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September 16, 1974

W. Aramony

Gene Hill

AGENCY FOR INTERNATIONAL DEVELOPMENT

- I. The Conference Board studies of public service programs in Latin America recently demonstrated that U.S. firms' efforts to build favorable corporate images are missing the mark. In Mexico and Brazil, while American managers felt satisfied with their programs, opinion leaders and recipients from those countries did not agree. Criticism is that what is given aids services Americans use.

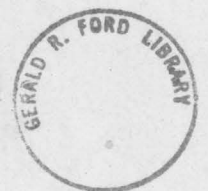
Annual gifts in Mexico by 58 U.S. affiliates ranged from zero to \$80,000 with a median gift of \$3,452. In Brazil, 40 branches gave from zero to \$345,700 with the median gift at \$5,630. Most affiliates respond to what the laws require.

It would be a real advantage to our international thrust to obtain these studies from the Conference Board as background information for Latin America.

- II. The Agency For International Development was created to encourage and support efforts by developing countries themselves to better meet the fundamental needs of their people for sufficient food, good health, and employment. To this end A.I.D. carries out development assistance programs overseas designed to promote the economic and social modernization of developing countries.

A. Techniques of developing assistance are:

Technical assistance - Through assignment of technical experts as advisors to the public and private sectors of the less developed countries, A.I.D. helps build the basic institutions and develop the



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basic human skills required for sustained economic, social and political development. A.I.D. obtains these experts through contracts with U.S. universities, business firms, labor unions and other private organizations or through loan arrangements with Federal departments and agencies.

Participant training - Provided mainly in the United States for cooperating country nationals, is designed to meet specific manpower development requirements. It is provided by U.S. Government agencies and the private sector. Academic studies, on-the-job training, and special programs groom individuals to assume an important role in the technical and economic advance of their countries.

Research is also receiving particular emphasis from A.I.D. Research that results in the improvement of peoples lives is considered part of Technical Assistance.

In addition to (1) Technical Assistance, A.I.D. gives: (2) Capital Assistance (loans); (3) Commodity Assistance (food - U.S. voluntary agencies are involved); (4) Sector Assistance (combination of T/A, commodity and capital assistance); (5) Supporting Assistance (for political stability).

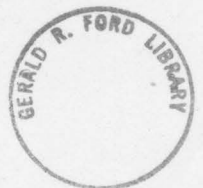
B. Methods of Financing

- (1) Development Loans
- (2) Development Grants - Made primarily for technical assistance projects in agriculture, population, education, health and administration.

C. Major Emphases

Highest priority given to programs in agriculture, population, education and health. Also receiving high priority is *Private Sector Involvement in Foreign Assistance - A.I.D. reinforces the humanitarian efforts of the United States through improved coordination and working relations with non-profit groups, such as foundations, voluntary agencies, and similar organizations to expand their participation in foreign assistance in the form of technical assistance and emergency and disaster relief. In particular, private cooperative organizations are encouraged to assume a prime role in developing counterpart institutions in other countries.

III. United Way of America's new thrust for international development can develop a Technical Assistance program for developing countries



that could qualify for a development grant under the various programs described above and in particular the Private Sector Involvement emphasis.

Under this type of grant the first phase would be a research period to examine the status of philanthropic giving in developing countries. The second phase would be a program development period in which the on-going United Way of America manpower training program is adapted to the needs of the developing countries. The third phase would be the work program during which training could be given in the United States to developing countries nationals, on-site technical experts could work with counterpart institutions in the developing countries, and several demonstration programs of setting up a fund (United Way) operation could be done in the developing countries.

- IV. In anticipation that this recommendation would be received favorably, I broached the subject with Mr. Fernando E. C. de Baca of the White House Staff. His reaction was very favorable and he stated that he would gladly make sure we would be able to see the right people in the State Department should we decide to follow through.

My recommendation is that we immediately assign staff to: (1) Develop the proper liaison with the State Department and A.I.D. through Mr. de Baca; (2) To develop a sound grant assistance proposal embodying the ideas stated under points II and III; (3) A staff meeting with the government relations staff, manpower, international development and the National Executive to review and modify this recommendation.

bc

cc: J. Yerger
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W. Wynn
H. Coley
G. Shea
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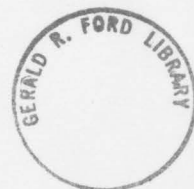
MANUAL - 1972/73

Agency for International Development

CREATION AND AUTHORITY.—Section 621 of the Foreign Assistance Act of 1961 (75 Stat. 445; 22 U.S.C. 2381), authorizes the President to exercise his functions under that act through such agency as he may direct. Pursuant to direction and authority contained in Executive Order 10973 of November 3, 1961, the Agency for International Development (A.I.D.) was established by State Department Delegation of Authority 104 of November 3, 1961, as an agency within the Department of State.

PURPOSE.—A.I.D. was created to encourage and support efforts by the developing countries themselves to better meet the fundamental needs of their people for sufficient food, good health, and employment. To this end, A.I.D. carries out development assistance programs overseas designed to promote the economic and social modernization of developing countries.

ORGANIZATION.—The A.I.D. Administrator reports to the Secretary of State and the President. He directs the



activities of regional (geographic) and functional bureaus in Washington, and field staffs located in individual countries overseas.

Most A.I.D. programs operate on the basis of bilateral agreements with the assisted countries. They are executed by the United States A.I.D. Missions (USAIDs) in cooperation with officials of the assisted countries.

FUNCTIONS

In development assistance, several techniques are employed separately and in combination to assist nations in their development process. They are:

TECHNICAL ASSISTANCE. — Through assignment of technical experts as advisers to the public and private sectors of less developed countries, A.I.D. helps build the basic institutions and develop the basic human skills required for sustained economic, social, and political development. A.I.D. obtains these advisers directly and through contracts with U.S. universities, business firms, labor unions, and other private organizations or through special loan arrangements with other Federal departments and agencies.

Participant training, provided mainly in the United States for cooperating country nationals, is designed to meet specific manpower development requirements. It is provided by U.S. Government agencies and the private sector. Academic studies, on-the-job training, and special programs groom individuals to assume an important role in the technical and economic advance of their countries.

Research is now recognized as a particularly important element of technical assistance. Research on critical problems impeding progress in important fields of development activity, support of research institutions in the developing countries, and efforts to assure that research results are used to improve peoples lives are all receiving greater emphasis in A.I.D.'s technical assistance program.

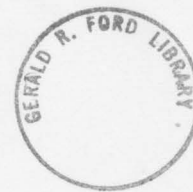
CAPITAL ASSISTANCE. — Through capital loans, repayable in U.S. dollars on more favorable terms than private banks would offer, A.I.D. helps less developed countries obtain and finance the U.S. produced goods and American services required for specific development projects. These loans are conditioned upon matching measures of self-help by the recipient country to further its own development.

COMMODITY ASSISTANCE. — Loans and limited grants are made to finance importation of commodities needed for general development or for specific economic sectors. Foreign buyers are generally local merchants and distributors, but, in some instances may be the host government.

Under the Food for Peace (Public Law 480) program U.S. produced food and fiber is made available as an integral part of total U.S. assistance. This is done in concert with the U.S. Department of Agriculture's program of price stabilization and export market development. Specific elements of the program include: sales on concessional terms; grant school feeding, maternal and child feeding, and food for work projects; grant emergency and disaster relief; and U.S. voluntary agency and international organization distribution programs.

SECTOR ASSISTANCE. — This form of assistance, usually loan financed, allows major development problems in such areas as education, agriculture, and urban development, to be addressed with a combination of technical, commodity, and in some cases, capital assistance. It is being increasingly utilized in major recipient countries.

SUPPORTING ASSISTANCE. — Supporting assistance is similar in form to the other types of assistance discussed above. It is designed to promote and maintain political and economic stability in friendly governments beset by unusually severe political and economic strains.



METHODS OF FINANCING

The Congress provided financial resources to A.I.D. for these activities under two major categories (reflected in several separate appropriations):

DEVELOPMENT LOANS.—Loans for projects, sector programs, and commodity import programs designed to stimulate development.

DEVELOPMENT GRANTS.—Grants are made primarily for technical assistance projects in agriculture, population, education, health, and administration.

MAJOR EMPHASES

An inadequate quantity and quality of food, too rapid a rate of population growth, an under-educated population and underskilled labor force and poor health are major challenges to development. A.I.D. has extended the highest priority to the alleviation of problems in these areas in the developing countries in which the United States has programs.

AGRICULTURE.—Emphasis is placed on increasing food production by transforming traditional agricultural methods into more productive systems through the introduction of modern techniques, research, and changes in national policy. Areas receiving special attention include the development of sector analysis and agricultural economics capability, improving less developed countries agricultural research capability, the development of water and tropical soil management capabilities, and expanding the role of livestock.

POPULATION.—The pressures placed on the already meager resources of the developing countries by a rapidly expanding population are addressed by many A.I.D. activities. Some assist less developed countries in developing and implementing family planning

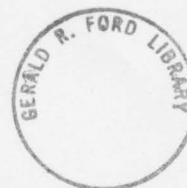
programs. Others provide financial support to private and international organizations which work with less developed countries in carrying out population programs. The A.I.D. population program supports research activities in the areas of contraceptive development, motivation and attitudes, alternative national family planning systems, and many others.

EDUCATION.—A.I.D. considers the need to improve the quality and quantity of less developed countries education a major priority. Areas receiving special attention include the application of educational technology within and outside of the formal school system, greater use of opportunities for informal education, and improved methods for financing education and evaluating its cost effectiveness.

HEALTH.—Priority problem areas include the development of systems to deliver the most important basic health services to the local level at a cost the country can afford, the inefficient utilization of food energy and food nutrients from food eaten, because of intestinal diseases and fever, and improved health planning.

POPULAR PARTICIPATION IN DEVELOPMENT (TITLE IX).—Political and social development in countries is encouraged through popular participation in democratic private and local institutions. Emphasis is placed on the strengthening of governmental institutions which will respond to popular need and demand and simultaneously stimulating local and private initiative to create private institutions through which to operate.

PRIVATE SECTOR INVOLVEMENT IN FOREIGN ASSISTANCE.—A.I.D. reinforces the humanitarian efforts of the United States through improved coordination and working relations with nonprofit groups, such as foundations,



voluntary agencies, and similar organizations to expand their participation in foreign assistance in the form of technical assistance and emergency and disaster relief. In particular, private co-

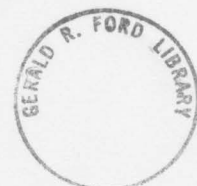
operative organizations are encouraged to assume a prime role in developing counterpart institutions in other countries.

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For further information, contact the Director, Office of Public Affairs, Agency for International Development, Department of State, Washington, D.C. 20523. Phone, 202-632-8628.

Approved.

WILLIAM P. ROGERS,
Secretary of State.



nations of questions of law by the Court of Claims are subject to review by the U.S. Supreme Court.

After the proceedings on each claim have been finally concluded, the Commission shall submit its report to Congress. Such report shall have the effect of a final judgment of the Court of Claims. The payment of any such claim shall be a full discharge of the United States of all claims and de-

mands touching any of the matters involved in the controversy.

For further information, contact the Executive Director, 1730 K Street NW., Washington, D.C. 20006. Phone, 202-382-6433.

Approved.

JEROME K. KUYKENDALL,
Chairman.

INTER-AMERICAN FOUNDATION

1515 Wilson Boulevard, Rosslyn, Va. 22209. Phone, 703-524-1555

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CREATION AND ORGANIZATION.—The Inter-American Foundation was created as a government corporation by act of December 30, 1969 (83 Stat. 821; 22 U.S.C. 290f) as the Inter-American Social Development Institute. Its name was changed by act of February 7, 1972 (86 Stat. 34). The management and exercise of powers is vested in a Board of Directors. The Board is composed of seven members, appointed by the President, with advice and consent of the Senate.

PURPOSE.—The Foundation is established to provide support for developmental activities designed to achieve conditions in the Western Hemisphere under which all men will be afforded the opportunity to develop their potential, to seek fulfillment of their aspirations, and to live in justice and peace.

FUNCTIONS AND ACTIVITIES.—The Foundation carries out the purposes set forth primarily through and with pri-

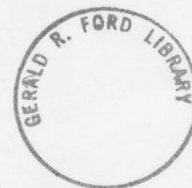
vate organizations by undertaking or sponsoring appropriate research and by planning, initiating, assisting, financing, administering, and executing programs and projects designed to promote the achievement of such purposes.

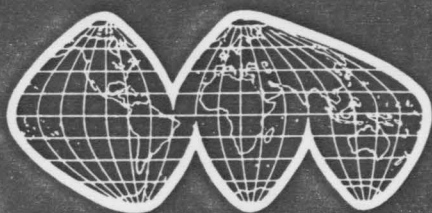
The Foundation coordinates its undertakings with the developmental activities in the Western Hemisphere of the various organs of the Organization of American States, the United States Government, international organizations, and other entities engaged in promoting social and economic development of Latin America.

For further information, contact the Office of the President, Inter-American Foundation, 1515 Wilson Boulevard, Rosslyn, Va. 22209. Phone, 703-524-1555.

Approved.

WILLIAM M. DYAL, JR.,
President.





What U.S. Companies Are Doing Abroad

MADRID LURING CAR BUILDERS

Two American auto makers are zeroing in on Spain with fresh projects designed to capture shares of what they reckon is a prime growth market—Southern Europe.

Ford and General Motors are also drawn by labor factors: an ample supply of skilled Spanish workers, comparatively low wages and the relative absence of industrial strife. Their top U. S. rival, Chrysler, already has a base in Spain.

Ford has begun work on its initial facility—a car-assembly plant on a 500-acre site near Valencia. At the same time, the company is negotiating with the Government in Madrid for rights to build an engine factory.

Spanish officials estimate Ford's planned investment in the two developments will total 680 million dollars.

In the State of Alagoas, north of Bahia, another Du Pont partnership with Brazilian investors is constructing a 100-million-dollar plant for caustic soda and chlorine. This, too, is to begin production in 1976.

IMAGE-MAKERS MEET REBUFFS

The good deeds that U. S. firms do in Latin America to build favorable corporate images are missing the mark.

This finding emerges from studies by the Conference Board—a business-research organization—of the public-service programs of American affiliates in Brazil and Mexico.

Managers of U. S. concerns in each country generally believe their contributions to philanthropy of money, time and products are satisfactory. But the Board finds that recipients