain a "relationship" or to accomplish high impact objectives? How successful are they in doing one or the other?

ANNEX 10

ADC Strategy: A.I.D. Sectoral Meeting

December 14, 1989

- Meeting Summary (Not included; in process)
- List of Participants
- Minutes of Meeting
- Issues for Discussion

LIST OF PARTICIPANTS

A.I.D. SECTORAL MEETING, DECEMBER 14, 1989

Name	Office	Phone
Victor Barnes	PPC/PDPR/SP	647-7033
Fred Bieganski	ANE/PD/ENGR	647-8094
Connie Carrino	PPC/PDPR/SP	647-7026
V.L. Elliott	AA/PPC	647-5482
Joe Esposito	AA/PPC/NAR	647-8149
Bob Ichord	ANE/TR/ENR	647-8274
Norge W. Jerome	S&T/N	875-4003
Terry Lukas	ANE/TR/PHN	647-8152
Debra McFarland	LAC/DI	647-4380
Peter McLain	LAC/DP	647-5664
Nancy Pielemeier	PPC/PDPR/SP	647-8928
Lee Roussel	PRE/H	663-2537
D. Gale Rozell	LAC/DR/RD	647-8126
Robert E. Schaffert	S&T/AGR/AP	875-4320
Bastiaan B. Schouten	LAC/DP	647-7936
Karl Schwarz	ANE/DP/PPG	647-8895
Dick Sines	PPC/PDPR	647-7073
Ed Tolle	LAC/DR/EHR	647-8047
Mike Unger	AA/PRE	647-8584
Jan van der Veen	PPC/PDPR/RP	647-7068
Jack Vanderyn	S&T/EN	875-4205
Ann Van Dosen	S&T/H	875-4708

LIST OF PARTICIPANTS (cont.)

Jayne Millar Wood	Devres, Inc.	951-5546
Dennis Wood	Devres, Inc.	951-5546
Ellen Tynan	Devres, Inc.	951-5546

MINUTES OF THE A.I.D STRATEGY MEETING

DECEMBER 14, 1989

DICK SINES AND JANE MILLAR WOOD, CO-CHAIRPERSONS

Dick Sines, A.I.D./PPC/PDPR: At today's meeting we're going to deal with issues which concern various sectors. First, however, I'd like to give you an overview of why we're involved in developing an ADC strategy. At the present time A.I.D. has no strategy for dealing with ADCs and has "lost" some valuable opportunities to maintain relationships with former recipients of A.I.D. support. For example, when AID left Korea it left gaps. Many perceived that Japan came in and pushed its model and interests; U.S. interests, U.S. investments and commodities were restricted. By effectively leaving Korea to Japan we gave up many ~~left all the~~ benefits to Japan. If we look at this from the perspective of the mutuality of interests, we have to ask how much did the U.S. gain in the process? Very little. Even the Japanese have wondered how the U.S. let Japan get the economic advantage in Korea.

In Latin America and the Caribbean we have closed down programs in countries where economic growth pattern seemed to indicate that U.S. development assistance should ~~decline. As these~~ countries went downhill again, the U.S. ~~tried to get back in~~. reentered. We want to return to many of these countries for a variety of reasons, including the environment and drugs, but we could not reestablish y important former relationships. ~~the ties were broken.~~

We're in the process of developing a strategy and there are a few key principles we have to look at. First, there is the concept of mutuality of interests. This includes international trade in goods and technology, as well as many programs which benefit both the U.S. and developing countries: intellectual property rights, financial markets, and international commercial systems. It also includes mutual concern and interest in international "public goods." These are goods and services ~~investments~~ which could have positive benefits which spill over the borders of countries and have a positive impact on the citizens outside the country as well as in it. Examples of global "public goods" are bio-diversity (e.g. we might find the cure for cancer in the rain forests), AIDS research, narcotics control, education/research, environmental issues, and population. All of these have major benefits for the U.S. as well as developing countries. In economics, we call these international public ~~economic~~ goods. Those which specifically affect the U.S. and its citizens are of more interest in developing a U.S. ADC strategy.

There are other aspects of U.S./ADC relationships beyond the issue of mutuality such as the declining A.I.D. budget. However, despite these declining funds, Japanese funds could still be available. An ADC program should attempt to leverage funds from other donors both public and private. Also, within context of a particular country we may see the ADC component increase, even though the overall A.I.D. budget is declining. This could be tied to U.S. interests.

In developing this ADC strategy, we've done more than meetings. We have conducted a lot of interviews with other groups, in the U.S. and outside, about how they deal with ADC issues and what mechanisms they use. This particular meeting, the sectoral meeting, which is intended to review sector issues related to ADCs is the last meeting before the development of the draft strategy paper.

Karl Schwartz, ANE/DP/PPG: Are we still going to be using the terms advanced developing country and transitional developing country? I don't really think transitional developing countries exist. OMB has been pushing these terms, will they be in your paper? Are we considering ways to deepen our relationships, or are we trying to focus on sectors of mutuality of interest? We shouldn't be broadening, but focusing. How are you using the sectoral concept? Is it in the traditional A.I.D. sense or is it something else.

Sines: From my point of view, although I can't speak for Jayne (Millar Wood) and Dennis (Wood) who have been drafting this strategy, I haven't been couching my studies in a different way, but just looking at ADCs.

Jayne Millar Wood, Devres, Inc.: We are casting a broader net than some of the more traditional categories would normally cover.

Schwartz: We don't want to follow OMB.

Connie Carrino, PPC/PDPR/SP: Let's look at the sectors now. There are a lot of specialists here and I'm interested in hearing what they have to say.

Bastiaan Schouten, LAC/DP: But you have to know the structure, before you can look at sectors.

Schwartz: The strategy should not be one that defines sectors, but one which looks at individual countries. If we look only at sectors, we could say we've achieved our goals in infant mortality so we're therefore less interested in the health sector. However, that's forgetting the links between sectors; there are links between health and economics for instance.

Millar Wood: Well, we're not trying to decide the strategy here. This is an information-sharing effort, it's not definitive. I agree that there are a lot of country specific concerns and issues, but right now we're just trying to get an idea of a variety of perspectives in the sectoral area.

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Sines: Karl, our thinking is along the same lines as yours. The mutuality of benefits is a key issue; that's why I've asked those here to address sector programs as they concern the U.S.

Mike Unger, AA/PRE: Some of these "sectors" don't have clear lines. I mean there really isn't a "private sector" in the same sense as we are speaking of other sectors, and finance is a sector as well as a technique.

Millar Wood: That's true, but there are a lot of mechanisms in the private sector we'll want to look at. Let's start now with the Education sector.

Victor Barnes, PPC/PDPR/SP: PPC has two interests with respect to ADCs. First, what Karl was saying about mutual benefits, the "value added." We're working with a couple of assumptions. One is that the basic education sector in ADCs in fairly well developed and stable. So we're looking at the tertiary level; shifting to universities. This does not mean an increase in funding, but rather "twinning" of ADC universities with U.S. universities, faculty exchanges which allows for joint research, etc.

The second thing we're looking at is developing alternative mechanisms for funding; involving the private sector more in financing education with the public sector taking on more of a management role.

Schwartz: Have you thought about how you would "sell" U.S. education abroad?

Unger: It's really already taking place.

Schwartz: How could you facilitate it?

Sines: You might want to target this at some point.

Robert Schaffert, S&T/AGR/AP: Have you considered using ADC countries, like Brazil, to train Mozambicans and others from poorer developing countries.

Barnes: We're working on this.

Schouten: The U.S. embassy is opposed to that for ideological reasons.

Ed Tolle, LAC/DR/EHTL: In Chile, Brazil, as well as other LAC countries ADC programs are essentially based on a broad-based technological transfer. We're supporting community linkages for leveraging and getting money from other donors. It's a pretty good type of program.

Schouten: Well, but there's no money. Also, I think there are some political concerns on the higher education side. The fact is that in many countries we have faculties which have advanced degrees from the Soviet Bloc and we find that their academic qualifications are better. There are national security interests in having people trained at other universities.

Millar Wood: Now let's look at Nutrition and ADCs.

Norge Jerome, S&T/N: There is a myth around this agency that if a country is developed or in the ADC category then there is no nutrition problem. All we have to do to see that this is indeed a myth is to look at the U.S. and Brazil. More developed countries not only have pockets of poorer populations, but suffer from unique nutrition problems; they suffer from both under-nutrition and over-nutrition. We have a real mutuality of interest here. ADCs and the U.S. have an opportunity to collaborate in research, have faculty exchanges. The NIH has been collaborating with Israel and European countries in trying to answer questions about nutrition-related diseases, such as coronary heart disease. Although we are in working these regions, Asia and Latin America have remained untapped. There are new issues such as genetics and nutrition and with cooperation in scientific nutrition circles we can solve additional problems and look at other new issues.

Ann Van Dosen, S&T/H: In the health and nutrition area we can't forget that there are transition problems; there are still pockets of high infant mortality.

Debra McFarland, LAC/DI: In the area of Democratic Institutions we're concentrating on strengthening the judiciary and the legislature in ADCs and on improving the administration of justice. We've been working on modernizing the judiciary and legislature through improving their computerization, establishing oral proceedings, etc.

Sines: Are you looking at property rights?

McFarland: Not really. We're principally interested in the criminal justice system.

Sines: Are you looking at law and order?

McFarland: More administration of justice; taking a look at the legal framework.

Sines: How about the legal aspects of business?

McFarland: In Chile, Colombia, Argentina -- no, although there may be room for growth into this area.

Schouten: We are looking at laws as well, at least in Uruguay. We've been involved with the Caribbean law institute.

Unger: It's becoming a priority in PRE, too. We have a new project called "Institutional Reform in the Informal Sector."

Joe Esposito, AA/PPC/NAR: Narcotics is a priority for A.I.D. We're trying to tie our narcotics activities to the major producer countries in the Andean region. The two areas we work in are income substitution and narcotics education and awareness. We've been working on income substitution in Bolivia, Peru, Thailand, and Pakistan. I wouldn't expect income substitution programs in other countries; the growth is in education and awareness. We currently have awareness and education programs in 17 countries.

Administration of justice bolsters the capacity of governments to provide support -- training and equipment. Macro-economic assistance can also help to develop stability in areas such as the Andean Region.

I would suspect that the role of narcotics in an ADC strategy would probably be limited to education and awareness. The nature of the problem forces it to be tied to production issues and political concerns. We tend to go to Colombia because of the focus on that country, while there may be a spill-over into surrounding countries like Brazil and Ecuador which should be prevented.

Dennis Wood, Devres, Inc: How does it work? Is this a "push" or a "pull" problem from the developing country perspective? Do they want us to be there, or is it that we want to be there?

Esposito: Clearly there remains a feeling in developing countries that it continues to be a U.S. problem, although education may change that somewhat. It is a big U.S. problem. However, we are seeing the development of significant problems in many countries; not only political instability in Latin America, but proliferation of addiction everywhere. Pakistan in 1979 had no addicts, now it has 1 million. In Thailand there has been a tremendous proliferation in the number of addicts. Pakistan is now a net importer of opium. There is a growing interest among governments almost without exception whether it's because of these pressures or whether it's because of education, I don't know. We would like to see a link between development and enforcement.

Schouten: In Colombia, narcotics awareness has been very key. You can't walk down the street without seeing a sign that says: "Don't get wrapped up in drugs." Colombia wants narcotics awareness now and there's a big private sector interest.

Millar Wood: How do your programs in ADCs differ from those in LDCs, or is there any real difference?

Esposito: Right now there's no real difference. We may at some point want to get involved in broader economic development. We need to look at what we're going to do with money. In the past we've moved away from punishment, we can use the "carrot"

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approach -- if you do well in terms of narcotics performance, you'll receive more aid. In Bolivia, for example money will probably be in the form of broad-based assistance. However, to date there's been no difference.

Schouten: We're concerned about Brazil which is a supplier of chemicals necessary for the creation of cocaine. Narcotics awareness might get Brazilians to cut this off, but this would be a huge project. Also, coca can grow in Brazil, too. It hasn't spread yet, but limiting addiction is key to keeping it that way.

Esposito: Education and awareness have become more sophisticated. First, we're trying to acclimate government officials and create a new awareness among the general population. We're focusing on training, using more sophisticated types of information and working with school-age children. It's become a more targeted tool.

Carrino: In the population area in ADCs, we'd like to attempt to graduate certain countries and develop commercial markets, instead of providing contraceptives. However, in developing these markets we may find that it will primarily be non-U.S. companies who get involved. This is because the big U.S. companies are locked into competing for A.I.D. procurement contracts rather than for a market. A key factor is that we need to think of these issues before a country becomes an ADC.

If we do want to encourage the local production of contraceptives, in Brazil for example, they would need a regulatory agency, or "common cause" type organizations, to set up F.D.A. type criteria. We're sitting in an environment of increasing access to family planning, but the money may not be available even for existing Agency objectives.

Van Dosen: We see these regulatory problems in health, too, for example, in helping to set up production of ORS (Oral Rehydration Salts). It is difficult to get production to F.D.A. standards when there's nothing like that in the country.

Schouten: In terms of the U.S. and population problems, especially in Latin America, we're interested in reducing uncontrolled, illegal migration.

Carrino: That certainly is an issue of importance in our country, however it would be a rather difficult "policy objective" for A.I.D. to take on with others. You're saying "migration is a pollution." That's not what people in Latin America want to hear.

Schouten: That's not what I said. I didn't say that.

Terry Lukas, ANE/TR/PHN: We have to remember that population is a long-term issue, especially in terms of its effects on the U.S.

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Schouten: We've had a successful family planning program for many years.

Carrino: Well, in Mexico for example there is a high contraception use rate. There are many people with the ability to buy their contraceptives, but they wanted A.I.D. condoms, because they don't trust the other brands on the market.

Sines: There is a need to develop institutions which will make them safe.

Carrino: Yes, but it's a lot cheaper to send in condoms than to set up a testing plant or regulatory agency.

Lukas: It's similar to the regulatory function in health.

Unger: It's not unlike the technical types of things PRE has to deal with. For technical problems we bring in experts, as in our retired executives program. We could do that here to examine the production process.

Lukas: It's not just production though, it's also regulatory.

Sines: Yes, but quality control is part of production.

V.L. Elliot, AA/PPC: Isn't the issue really standards? We need a standards institute.

Lukas: In Thailand, they're trying to privatize contraceptive markets.

Carrino: Thailand is pretty advanced. I think we should be trying to look at issues before hand, before a country becomes an ADC.

Lukas: Yes, but even in Thailand there are pockets which are remote and under-developed. They don't want to privatize these areas because its a threat to the increasing use of contraceptives.

Schouten: Just a caveat. We disagree that there are people in Mexico who can afford to buy contraceptives.

Carrino: I said there are some groups -- the middle class.

Millar Wood: This illustrates one of the challenges in coming up with an ADC strategy -- there may be "pockets" of more and less "advanced" groups within any give country. Different approaches should be taken depending on the country.

Van Dosen: There are three major points when looking at <u>health issues</u> in ADCs. First, ADCs are approaching a "health transition." They are going from high mortality and communicable diseases to a pattern of chronic and modern diseases, such as heart disease and even accidents. The U.S. may have more to offer in modern health areas through research. Second, we need to continue and develop faculty and university linkages and exchanges, as well

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as joint research endeavors. At this time we don't have a defined strategy for these links. There is a real return for the U.S. in joint research. For example, in India there is a very active program in joint vaccine development. Third, there is a real role for U.S. experts One person can really do a lot. For instance, Bob Halligan, I don't think any of you would know him, did more in Thailand, opened more doors than anyone. There are pockets of expertise which are still needed, for example in the development of ORT in India. We also need to look at channelling resources effectively and getting leverage.

Nancy Pielemeier, PPC/PDPR/SP: I agree very much with what Ann has said, let me just add a few things. We need to think about health in a conceptual framework. It provides mutuality and global public goods and a developmental contribution, but these things are sometimes in conflict. For example, mutuality vs. developmental interests. Mutuality could include the trade of high-cost diagnostic machines (India, for example, wants a nuclear magnetic resonator -- not quite A.I.D. policy). While A.I.D.'s policy is to promote public health and preventative health care. On one side we have the trade issue, while on the other side development issues, such as accident, substance abuse, and/or smoking prevention. The role of A.I.D. in ADCs should be to arbitrate these conflicts.

Sines: To be consistent with what Ann was saying, what about the fact that as countries develop, ~~their~~ new problems ~~develop~~ emerge; this may mean they need some of these advanced technologies.

Pielemeier: That's fine as long as we don't wish our cost control problems on them. I think we need to put in a pitch for maintaining an AID presence in order to help arbitrate these potentially difficult issues.

Lukas: I think Nancy has crystallized an important financing issue. It is in the interest of the U.S. to export high-tech current technology. ADCs are looking for new ways to finance health care. They can no longer afford to provide nationally subsidized health care, but they can't privatize 100%. We need to define government's role. How can the public and private sector collaborate? We need to look carefully at these financing issues while we are exporting, or we will export our problems, such as inflation and questionable results. We need to put this in the public arena.

Schouten: I have a strongly dissenting opinion. It's a very concrete thing. Colombians have the choice of coming to Dallas or Miami and buying health care here or staying in Colombia -- this does not conflict with U.S. exports.

Lukas: But that's simply a private decision...

Schouten: It's a private decision which creates foreign exchange outflows.

Pielemeier: There's a lot of mutuality involved there.

Schouten: It's not necessarily a conflict.

Lee Roussel, PRE/H: Housing and urban infrastructure have an important role to play in ADC strategy. First, there's a big pay-off in efficiency. We need to track domestic capital in the informal sector. In the U.S. an individual person's home is a major part of capital markets, if these don't develop it's going to be a problem in ADCs. Second, there's a pay-off from the local government. The policy agenda is still very important to continue even after a country graduates from the point of view of democratizing institutions. Third, there is a big-payoff for decent shelter in terms reducing adult communicable diseases and infant mortality; research has demonstrated these linkages. We have to remember that increasing advancement in development leads to urbanization and more poor living in urban areas. Often there is no infrastructure to support this change. This is one program where the resources come with the program. ADCs can take on 30 yr loan and expect to repay it, while borrowing at the U.S. treasury rate is very attractive.

There is a real environmental pay off from urban sector investment, as well. We are currently developing a "private delivery of social services" effort aimed at local private solid waste removal/recycling. Most of our infrastructure programs deal with the most immediate environmental issue -- human waste -- and avoiding ground water contamination, as well as gastro-enterological diseases and infant mortality impacts. We are also addressing watershed management issues in urban expansion, development of new shelter.

Sines: Could you address the mutuality issue?

Roussel: Well, it's really just basic economic principles. Trade is handicapped if you have a wide divergence -- one very rich and one very poor country. The World Bank has concentrated on infrastructure development. In Tunisia, for example if you want to look at where GDP is generated the income is coming from cities where they have put in infrastructure. When you look at these municipal developments, there seems to be an argument for a specific broadening of our program to cover industrial development using the housing guarantee programs.

Elliot: Export financial inputs.

Roussel: Latin America was a bad experience, although there may be a good future elsewhere.

Sines: What about the idea of developing infrastructure for areas with an export focus?

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Roussel: Capital investment has been limited by law to the residential sector; current legislation says it must be shelter related. However, through legislation the terms of HIG could be broadened to include industrial buildings and not just residential, i.e. private homes, then there could be a rise in industrial development and a utilization of U.S. financial institutions. However, in the development of strategy we don't have to be limited by legislation. We have a pilot-type project in effect in Tunisia, and we have to ask: how can infrastructure support the problems identified by the Mission of export oriented growth and employment for youth. I think the broadened program would be more successful in the former.

Sines: Do you get involved in tax free havens?

Roussel: We've approached this many times, but they're so far above median incomes they can't get involved.

Unger: What is the appropriate use of guarantee authority? PRE is different, but the end result is the same. It has to mobilize local currency and utilize the leveraging concept, as opposed to using direct loans. The guarantee is a useful policy option.

Bob [illegible] Ichord, ANE/TR/ENR: The ADCs are not unique in terms of the <u>energy</u> demands which are accompanying their industrial growth. Thailand has 15~~%~~ percent per year which represents an enormous income for the U.S. There is a need for a coordinated U.S. government effort involving Commerce, Energy, the EXIM Bank, the Trade and Development Program. It's clear that in the energy area the U.S. has a comparative advantage. However, firms are being bought out by European and Japanese companies, and if the U.S. doesn't support the industry we are going to lose it.

The modes of operation are important -- the trade and investment approach is being pursued. We're looking at private power, independent power generation, and links with governments and companies which will allow a transfer of expertise. U.S. companies don't have a lot of money to invest in ventures so the technical links become very important. We need to maintain links so that when the U.S. reverses Balance of Payment problems we'll still have markets there -- trying to go back in later is difficult.

Sines: What are the budgetary realities?

Ichord: We're not talking about major amounts of money. We put $75,000 in Thailand and now we're getting U.S. companies interested in investment and joint ventures and working directly with the Prime Minister's office in Thailand.

Sines: What about dealing with other U.S. government agencies?

Ichord: All the ones that I mentioned, but the old institutional development mentality -- minimum investment -- may not be the most viable route to go. The U.S. has technical interests where we can gain from advancement, e.g. clean coal technology, (needs a major commercial spin off of this internationally), environmental interests, the global climate issue, promoting efficient use; all of these relate to the environmental sector. Taiwan's problems of air pollution, urban water have grown and now they have to deal with these problems of rapid industrialization. The U.S. companies have experience in working on these problems and therefore an advantage. OPIC is setting up a new fund to support investment in environmental areas. Global issues like bio-diversity and global warming relate to Brazil, and other ADCs and we have got to come to grips with this. Congress is saying do this, but we don't have money, don't have people.

Schouten: It's a staffing problem.

Ichord: Right. How do you go back into China or Korea when you've already pulled out your budget and staff?

Sines: What about looking at other types of <u>infrastructure</u>?

Ichord: There is very little focus on other infrastructure areas for ADCs. S&T has looked at ports, telecommunications, transportation electronics, applied electronics, and material sciences. The investment is coming from the Taiwans and Koreas, not Japan and the issue of their role is very important in broadening development interest in the region. The most interesting area is the forestry research area. There is the potential for revolutionary development in forestry research. It may be a model for how we deal with other countries: Taiwan, S. Korea, Japan, Australia, China. But it is a package of things with very little money going to countries.

Sines: What about leveraging?

Ichord: We're trying to leverage Japanese money in the network. They are already involved in countries, but it's difficult to involve them regionally. The Japanese are trying to channel their money through the World Bank and the Asian Development Bank. This gets them out of management, but into every project. They have the inside track for any contracts. Should we be doing this?

Sines: Is there any way to break in?

Ichord: We're trying in Thailand, but you need untied money/untied procurement.

Fred Bieganski, ANE/PD/ENGR: Well, since A.I.D. doesn't have any more money for infrastructure which includes <u>telecommunications</u>, we have very few programs. But economic growth is impossible

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without telecommunications. In the Philippines in 1988, there was 1 telephone per 100 of the population; in Korea 20 telephones per 100 of the population. In the twelve years proceeding 1988 the growth of telephones was only 25% in the Philippines and in Korea it was 350%. Without telecommunications you cannot develop businesses. I have a lot of stories I could tell to illustrate that, but I'll just tell one. When I was in Egypt in 1980 I ordered a safari suit, and I had to go to Cairo <u>13 times</u> before I got the suit! That's not very efficient.

Millar Wood: What is the importance of telecommunications to an ADC strategy?

Bieganski: With ADCs we're talking about development beyond the subsistence level. We need to concentrate on telecommunications policy and institutional development. One problem is that funding is inefficiently used. However, one of the problems of telecommunications is that it can develop into a subsidy for the politically powerful classes, because of the concentrations of telephones in urban areas. In Metro Manila there are 10 phones per 100 of the population, this leaves ~~1.1~~ a fraction of
1 percent of telephones for the rest of the country. We need to change the thinking of ADC governments and to provide technical assistance at the policy level. The lack of effective telecommunications blocks essential business development, and a lack of telecommunications in rural areas blocks agriculture, agribusiness, and industrial development. We have to show ADC governments the value of adequate telecommunications.

Millar Wood: How would you try to effect these changes at the national level?

Bieganski: By increasing the efficiency of application of funding by other donors. When we have more money we can also do more.

Unger: But what is cause and what is effect? I could substitute financial institution everywhere you have said telecommunications. It's sort of a chicken-and-egg problem, trying to figure out their place in economic and business development.

Bieganski: Financial institutions help, but you need balanced telecommunications systems in the country.

Unger: I don't disagree. I was just saying the comparison is there.

Millar Wood: We've reviewed many of the sectoral interests in 51 development assistance particularly as they pertain to an ADC strategy. Now we need another meeting, perhaps with a smaller group of people, to array these issues and discuss some of the options.

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Jan van der Veen, PPC/PDPR/RP: Can we hold a small gathering of "gurus" from the regional bureaus?

Wood: The important thing is to have A.I.D. staff involved in the process, and the process itself. We need to discuss the issues -- we could cut down the size of the group.

Millar Wood: We need to ask how much a sectoral focus should be at the center of ADC strategy.

van der Veen: Yes, but this meeting was very important. Now we've all heard, and are familiar with, the issues which concern each of the sectors.

Schaffert: I'd just like to say something about technical comparative advantage in agriculture before we finish up. ADCs could provide technical support to less developed countries, using technology which they have developed. The Africa Bureau could utilize such technologies. Some regulations should be changed to allow more work with Brazil and Mexico in this area of technology transfer. There are tremendous resources which could be saved by taking advantage of these technologies if we just change some of the operating rules. All of these have mutual benefit issues. Some say the U.S. has become a net importer of Agricultural technology. I probably wouldn't go that far, but we do need to stay on the cutting edge and we need to reverse the flow. We need to interact more with ADCs.

Millar Wood: Can you tell us some mechanisms whereby these can happen?

Schaffert: In sustainable agriculture, especially in the area of pest control. Tropical environments are richer in pathogens and insects; now countries have infrastructure to exploit these economic advantages and environmental benefits. We need to liberalize their ability. It doesn't take a lot of money -- only $20,000 for the program in Brazil.

Millar Wood: The use of small amounts of money is something we also heard at the NGO meeting from a number of people.

Schouten: Just one thing about health before we close. We didn't talk about serious communicable disease problems, specifically AIDS and the danger of increased contact with our population.

12/14/89

CONSIDERATION OF AN ADVANCED DEVELOPING COUNTRIES STRATEGY FROM A SECTORAL PERSPECTIVE: ISSUES FOR DISCUSSION

A.I.D. is considering ways to extend and deepen its relationships with both advanced and transitional developing countries. In transforming its conventional development relationships with such countries into more mature, mutually beneficial relationships, A.I.D. may need to adopt different approaches or mechanisms.

One possible means of organizing an advanced developing country (ADC) relationship is to focus on key sectors within ADCs. Such sectors may include global public goods (e.g., energy, environment, health and population), trade and investment, science and technology, education, and policy reform. The issues below will be discussed at our next ADC Strategy Meeting.

Issue 1--Key sectors of importance in US-ADC relationships: What sectors are particularly important in US-ADC relationships? What is the criterion for their selection? How should these sectors be defined? In what substantive ways do sectoral issues/programs in ADCs differ from those in less developed countries? Will sectoral programs be available only to countries meeting general ADC criteria or will sectors within non-ADC countries be eligible for assistance? Should sectoral programs be only a part of a larger ADC strategy, or should they be its main focus? Will there be a graduation process for individual sectors?

Issue 2--US sectoral interests and objectives: What are US interests/objectives with respect to the key sectors in advanced and transitional developing countries? Do these objectives differ from objectives in "non-key" sectors? Do US sectoral interests and objectives differ between ADCs, or are US interests for a given sector similar across all ADCs? Should the objectives of an A.I.D. sectoral program in ADCs be to maintain a US presence, to provide liaison between a particular sector and appropriate private groups in the US, or to directly provide technical assistance? To what extent is a sectoral strategy supported by other USG entities or by US non-governmental entities?

Issue 3--Mutuality of interests between US and ADCs regarding key sectors: In what sectors is mutuality of interest between the US and ADCs the greatest? Which sectors are primarily of interest to the US? Which to ADCs? What degree of mutuality is necessary for a successful sectoral program? How can mutuality of interests within a sector be increased?

Issue 4--Operating modes for use in working in key sectors: Given resource constraints, how can A.I.D. serve as a catalyst for increased involvement of the private sector in sectoral programs in ADCs? What types of programs should A.I.D. fund now in transitional countries in

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anticipation of a need for more ADC sectoral programs in the future? Does A.I.D. or any other USG entity currently use any operating modes that are especially applicable to key ADC sectors? What operating modes are used by non-governmental entities? What are the key similarities or differences between these operating modes? Are some modes better suited to a single sector or type of sector?

Issue 5--Management of sectoral programs: What are the management requirements for sectoral programs in ADCs? If different than those required for non-ADCs, what technical and managerial expertise in each sector will be needed, and how should it be provided? Is A.I.D.'s role that of facilitating the flow of information and policy support or that of providing technical assistance directly? How management-intensive should A.I.D.'s participation be? Will other USG entities be involved? If so, how and to what extent?

Issue 6--Funding to support applicable sectoral programs: What type and level of funding do existing sectoral programs have? How would this change (up or down) for ADC programs? What are the funding requirements for ADC sectoral programs? Are other funding sources appropriate or available? Is funding currently provided by host countries? By the US private sector? By non-profit organizations? Are sectoral programs sustainable without USG funding? If so, how?

Issue 7--Impact of ADC sectoral programs: How will sectoral programs affect US-ADC relationships? How do they provide for creation or strengthening of major relationships? Are sectoral programs intended to build such relationships or to achieve other objectives? How will program objectives be defined and progress evaluated? Is a sectoral approach more appropriate than a country approach?

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