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9. ABSTRACT Recently A.I.D. has sought to increase the participation of private voluntary organizations (PVOs) in the delivery of foreign assistance. As part of this commitment to PVOs, A.I.D. is now studying the possibility of participation by U.S. minority organizations in PVO activity. The major objective of this study is to identify minority organizations with the capability for carrying out socio-economic development assistance programs in Latin America and the Caribbean. The study also undertakes an assessment of A.I.D. policy toward PVOs and its implications for minority organizations. This orientation involves a methodological judgment, namely, that a compilation of minority organizations meeting the criteria for socio-economic development work in Latin America and the Caribbean would be less interesting and, more significantly, less useful, to A.I.D. than an explication of fundamental policy toward PVOs and its relevance to minority organizations. In contrast to multilateralism and bilateralism, PVOs represent the unique efforts and capabilities of private citizens at the local level in the LDCs. The major drawback stems from their fundamental orientation to relief and charity as opposed to more modern forms of social action involving self-help and economic development which leads to systemic social change. This report makes the point that there are other forms of voluntarism, particularly in minority communities, with greater potential for development assistance. It points out that the involvement of some minority organizations in development assistance would be an example of technology transfer, an extension of existing capabilities to a different setting, and not the acquisition of an entirely new capability. This would be a strategy more in line with A.I.D.'s development objectives and a more rational, cost effective utilization of A.I.D.'s resources. This report is a revised edition of PN-AAF-601 and contains several additional pages.

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**PRIVATE VOLUNTARY ORGANIZATIONS IN
FOREIGN ASSISTANCE PROGRAMS: AN
ASSESSMENT**

(Interim Report)

By

Alfredo Cuellar, Jr.

March 6, 1978

**A Report Prepared for the Latin American Bureau of the Agency for
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Preface to Revised Edition

As of October 1, 1977, all private voluntary organizations engaged in foreign assistance are required to register with the Advisory Committee on Voluntary Foreign Aid (hereafter called the Advisory Committee). Contractor was hired to establish an information system which would facilitate compliance of non-U.S. NGO's (nongovernmental organizations) in Latin America and minority NGO's in the U.S. with the Registration Requirements of the Advisory Committee. The need for this information system is based on several assumptions--that both U.S. based minority organizations and Latin American NGO's desire to participate in AID's socio-economic assistance program, that they possess areas of expertise relevant to AID development objectives, but at the same time, that they lack the basic information necessary to participate in AID's overseas development programs. Since Registration with the Advisory Committee is one of the first required steps for participating PVOs, there is a basic need to provide information on the Registration Requirements and related aspects of AID organization and development priorities.

This study has demonstrated that these assumptions are essentially correct. There is a desire on the part of minority organizations identified in this study to participate in AID's overseas programs, but at the same

time there is some confusion and frustration as to how to proceed in this endeavor. The organizations contacted for the purposes of this study (and identified in the APPENDICES) feel that they have areas of expertise relevant to AID's programming needs but the complexities of AID's organization and a lack of understanding of its policies (such as decentralization, discussed in this study) frustrate their attempts to participate as PVOs and/or contractors. Despite these obstacles, some organizations have already anticipated future involvement in overseas development, preparing for that eventuality by, for example, creating international divisions as adjuncts to domestic operations. Unfortunately, most of the organizations identified in this study lacked the basic information necessary to participate in AID's socio-economic assistance program, including the preliminary steps involved in registering with the Advisory Committee on Voluntary Foreign Aid. (For Conditions of Registration see Appendix B below).

Having thus ascertained the need for improved information, the contractor undertook a series of actions to create the beginnings of an information network or mechanism between AID and minority organizations with regard to registration requirements and to other aspects of development assistance as well. For example, minority organizations identified as

having the capability for socio-economic development work in Latin America were briefed, either as a group or individually. These briefings were largely in response to questions concerning AID organization, its approach to development and the role of PVOs in development assistance. As part of this effort to create an information mechanism between AID and minority organizations, the contractor also invited various representatives of these organizations to the February 10, 1978 PVO conference held at the State Department, Washington D.C. (For list of invited organizations and individuals, see Appendix E). In addition, contractor established contact with representatives of PDC/PVC to improve coordination between them and the Latin American Bureau. In particular, contractor and members of PDC/PVC agreed to coordinate a series of seminars and/or symposia on the special needs of minority organizations vis-a-vis AID/s programming needs. Contractor and representatives from PDC/PVC also briefed minority organizations on the new grant categories currently under consideration in PDC/PVC and the options they represent for minority organizations. (See Appendix D).

Lastly, contractor expanded the present study by including a section on rural Hispanic cooperatives. Rural cooperatives are less well-known than their urban 'counterparts,' that is, the urban development organizations which

have been the principal focus of this study. Nevertheless, rural cooperatives represent a valuable resource by virtue of their specialization and they ought therefore to be seriously considered for participation in AID's overseas rural development program.

A Note on Non-U.S. NGO's (also known as LNGO's or "indigenous Pvos") and Registration Requirements

Incorporating non-U.S. NGO's within the information system or mechanism discussed above is a more difficult task. At the writing of this report, AID/W had not yet issued formal registration requirements for LNGO's. Part of the reluctance in requiring formal registration may lie in difficulties associated with the acquisition of legal status (personeria juridica) in various Latin American countries. Those who have an understanding of this process point out that acquiring personeria juridica is a very time-consuming process, highly expensive and politicized. Thus, in the current approach, local organizations are handled by the local USAID on a case by case basis. Such an approach nevertheless requires some sort of criteria or guidelines to assist mission personnel in making their selections. Consequently, in late February 1978, in response to a mission request for guidelines for the selection of local NGO's, the contractor participated with other officials

in the Latin American Bureau in formulating a set of guidelines for the selection of local PVOs. (See Appendix C, for Guidelines for Selection of LINGO's).

In partial fulfillment of duties contractor also briefed local NGO's in the field. For example, in conjunction with a recent field trip, NGO officials in Costa Rica, Guatemala, and Mexico were briefed in regards to current registration policy and recent Latin American Bureau policy whereby 50% of the Latin American Bureau's PVO budget will be allocated to indigenous PVOs and 50% to U.S.-based organizations. It was emphasized that these are not strict "quotas" but targets which the Latin American Bureau will try to achieve. Furthermore, since the Latin American Bureau's PVO budget will undergo an increase from 5 million in FY 1978 to 7 million in FY 1979, U.S. PVOs will not be adversely affected by the new policy. Lastly, encouragement of local PVOs is consistent with the New Directions mandate which stresses the participation of the poor in decision-making, and it is felt that this policy will be supported by U.S. based PVOs.

In order to comply with the last task of the present contract, that is, "the preparation of an expanded version of roster already compiled by contractor on nongovernmental organizations in the U.S. which have demonstrated capabilities for development assistance in Latin America," (italics) contractor has submitted the revised list, including rural Hispanic cooperatives, in Appendix A.

Purpose and Scope

In recent years AID has sought to increase the participation of private voluntary organizations (PVOs) in the delivery of foreign assistance. The most recent affirmation of this commitment came with the New Directions thrust of the 1973 Foreign Assistance Act which directs AID to expand relationships with private voluntary organizations in furtherance of AID's development assistance programs. As part of this commitment to private voluntary organizations AID is now studying the possibility of participation by U.S. minority organizations in PVO activity.

The major objective of this study is to identify minority organizations with the capability for carrying out socio-economic development assistance programs in Latin America and the Caribbean. In addition to the identification and description of minority organizations capable of socio-economic development work, the present study will undertake an assessment of AID policy toward PVOs and its implications for minority organizations. This orientation involves a methodological judgment, namely, that a compilation of minority organizations meeting the criteria for socio-economic development work in Latin America and the Caribbean would be less interesting and, more significantly, less useful, to AID than an explication of fundamental policy toward PVOs and its relevance to minority organizations.

Summary of Principal Findings

Although minority organizations are hampered by some of the same fundamental problems which plague all PVOs vis-a-vis AID, they are different in significant respects from traditional PVOs. An understanding of these differences is central in assessing AID policy toward minority organizations.

1. AID's narrow understanding of voluntarism has resulted in a costly policy, utilizing private organizations with limited experience in development; at the same time, AID has not considered alternatives such as minority organizations with broad-ranging experience in the field of development.

Traditional PVOs are premised on a 'direct service' model which means that these organizations are in the business of rendering relief and humanitarian assistance of an immediate nature to victims of catastrophic events. The notion of long term development, although not an alien notion per se, has had less priority among PVOs.

Since 1974 AID has attempted to incorporate traditional PVOs in overseas development via various grants such as the 'development program grant' (DPG) and the 'operational program grant' (OPG). (The former is a 'planning' grant which allows an institution to build up its capability for development assistance; the latter represents a grant to carry out a specific

project in the field.) Although this strategy has been somewhat successful in building up the development capability of relief-oriented PVOs, AID has yet to consider more promising alternatives such as the utilization of minority organizations which already possess the capability to contribute directly to development programs by virtue of their experience in local U.S. community development.

2. In contrast to traditional PVOs, minority organizations are based on a different model, one which stresses self-help and social action as means to achieve systemic social change at the local level. In this sense the development objectives of minority organizations are more congruent with AID's as compared with those of traditional voluntarism.

There are several reasons for this orientation. Many minority organizations, such as the ones identified in this study, represent the successful institutionalization of previous community development programs designed to address the issue of underdevelopment on the U.S. domestic front. Their involvement in developing countries, it could thus be argued, represents an example of 'technology transfer', that is, an extension and application of existing capabilities to a different setting, and not--as in the case of traditional PVOs--the acquisition of an entirely new capability. In this sense, the minority organizations identified in this study not

only possess capabilities for socio-economic development which are, in principle, more in line with AID's objectives; they also represent a more rational, 'cost-effective' utilization of AID resources than traditional PVOs.

3. Despite the potential contribution of minority organizations to development assistance programs, current AID policy emphasis on organizations with private funds threatens to exclude all minority organizations from participation in AID's PVO program.

Historically, private voluntary organizations have depended largely, if not entirely, on private revenues, usually in the form of membership contributions, gifts and/or private investment portfolios. Minority organizations, on the other hand, are largely dependent on public funding. The picture at this point, however, is not clearcut. Originally, it was expected that minority organizations, as compared to traditional PVOs, would be overwhelmingly dependent on public funds. Further inquiry revealed that the picture is a mixed one--reliance by minority organizations on public funds is in some instances balanced by a recent and increasing trend toward private fund-raising activities. Despite these efforts, however, these organizations are still largely dependent on public funds. Ironically, private voluntary organizations have experienced something of a reverse trend--from purely private sources of income they have in recent years begun to accept increasing amounts of public financing.

What needs to be emphasized for present purposes is that AID's insistence on strict criteria, stressing purely private funds, is not only arbitrary from the standpoint of minority organizations with their relative--if not absolute--dependence on public funding; it will also, in the final analysis, have the effect of excluding most minority organizations from participation in AID's PVO program. A resolution of this issue would appear to lie in the direction of finding the appropriate 'mix' between private and public financing and/or an appropriate grant mechanism to overcome these problems. (For more on this particular aspect of the issue, see Recommendations below.)

4. The decentralized nature of AID's PVO policy works to the disadvantage of minority organizations. A determination of LDC versus a PVO-centered strategy is therefore of critical importance to the chances for minority participation in AID's PVO programs.

The issue here is, simply stated, that U.S. minority organizations are 'over here' and AID's PVO planning and program implementation are 'over there' in the LDCs. Current AID policy, stressing a high degree of 'decentralization with emphasis on LDCs, works to the advantage of the established, principally large, traditional PVOs which already have extensive networks and contacts with field missions. Conversely, such a policy works to the detriment of all

U.S.-based minority organizations which, in spite of their capability for socio-economic development work, have little if any overseas field experience.

In order to overcome some of these problems it will be necessary to establish better coordination between PDC/PVC and the regional bureaus, on the one hand, and the minority community on the other hand. As a beginning step an Advisory Committee composed of minority representatives and the relevant AID officials might begin to explore these issues.

Detailed Findings: U.S. Voluntarism and AID

In the United States, voluntarism has a long history associated with relief and humanitarian assistance, both domestically and internationally. A cursory examination of the history of these organizations reveals that traditional PVOs are premised on a direct service model. In other words, the principal activities of these organizations are oriented toward charity and humanitarian assistance, usually on behalf of victims of natural disasters, wars, famines and other events which result in social upheaval and human suffering. The major goal of these organizations is-- and always has been--the relief of immediate human needs, a helping hand to those victimized by episodic and catastrophic events.

The New Directions Mandate

AID and its forerunners have had a close association with PVOs for over three decades, largely in connection with relief and humanitarian assistance. However, in line with the New Directions mandate of Congress the major thrust of development assistance shifted toward improving the lives of the poor majority in the Third World, particularly in the area of rural development. In light of this new focus to foreign assistance, PVOs were considered excellent vehicles for delivery of foreign aid. In the first place, since private voluntary organizations are associations of an 'intermediate' kind, their nongovernmental nature gave them autonomy from governmental restrictions as well as flexibility in terms of a more local, grassroots, people-to-people approach which had often been missing from previous development efforts emphasizing large-scale 'capital development' projects. In this context their extensive field experience was, of course, a major asset. In addition, as nonprofit organizations with access to private U.S. funds, PVOs not only alleviated the financial burden on development agencies such as AID but also contributed a 'multiplier effect' to foreign assistance, thereby enlarging the total amount of resources available for development purposes. Viewed in this fashion PVOs can be considered as the 'third tier' in the delivery of foreign assistance, the others being multilateral assistance

by entities such as the United Nations, and bilateral assistance as represented by agencies such as AID.

Unfortunately, there were major drawbacks to this strategy, the principal one being the PVOs' general lack of experience in development per se: generally, the objectives of traditional voluntarism are not congruent with AID's long-term development programs. Although the defenders of PVOs will deny that a sharp distinction can be made between charitable, humanitarian assistance, on the one hand, and socio-economic development, on the other hand, the fact is that development agencies such as AID do draw a distinction between relief and development. Consequently, when Congress instructed AID to increase the participation of PVOs in socio-economic development programs in 1974, AID had to devise strategies to reconcile the fundamental difference between relief and development.

AID to the Rescue: The DPG and the OPG

Among the principal responses to this dilemma was the creation of two grant mechanisms: 1) the so-called 'development program grant' (DPG), and 2) the 'operational program grant' (OPG). The former is a planning grant which allows an institution to build up its capability for development assistance. In official language, the purpose of the DPG was "to assist PVOs in improving their capacity to plan,

formulate, manage and evaluate programs and projects consistent with the objectives of the foreign assistance legislation and the identified development of the LDCs."

On the other hand, the OPG is a grant to carry out a specific project in the field. In contrast to the DPG, the 'operational program grant' (OPG) was "earmarked for new projects related to employment creation and in the priority areas of food and nutrition, family planning and health, education and human resources development."

Since 1974 the DPG and the OPG were the principal instruments for (re-)making traditional PVOs in AID's image, in other words, more congruent with AID's development objectives. From the standpoint of internal AID administration, the DPG program was coordinated by PHA/PVC (now PDC/PVC), whereas the country specific OPG projects became the responsibility of each regional bureau.

Critique of DPG and OPG

Despite criticisms to be noted below, OPGs do have one major advantage over the DPG--they have a direct impact on the target population in the LDCs. Conversely, the major criticism of DPG-type planning grants is that they have a process orientation which consists in building up the institutional capability of the traditional PVO for future deployment in development assistance which diverts resources from field

projects of direct benefit to the poor. In sum, the problem of DPG-type planning grants is that they represent a variation of the 'trickledown' theory of economic development, their ultimate impact being indirect, in some distant future.

A related, but more serious problem, arises when DPG and OPG recipients fail to live up to the conditions of the grant, a situation which is more acute in the case of DPG grants. When a DPG recipient fails to achieve a measure of self-sufficiency after the grant period, the resources invested in these planning grants are squandered. The seriousness of this problem is underscored when one conceptualizes the process of development as a series of strategies, each essential to the success of the other, with the ultimate goal being the delivery of resources to the target population in the LDCs. When the chain of development is broken, as when DPG holders fail to achieve a capability for development or to achieve self-sufficiency, the net result is a waste of very limited development resources.

In addition, there is a related, and perhaps more difficult, problem associated with both LPG-type 'planning' grants and OPGs, namely, that they tend to encourage the proliferation of intermediary consulting firms whose objectives appear to be the perpetuation of narrow self interests which have very little to do with the legitimate goals of development. Specifically, some of these organizations seek AID funding not to provide

direct services to the poor in the LDCs but rather, to assist other organizations to do the actual work in the field. By cultivating these types of organizations AID encourages new layers of bureaucracy with little if any direct impact on the problems of poverty in the LDCs.

This is not to say that consulting firms do not have a legitimate place in AID programming. In fact they are essential, particularly to new participants in AID's PVO program. It is to say that AID ought not to encourage these organizations to masquerade as PVOs.

In this connection there is one last problem which needs to be pointed out, a problem associated with DPG holders. Since DPGs are planning grants they were supposed to be used to enhance institutional capacity for development. Unfortunately, the 'loose' administration of these grants created various problems. For example, some DPG recipients used them in the nature of country-specific OPGs, and consequently, without the monitoring and evaluation safeguards attendant upon regular OPGs. Under these circumstances, organizations with DPGs operated as if they had a 'hunting license,' imposing questionable expertise on unresisting LDCs, without the normal standards of accountability by either PDC/PVC, or the respective regional bureaus as in the case of OPGs.

Alternative Models: Manpower Training Versus
Economic Development

In contrast to traditional PVOs, minority organizations can contribute directly, and therefore more efficiently, to overseas development programs by virtue of their experience in local U.S. community development. As noted above, AID's approach is inefficient in its reliance on organizations which have to be 're-tooled' for development work. In contrast to the direct service model associated with traditional PVOs, minority organizations are based on a totally different model which stresses self-help and social action. This type of organization emerged during the 1960's out of a militant political style embraced by local community groups whose objectives were focused on the social and economic development of local communities. In general, there are at least two principal schools of thought among minority organizations surveyed, representing different philosophies and approaches to development: manpower training versus economic development.

The Manpower Training Model

Adherents of manpower training start with the disadvantaged individual who, with the proper skills and preparation contributes not only to his development as an individual but to that of his community as well. To this end, manpower training consists of a series of programs involving community outreach, pre-vocational education (including counseling basic skills and motivation) vocational education (as determined

by the needs of the job market, e.g., clerical versus blue-collar), job placement, 'on the job training' (OJT) and activities which follow up on the progress of the participant.

The principal minority organizations which provide these kinds of services are SER/Jobs for Progress, Inc., a national organization serving the Hispanic community, based in Los Angeles, California, but serving 101 cities throughout the Southwest and other U.S. cities. SER's counterpart in the Black community is OIC (Opportunities Industrialization Centers) a Philadelphia-based manpower training organization which also has a national constituency. But in contrast to SER, OIC has developed an international program, and through OIC/I (its international division) it already participates in AID's overseas development program in Africa and the Caribbean.

These are the principal national organizations--one Hispanic, the other Black--which adhere to the manpower training model. In addition, there are smaller Hispanic organizations also adhering to the same approach, such as the Mexican American Opportunities Foundation, Inc., in East Los Angeles, California; United Community Efforts, Inc. also in East Los Angeles, California; and the Manpower Employment Center in West Los Angeles, California. All of

these organizations provide manpower training services such as vocational counseling, employment training and, in some cases, drug abuse counseling. These organizations provide essentially the same type of services as the major ones like SER and OIC except that their scale of operations is smaller, their outreach limited to the local community.

The Economic Development Model

By way of contrast, the proponents of economic development believe that the individual can be considered only within a specific economic context. As opposed to the advocates of training programs, their strategy for economic development consists in the development of community business enterprises which then serve as opportunity placement centers. To this end their activities include economic planning (including feasibility studies and market analyses), financial operations and the development of community leadership.

From the standpoint of the "client" the ultimate goal is the same, economically self-sufficient individuals. As part of the strategy of economic development, though, an attempt is made to control the vicissitudes of the labor market by creating stable and economically viable enterprises in which individuals are placed and trained for the specific tasks at hand.

The sole Hispanic organization which embodies this approach is TELACU (The East Los Angeles Community Union). Although this organization is in the process of expanding its focus to include rural development, particularly in the San Joaquin Valley of California, the greater part of its current efforts are concentrated on urban economic development, principally in East Los Angeles, California.

NEDA (National Economic Development Association) is another Hispanic organization which is also in the business of economic development. Its focus, however, is different from that of TELACU or SER since NEDA is principally concerned to develop individual minority business enterprises. In other words, whereas TELACU and SER focus on individuals in a community, NEDA focuses on individual entrepreneurs. NEDA's principal activities consist in providing technical assistance to small business operations, including a "loan guarantee" program.

The potential utility of these organizations for AID programming in Latin America is underscored by the New Directions mandate which stresses development on a people to people grassroots basis as opposed to large capital intensive projects. In addition, these organizations represent a more direct and 'cost effective' strategy in the delivery of foreign assistance. As noted, these organizations were created to respond to the needs of socially and economically disadvantaged communities.

Consequently, their utilization in AID's overseas development programs would be an extension of present capability, not the acquisition of an entirely new capability, as is oftentimes the case with most traditional PVOs.

(For a list of minority organizations, including addresses, see Appendix A)

Funding Sources

Despite the potential contribution of minority organizations to development assistance programs, current AID emphasis on organizations with private funds threatens to exclude minority participation in AID's PVO program.

In theory, some organizations are classified as purely 'private' when their revenues are derived from totally private sources such as membership subscriptions, gifts, fund-raising and private investment portfolios. On the other hand, there are those organizations which are considered governmental or quasi-governmental entities because their funds are derived from public sources. U.S. PVOs have existed largely on portfolios of private income. From the standpoint of AID, access to private revenues was an attractive feature. Private funds not only relieved the financial burden on development agencies; they also, in theory, created a so-called 'multiplier effect' whereby the total disposable resources available for development assistance were augmented by the entry of PVOs into the development process.

Minority organizations differ from traditional PVOs in significant respects in regards to their sources of income. In fact, the funding issue is perhaps the major obstacle to minority participation in the PVO program. The reasons for this problem are obvious. In contrast to traditional PVOs, minority organizations depend largely on public (usually federal) funds. There is no small irony in this fact since the initial capitalization for most, if not all, of these groups came from major private foundations such as the Ford, Rockefeller, and Mellon foundations. With the passing of time, however, there was a general weaning process, and as a result, minority organizations became increasingly dependent on public funds, usually from federal sources. Today most of them depend on public funds. The National Council of La Raza is a typical example. Originally called the Southwest Council of La Raza, it traces its genesis to a \$1,000,000 grant from the Ford Foundation and other private groups in the late 1960's. Today its principal sources of funds are from the federal government. SER/Jobs for Progress, Inc. provides another example. Originally funded by a grant from the Department of Labor, today it continues to be largely dependent on federal funds. However, it is beginning to increase its fund-raising activities and although most of its 1977 budget

of 23 million comes from public funds, SER was successful in raising \$147,000 from private sources that year. On the other hand, NEDA (National Economic Development Association) received its entire FY 1978 budget of 3 million dollars from the Department of Commerce, Office of Minority Business Enterprise (OMBE).

The Funding Dilemma

The relative dependence of minority organizations on public funds raises several issues and dilemmas for AID. It is apparent that the participation of minority organizations in AID's PVO program will require a relaxation, if not outright waiver, of the private funding requirement. On the other hand, if AID relaxes the condition that organizations must have a private portfolio, this opens up the (Pandora's) box to organizations masquerading as PVOs, e.g. consulting firms which are motivated less by selfless ideals of development work than by their own parochial concerns. One fact is very clear: a rigid insistence on private contributions will have the effect of excluding organizations such as SER and TELACU from participation as PVOs. In this context one cannot but wonder to what extent AID's insistence on private funds represents an arbitrary exclusion of minority organizations

since traditional PVOs can hardly lay claim to financial purity today.

The Issue of Autonomy

The fact that most minority organizations with the capability for socio-economic development work are dependent on public funds also raises the issue of 'autonomy' or 'independence' of the organization. After all, one of the principal reasons for utilization of PVOs was that their reliance on volunteers and private funds gave them independence and autonomy from the usual political and governmental 'red tape.' Consequently, AID will have to address itself to the issue whether the inclusion of these groups unduly politicizes the development process and whether such politicization is a positive or a negative factor.

The Problem of De-centralization

Another major obstacle to the participation of minority organizations in AID's PVO program emerges from the decentralized nature of the program. The major problem for U.S. based minority organizations is that they are 'over here' and the programs they would serve are 'over there' in the LDCs. Recent trends toward de-centralization-- for example, field missions now have the authority to

approve OPG projects up to \$500,000, up from \$250,000-- work to the advantage of established, traditional PVOs who already have extensive field contacts and affiliations with the USAIDS. In addition, specific field experience and understanding of local mission priorities is another major consideration in proposing development projects at the local mission level. Conversely, de-centralization works to the disadvantage of minority organizations with the capability for socio-economic development but with little if any field experience, contacts or knowledge of development priorities in the LDCs.

The 'club atmosphere' which surrounds current PVO activity in the LDCs also deserves special attention. Not unexpectedly, the current cadre of PVOs benefit from the existing network of informal contacts established and nourished over the years, not only among PVOs themselves but between themselves and governmental personnel in the development agencies. Such an informal network restricts the flow of information--and consequently, the allocation of resources--to a very narrow circle of practitioners, thereby creating barriers to the entry of new blood into the foreign assistance process.

Cooperatives

The organizations discussed in the preceding sections are all urban based institutions with expertise in the general area of urban development. Rural cooperatives, on the other hand, represent a different type of organization and expertise in the Hispanic community. As in the case of their urban "counterparts," rural Hispanic cooperatives are also concerned with the issue of development, albeit in a rural setting. One of their most attractive features is their understanding of the inter-related nature of poverty. In the opinion of advocates of the rural cooperative movement, these organizations represent an alternative development strategy for the U.S. Southwest to deal with poverty in its rural context. The issue is one of containing poverty so that it does not become an urban problem. As one respondent interviewed in this study said it, the problem is "to provide seasonal farmworkers and other rural families with the opportunity to earn a living in the rural areas. We should not be passing the buck to the cities. But if we fail these people (the rural poor) will end up as factory workers in Los Angeles."

Rural cooperatives are therefore viewed as an important strategy in the fight against rural poverty in the U.S. The expertise of these organizations appears to be comprehensive, encompassing all facets of modern agriculture--both in the technical areas of production as well as in its organizational aspects.

Some examples from rural Hispanic cooperatives illustrate these points. Both the Cooperativa Central (in Salinas, California) and the Westside Planning Group (in Fresno, California) describe themselves as economic development corporations, and one of their major activities is the promotion and organization of rural cooperatives in central California. Their major objective, according to representatives, is to encourage and develop the cooperative spirit and movement among the most destitute elements of the U.S. working class-- seasonal migrant farmworkers. Specifically, the work of these organizations consists in assisting farmworkers to become small agriculturalists and thereby achieve a measure of self-sufficiency.

Organizations like the Westside Planning Group and the Cooperativa Central conduct training classes in the various aspects of agricultural production, land acquisition and management as well as in marketing and the administration of cooperative enterprises. Since another major dimension of these cooperatives is educational, that is, instilling not only the spirit of cooperativism but the notion of democratic participation, both the Cooperativa Central and the Westside Planning Group attempt to involve the membership in the decision-making process of the cooperative. To this end they are governed by a board of directors which include strong representation from the general membership. In the final

analysis, respondents asserted that despite their expertise in the technical aspects of agricultural production, their forte lies in their ability to organize cooperatives and to make them economically viable enterprises.

The funding for these cooperatives comes from a variety of sources. In recent years, the state of California has encouraged the cooperative movement among the rural Hispanic population. Funds from the Department of Labor via the state government have been made available for these cooperative ventures. In addition, cooperatives receive occasional private contributions but these revenues tend to be small. A much more significant amount of funding for cooperatives is derived, of course, from their own production efforts.

The marketing cooperative arm of the Westside Planning Group, for example, has been in operation since 1970. At present, it has been successful in distributing its products in local, national and even international market. Canada represents the principal international market although it has recently established business ties with another cooperative in Chile. The Chilean operation (principally for dried fruits) has been greatly facilitated by two Chileans on the staff of the Westside Planning Group.

a. Rural Electric Cooperatives

Rural electric cooperatives represent another important dimension of the cooperative movement in the United States. At the present time, there are almost 1000 rural electric cooperatives across the nation, some of them with significant input from the local Hispanic populations. In New Mexico, for example, there are 17 rural electric cooperatives which are considered vital to nearly a quarter of the state's total population. These electric cooperatives serve customers in 30 of the state's 32 counties, and their service extends to more than 80 per cent of the geographic area of the state of New Mexico.

The Hispanic population of New Mexico apparently takes an active role in the rural electric cooperative movement but their participation is limited to areas where they are a significant percentage of the population. Thus, of the 17 rural electric cooperatives in New Mexico, only three are considered as 'solid' Hispanic cooperatives, with the remainder having mixed participation by the Hispanic population. The three Hispanic rural electric cooperatives are: 1) Kit Carson Electric Cooperative, Inc., 2) Northern Rio Arriba Electric Cooperative, Inc. and

the Socorro Electric Cooperative, Inc. The expertise of these cooperative organizations consists of all those activities necessary in bringing electric power to rural areas--technical, financial and administrative.

Some of the representatives of cooperatives contacted for this study expressed a general skepticism in regards to overseas development work. Much of their skepticism is based on a fear of diverting domestic expertise and resources into international development work. In their opinion, the growing season in the United States presents difficulties for overseas involvement. Since the season extends from May to November (in California) there is not much that they could do during this period of time. Others, on the other hand, felt that overseas development is a legitimate option to consider. Individual members of the Westside Planning Group, for example, have already explored overseas work during the off season, particularly in the Southern hemisphere, thereby taking advantage of the reversal in the growing seasons.

For a listing of minority cooperatives, principally Hispanic ones, including names of key personnel, addresses and telephone numbers, see Appendix A .

Conclusions

AID's most recent attempt to utilize PVOs in foreign assistance is a commendable attempt in devising alternative strategies in foreign assistance programs. In contrast to 'multilateralism' and 'bilateralism', PVOs represent the unique efforts and capabilities of private citizens at the local level in the LDCs.

As this study has shown, however, the major drawback in the utilization of PVOs in development assistance stems from their fundamental orientation to relief and charity as opposed to more modern forms of social action involving self-help and economic development which leads to systemic social change. In order to bring the objectives of traditional voluntary organizations in line with AID's development objectives, AID has since 1974 spent 19 million in planning grants (principally the DPG) to 38 organizations. In addition AID spent 40 million during the same period on 'country-specific' (OPG) projects in the areas of food and nutrition, health and family planning, and education and human resources development.

This report has attempted to make a case that there are other forms of voluntarism, particularly in minority communities, with perhaps greater potential for development assistance. Specifically, this report has tried to point out that the involvement of some minority organizations in development

assistance would be an example of 'technology transfer' an extension of existing capabilities to a different setting, and not--as in the case of traditional PVOs--the acquisition of an entirely new capability. The utilization of minority organizations would thus represent a strategy more in line with AID's development objectives, and consequently a more rational, 'cost effective' utilization of AID's resources.

Recommendations

1. It is in AID's interest to encourage the participation of minority organizations in overseas development programs and to this end it is strongly recommended that AID re-evaluate its narrow understanding of voluntarism. As pointed out in this report there are various forms of voluntarism and, therefore, in making its selections, AID ought to take into account an organization's potential for socio-economic development per se rather than arbitrary criteria based on previous experience in relief and humanitarian assistance.
2. Despite the criticisms in the present study of planning grants to traditional PVOs, it is nevertheless recommended that AID maintain some form of "institutional support" or "capacitating grant" open to all competitors regardless of previous service to AID, to enable minority organizations to focus their institutional capacity on AID's specific development needs. However, in light of previous problems attendant upon

DPG-type planning grants, it is also recommended that appropriate evaluation and/or monitoring safeguards be incorporated in these grants.

3. Minority organizations comply with all the Conditions of Registration, as formulated by the Advisory Committee on Voluntary Foreign Aid (see Appendix B) in the sense that they are legal, nonprofit entities, whose business is regulated by a citizens board of directors. However, since their funding comes largely from public sources, it is recommended that AID re-consider its criteria in regards to the sources of funds. One suggestion, already incorporated in the Auditor General's Report in a slightly different context, is that minority organizations match public development funds with their own private fund-raising activities. Compliance with this condition would be taken not only as an indication of the organizations' interest in development, but it would at the same time act as a deterrent to consulting organizations masquerading as PVOs. Furthermore, by thus encouraging the donative element, a multiplier effect might be created among minority organizations, thus accelerating an incipient trend toward private fund raising, thereby contributing to their greater independence and autonomy.

4. In devising a strategy for increasing the participation of minority organizations it is recommended that AID take account of its decentralized PVO policy. This is a very important consideration for minority participation since they are U.S.-based entities without field contacts and/or knowledge of AID mission personnel and development priorities. In addition, better coordination between PDC/PVC and regional bureaus on the one hand, and the minority community on the other hand is needed. For the longer run, a coordinating mechanism may be necessary to institutionalize relationships between AID and the minority community.

APPENDIX A

Expanded roster of minority organizations with the capability for socio-economic development assistance in Latin America and the Caribbean.

I. Manpower Training Organizations

1. SER/Jobs for Progress, Inc.
9841 Airport Blvd., Suite 1920
Los Angeles, California 90045
(213) 649-1511
National Director: Ricardo Zazueta
2. OIC/I (Opportunities Industrialization Centers)
240 West Tulpechocken Street
Philadelphia, Pennsylvania 19144
International Director: Gary Robinson
3. United Community Efforts, Inc.
3504 E. Olympic Blvd.
(East) Los Angeles, California 90023
(213) 264-2028
Director: Art Negrete
4. Mexican American Opportunities Foundation
4447 Telegraph Rd.
Los Angeles, California
(213) 263-9507
Executive Director: Dionicio Morales
5. (West Los Angeles) Manpower Employment Center
11821 Pico Blvd.
West Los Angeles, California 90064
Executive Director: David Abelar

II. Economic Development Organizations

1. TELACU (The East Los Angeles Community Union)
1330 South Atlantic Blvd.
East Los Angeles, California 90022
(213) 268-6745
President: David C. Lizarraga

2. NEDA (National Economic Development Association)
1730 M Street N.W. #707
Washington, D.C. 20036
(202) 296-7000
President: Juan Carlos Gomez

III. Minority PVOs

1. AFRICARE
1424 Sixteenth Street, N.W.
Washington, D.C. 20036
Tel: (202) 426-3614
2. National Council of Negro Women (NCNW)
1346 Connecticut Avenue, N.W.
Washington, D.C. 20036
Tel: (202) 223-2363
3. CONAC (El Congreso Nacional de Asuntos Colegiales)
One Dupont Circle, N.W. Suite 400
Washington, D.C. 20036
(202) 223-1174
President: Pepe Barron

IV. Consortium

1. National Council of La Raza
1725 Eye Street, N.W. Suite 210
Washington, D.C. 20006
(202) 659-1251

V. Other Hispanic Organizations

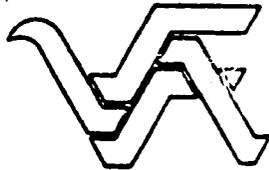
1. American G.I. Forum
1315 Bright Street
Corpus Christi, Texas 78405
2. LULAC (League of United Latin American Citizens)
2590 Morgan Avenue
Corpus Christi, Texas 78405
3. Westchester Business Development Organization
33 Lincoln Avenue
New Rochelle, New York 10801

VI. Rural Cooperatives

1. Westside Planning Group
1476 N. Van Ness
Fresno, California 93728
(209) 268-5705
Contact: Mike Amada
2. Cooperativa Central
53 Russell Road
Salinas, California 93901
(408) 449-3996
Contact: Francisco Orozco
3. Central Coast Counties Development Corporation
7000 Soquel Drive
Aptos, California 95003
(408) 688-9000
President: Mike Vasser

Rural Electric Cooperatives

4. Kit Carson Electric Cooperative, Inc.
P.O. Box 587
Taos, New Mexico 87571
(505) 758-2258
5. Northern Rio Arriba Electric Cooperative, Inc.
Box 217
Chama, New Mexico 87520
(505) 756-2181
6. Socorro Electric Cooperative, Inc.
Box H
Socorro, New Mexico 87801
(505) 835-0560



BACKGROUND INFORMATION

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

Appendix B

CONDITIONS OF REGISTRATION

and

REGISTRATION DOCUMENTATION

The revised conditions and documentation for registration with the Advisory Committee have now been approved for distribution and implementation and are attached. Part 203 of 22 CFR, "Registration of Agencies for Voluntary Foreign Aid" (Regulation 3) and the accompanying interim guidelines remain in effect, and will be revised in accordance with these new registration conditions and documentation requirements. Regulation 3 and the Interim Registration Operational Guidelines are also attached for your reference.

6/1/77

CONDITIONS OF REGISTRATION

Each applicant shall submit evidence demonstrating that:

1. it is a legal entity organized under U.S. law, maintaining its principal place of business in the United States;
2. it is nongovernmental;
3. as a nonprofit organization, it has tax exemption under the following provisions of the Internal Revenue Code: Section 501(c)(3); as a social welfare organization under Section 501(c)(4); Section 501(c)(5); or as a cooperative or credit union under Section 501(c)(6);

NOTE: The Registry of private and voluntary organizations is not intended to be applicable to the following categories of organizations within 501(c)3: universities, other primarily educational institutions, research and scientific organizations.

4. it is engaged in, or has the potential to be engaged in, voluntary charitable or development assistance operations abroad (other than religious) of a type consistent with its purposes and objectives as set forth in its articles of incorporation and included in the application and supporting documents;
5. it has financial resources and demonstrated management capability of sufficient substance to enable it to perform the services it proposes;
6. it is controlled by an active and responsible governing body whose members, principally United States citizens, serve without compensation for such services, and which body holds regular meetings, with effective policy and administrative control; and that paid officers or staff members will not constitute a majority in any decisions of the voting members of such a body;
7. under its own established priorities and programs, it obtains, expends and distributes its funds and resources in conformity with accepted ethical standards,

without unreasonable cost for promotion, publicity, fund raising and administration at home or abroad.

(Pending development of standards for charitable solicitations, including standards regarding fund raising and administrative costs, the applicable existing A.I.D./Interim Registration Operational Guidelines will remain applicable. The existing guidelines note, on page 3 (4B), that when the fund raising costs of a registered organization reach 20% of funds raised and in-kind contributions, the matter will be raised and appropriate remedial action sought as necessary in light of circumstances. The Guidelines also endorse the Standards for Charitable Solicitations of the Better Business Bureau.)

6/1/77

REGISTRATION DOCUMENTATION

1. Articles of incorporation, bylaws, constitution or other relevant documents.
2. Copy of IRS statement of tax exemption under provisions of Section 501(c)(3), 501(c)(4), 501(c)(5), or 501(c)(6), of the Internal Revenue Code.
3. Latest financial statement prepared in accordance with generally accepted accounting principles established in the American Institute of Certified Public Accountants' (AICPA) Industry Audit Guide for Voluntary Health and Welfare Organizations, and audited by an independent CPA in accordance with generally accepted auditing standards established by the AICPA. (NOTE: The Committee wishes to review, on a case-by-case basis, any situations in which an organization believes exceptions in the AICPA Guidelines appear relevant in light of circumstances confronting the agency.)
4. Current annual budget detailing anticipated amounts and sources of income and showing administrative costs and identifying overseas program costs. (This budget would be for the year subsequent to that covered by the audit.)
5. Latest annual report, or document of similar import.
6. Names, addresses, citizenship of members of Boards of Directors; average number of times Board meets in a year; a list of the top five principal headquarters officers determined by salary level, and their pay and allowances. Do not include members of Boards of Directors and Trustees unless they are among the five top paid principal officers. Also such documents as the applicant may wish to submit which demonstrate that the Board is an active and governing body.

NOTE: Given the differences between organizations, please provide such documentation as you deem necessary to describe the types and amounts of allowances provided to principal officers.
7. A list of the top salary levels, perquisites and allowances of country directors in each of the countries in which your organization has such representation. FYI: When provided directly by the U.S. voluntary organization perquisites and allowances may be valued at actual cost; when provided by the recipient country or local institutions, they may be valued at fair market value.

8. Copy of IRS Form 990 or 990-PF "Return of Organization Exempt from Income Tax," or a substitute authorized by the Internal Revenue Service. (If your organization is not required to file a 990, please provide background information as to the reason(s) why this form is not required.)

DOCUMENTATION REQUIRED ANNUALLY

To maintain the conditions of Registration, registrants are required to supply the following information materials annually 90 days after the close of the fiscal year of the registrant (unless otherwise noted).

1. Annual financial statements prepared in accordance with AICPA Guidelines and audited by an independent CPA in accordance with generally accepted auditing standards.
2. Annual report or document of similar import.
3. Current annual budget detailing anticipated amounts and sources of income and showing administrative costs and identifying overseas program costs. (This budget would be for the year subsequent to that covered by the audit.)
4. List of principal officers (but not members of boards of directors or trustees) by title, and their pay and allowances.
5. A list of the top salary levels, perquisites and allowances of country directors in each of the countries in which your organization has such representation.
6. List of changes in Board memberships including addresses and citizenship.
7. Statement of Income and Expenditures - A.I.D. Schedule C-100.
8. Copy of IRS Form 990 or 990-PF "Return of Organization Exempt from Income Tax," or a substitute authorized by the Internal Revenue Service. (If your organization is not required to file a 990, please provide background as to the reason(s) why this form is not required.)

17 203—REGISTRATION OF AGENCIES FOR VOLUNTARY FOREIGN AID

Part 203 of 22 CFR is revised to read as follows:

Title 22, Chapter II, Part 203 has been revised to clarify the purpose and function of registration and the circumstances under which certificates of registration will be issued.

203.1	Purpose and function
203.2	Application for registration
203.3	Conditions of registration
203.4	Certificates of registration
203.5	Approval of programs, projects and services
203.6	Termination of registration
203.7	Access to records
203.8	Waiver authority

Authority: The provisions of this Part 203 issued under Sec. 421, 78 Stat. 424, as amended; 22 USC 1981; EO 10979, 30 FR, 1049-61 Comp.

§ 203.1 Purpose and function.

To further public interest in the field of voluntary foreign aid and the activities, other than religious, of private voluntary organizations engaged in that field, the Advisory Committee on Voluntary Foreign Aid (referred to in this part as the Committee) is authorized and directed to establish and to maintain, pursuant to the rules set forth in this part, a register of non-governmental organizations and individuals voluntarily accepting registration. The purpose of such registration is to enable the Committee (a) to facilitate cooperation between the Agency for International Development (referred to in this part as AID) and other agencies of government and private voluntary agencies in the field of foreign aid, (b) to determine which private voluntary organizations are eligible to seek authorized United States Government subventions, (c) to provide information on the identity, the types of activities conducted by and the financial condition of registrants, and (d) to provide advice and perform such other functions as may be necessary in furtherance of the purposes set forth in this section.

§ 203.2 Application for registration.

Any U.S. private, nonprofit organization engaging in voluntary aid operations in areas outside the United States, including, but not limited to, services of relief, rehabilitation, disaster assistance, development assistance, and welfare in the fields of health, education, population planning, nutrition, agriculture, family, return services, emigration, and resettlement, may voluntarily make application for registration to the Chairman, Advisory Committee on Voluntary Foreign Aid, Agency for International Development, Washington, DC 20523. Any organization registered under this part shall be referred to in this part as a registrant.

§ 203.3 Conditions of registration.

(a) Each applicant for registration shall submit evidence by its charter, articles of incorporation, constitution, by-laws, audit by a Certified Public Accountant, other relevant documents, and such statements as may be required by the Committee supportive of the assertion that:

(1) It maintains its principal place of business in the United States, at which shall be maintained books and records covering its operations;

(2) It is controlled by an active and responsible body whose members serve without compensation for such service, who are principally U.S. citizens, who have accepted the responsibility to carry out the activities of the agency to be reported to the Committee, and who will exercise satisfactory controls to assure that its services and resources are administered competently for charitable purposes, and that paid officers or staff members will not constitute a majority in any decisions of the voting members of such body;

(3) It has been authorized by the Internal Revenue Service to inform donors that their contributions may be deducted for Federal income, estate, and gift tax purposes;

(4) Its overseas activities or enterprises are consistent with the purposes and objectives as set forth in the articles of incorporation and included in the application or in any subsequent modification of programs, projects, or services to be filed with the Committee;

(5) It will obtain, expand, and distribute its funds and resources in conformity with accepted ethical standards, without unreasonable cost for promotion, publicity, fund raising, and administration at home and abroad.

(b) Each registrant shall submit such current and periodic reports and information in such forms as the Committee may require from time to time pertaining to the registrant's organization, programs, projects, and finances, including audits by a certified public accountant, and other pertinent evidence of its activities, in order that the Committee may reassure itself of the continuing validity of the registration. Each registrant shall give prompt written notice to the Committee of material changes in its organization, purposes, governing personnel or overseas program activities.

§ 203.4 Certificates of registration.

Certificates of registration will be issued by the Committee to applicants which fulfill the requirements set forth in paragraph (a) of § 203.3 and upon the finding of the Committee that the general purposes to be served are of a character and fulfill a need that justify appeals for voluntary support warrant the cooperation of the U.S. Government and otherwise are deemed to serve charitable purposes. Such certificates may be withheld, at the discretion of the Com-

mittee in the absence of a satisfactory showing by the applicant that its financial resources and demonstrated management capability are of sufficient substance to enable it to perform the services it proposes. Notice of issuance of certificates will be published in the Federal Register.

§ 203.5 Approval of programs, projects, and services.

(a) In applying for authorized subventions in furtherance of the purposes and objectives of their organizations, registrants shall submit applications provided by the Committee or otherwise as may be required:

(1) Detailing specific country programs, projects, or services of relief, rehabilitation, disaster assistance, development assistance, and welfare in the fields of health, education, population planning, nutrition, agriculture, industry, emigration, refugee services and resettlement.

(2) Except as provided for in (b) of this section, supplying evidence that:

(A) Satisfactory assurances have been obtained from the government of the country in question that appropriate facilities are or will be afforded for the necessary and economical operations of the program, project, or service including:

(1) Acceptance of the specific program, project or service;

(2) The supplies approved in support of the program, project, or service are free of customs duties, other duties, tolls and taxes;

(3) Treatment of supplies as a supplementary resource;

(4) The identification of the supplies, to the extent practicable, as to their United States origin; and

(5) Insofar as practicable the cost-free reception, unloading, warehousing, and transport of the supplies to points of distribution.

(3) Supplying evidence that:

(i) Shipments will be made only to consignees reported to the Committee and full responsibility is assumed by the registrant for the noncommercial distribution of the supplies free of cost to the persons ultimately receiving them, or, in special cases and following notice to the Committee for sale to recipients at nominal cost or as payment for work performed to promote projects of self-help and economic development but in no case shall supplies be withheld from needy persons because of their inability to pay for work; and

(ii) Distribution is made solely on the basis of need without regard to race, color, religion, sex, or national origin;

(iii) That (3) (i) and (ii) of this section are conducted under the supervision of a resident U.S. citizen specifically charged with responsibility for the program or project, or by non-U.S. citizens upon justification to and approval by the Committee upon consultation with the offices having operational responsibility within A.I.D.

(b) Compliance with (a)(2)(i) of this section is not required when the specific program project, or service is within the scope of any agreement that has been concluded between the US Government and the government of the country of interest in furtherance of the operations of registrants acceptable to such governments.

(c) On approval of such applications written notice thereof will be issued by the Committee as a supplement to certificates of registration.

§ 203.6 Termination of registration.

(a) Registration shall remain in force until:

(1) Relinquished voluntarily by the registrant upon written notice to the Committee, or

(2) Terminated by the Committee for failure of the registrant to fulfill and maintain the conditions of registration.

(b) Termination proceedings pursuant to paragraph (a)(2) of this section shall include prior written notice to the registrant of the grounds for the proposed termination and opportunity for it to show cause why its registration should not be terminated.

(c) A formal notice of termination of registration shall be published in the FEDERAL REGISTER.

§ 203.7 Access to records.

All records, reports and other documents which are made available to or prepared for or by the Committee pursuant to this Part 203 shall be made available for public inspection and copying pursuant to and under the procedures established by the public information regulation (22 CFR 212) of the Agency for International Development.

§ 203.8 Waiver authority.

(a) The Committee may waive at any time any or all of the provisions of this Part 203 if the Committee determines it is in the public interest so to do.

(b) The Administrator of the Agency for International Development may waive, withdraw, or amend from time to time any or all of the provisions of the regulations in this part.

Effective date. These regulations are effective January 30, 1976.

Dated January 30 1976

DANIEL PARKER,
Administrator.

[PR Doc.76-3985 Filed 2-10-76; 8 48 am]

INTERIM REGISTRATION OPERATIONAL GUIDELINES

The basic provisions describing the process whereby organizations register with the Advisory Committee on Voluntary Foreign Aid, of the Agency for International Development, are contained in A.I.D.'s Regulation 3 (Title 22, Chapter II, Part 203). The current Interim Operational Guidelines pertaining to the registration process are contained in this document. Sections of Regulation 3 not covered in these Guidelines are omitted since the text is, in these instances, self-explanatory. These Guidelines cover the following topics:

- A. The Registration Application - Section 203.2
- B. The Basic Conditions of Registration - Section 203.3
- C. New Applicant Procedures - Section 203.3A
- D. Informational Materials to be Supplied Annually by Registrants - Section 203.3B
- E. Procedures Pertaining to Existing Registrants Section 203.3B
- F. Approval - Section 203.5
- G. Access to Records - Section 203.7

A. The Registration Application (See Section 203.2). The following documentation is required at the time an organization applies for registration:

1. A letter requesting registration, including a brief narrative statement describing the agency's organization, purpose and principal activities.
2. A copy of the IRS tax exemption statement.
3. Articles of incorporation, bylaws, constitution, or other relevant documents.
4. An audit by a Certified Public Accountant, prepared in accordance with the American Institute of Certified Public Accountants Industry Audit Guide for Audits of Health and Welfare Organizations.
5. The latest annual report.
6. The names, addresses, occupations, and citizenship of the Board of Directors and the number of times (average) the board meets annually.
7. The minutes of several recent board meetings.
8. Fund raising material and literature (if any).
9. A copy of the proposed functional budget for the following year.
10. Statement of reasons for seeking registration.

B. The Basic Conditions of Registration (See Section 203.3 of Regulation 3)

1. Section 203.3A - Audit by a Certified Public Accountant

The guidelines concerning financial standards require a CPA audit report from each new applicant and annually thereafter from each registrant based on the American Institute of Certified Public Accountants Industry Audit Guide.

Since the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations as revised in 1974 are consistent with the AICPS Guide, the Committee also requires that the books of registered organizations be maintained in accordance with those standards, as revised in 1974 and/or as they may be revised from time to time.

New organizations which have been in existence less than a year should provide an independent certified public accountant's statement that a financial system consistent with the AICPA Industry Guide and the Standards of Accounting and Financial Reporting for Voluntary and Welfare Organizations has been installed.

2. Section 203.3A (2) - Boards of Directors

The Committee seeks to determine that a board will (and continues to) accept "... the responsibility to carry out the activities of the agency to be reported to the Committee, and ... will exercise satisfactory controls to assure that its services and resources are administered competently for charitable purposes ..." by reviewing:

- the occupation and citizenship of the board members to ascertain whether the board is composed principally of U.S. citizens;
- recent board minutes to assess whether there is factual and accurate periodic fiscal and operational reporting to the board such as to assure that the board can judge whether the resources are being administered wisely;
- recent board minutes to assess the role of the board, and the composition of the majority in decisions requiring a vote.

3. Section 203.3A (4) - Consistency Between Purpose and Activity

The degree of consistency between the activities of an organization and its purposes are reviewed by comparing the activities (as

reflected, for example, in the annual report and/or the CPA audit) with the articles of incorporation, bylaws and/or other documents describing the purposes of the organization.

4. Section 203.3A (5) - Accepted Ethical Standards

(a) The Advisory Committee endorses the Standards for Charitable Solicitations of the Better Business Bureau in defining the "accepted ethical standards" phrase in Section 203.3A (5). Further in this regard it is the Committee's position concerning the public use of the fact of an organization's registration that any use of that fact which might lead the public to construe government endorsement of the activities of the agency is not approved by the Committee.

(b) The Guideline applicable to fund raising costs adopted by the Committee is as follows:

"When a registered agency's fund raising costs reach 20% of funds raised and the value of publicly contributed gifts in kind, the staff will notify the agency of the Committee's concern, discuss the matter with it, and seek appropriate remedial action as necessary in light of the circumstances. This action will be reported to the Committee. If corrective action is not taken within a reasonable time, the agency will be requested to review the matter with the Advisory Committee. Registered agencies whose fund-raising costs equal or exceed 30%, when this same formula is applied, will be brought to the attention of the Advisory Committee without prior staff action, and the agency will be requested to review the matter with the Advisory Committee."

(c) Administrative costs as a percentage of total expenses will be identified in each instance and reviewed on an ad hoc basis.

C. New Applicant Procedures After Receipt of an Application (203.3A).

1. The review of each new application includes a review of the CPA audit and related financial documents by an appropriate staff member.
2. Each new applicant will be visited by a member of the Committee (and a staff member, as appropriate). In addition, Committee staff should consult with USAID or Embassy staff in the country or countries where the applicant has programs.
3. A new application will be presented to the Committee once the staff analysis and Committee (and staff) visit have been completed unless the applicant does not meet the basic registration conditions.

The status of applications not meeting basic registration requirements will be reported to the Committee.

4. If the applicant organization has been in existence less than a year, and/or it is difficult to estimate whether financial resources are of sufficient substance to maintain its operations the application will be handled on a case-by-case basis.

D. To fulfill the conditions of Registration registrants are required to apply the following informational materials annually to the Committee (Section 203.3B).

1. An audit by a CPA.
2. Statement of Income and Expenditures - Schedule C-100.
3. Report of Exports - Schedule C-200.
4. Annual Report (or similar appropriate report).
5. A representative sampling of the latest fund raising literature.
6. List of changes in board memberships including addresses; citizenship and occupation.
7. A copy of the proposed functional budget for the following year.

F. Existing Registrant Procedures (Section 203.3B)

1. Issues concerning individual registrants or groups of registrants will be brought to Committee attention as and when they occur and/or are identified.
2. Reports will be made, during the course of the year, on the status of all registered organizations, and whether they continue to meet the basic registration conditions. These periodic reports to the Committee shall include field reports from the appropriate USAID's or Embassies. To stagger the workload, these reports will be made at separate meetings during the year, each report to cover a group of agencies. All registered agencies will be reported on during the year. If the Committee formally schedules a review of an agency, it may require action minutes for the preceding year.
3. Registered agencies will be invited to appear before the Committee at least once every two years to discuss their program, operations and special matters of concern. These meetings will be scheduled in different parts of the country.

4. The annual review of the status of registrants will be coordinated whenever possible with the meeting with individual agencies.

5. Registered organizations may, at any time, request a meeting with the Advisory Committee.

F. Approval (Section 203.5).

The Operational Guidelines for this section are contained in the "Here's How Manual" prepared as guidance for organizations applying for the subventions.

G. Access to Records (Section 203.7)

The public information regulation of the Agency for International Development (22 CFR 212) establishes the procedures by which all records, reports and other documents which are made available to or prepared for the Committee pursuant to the regulation on registration shall be made available for public inspection and copying. Similarly it is the position of the Advisory Committee regarding the availability of financial data to the public by a registered agency that the organization should make public on request its financial report and detailed information on expenses and programs.

GUIDELINES FOR SELECTION OF LOCAL PVOs

Although AID/W has yet to formulate official criteria for the selection of local PVOs, as of March 6, 1978, the following suggestions may be useful to the USAIDs in making their selections: AID missions should give preference to local groups with a spirit of 'self help' and with a demonstrated capability for responding to the 'felt needs' of disadvantaged groups. These groups ought also to have the ability to involve the beneficiaries in the decision-making process of the project, including women who oftentimes are isolated from this process. In addition, these groups should have the ability to mobilize private sector and community resources. Above all, preference ought to be given to those local groups which are development-- as opposed to relief-oriented, including those which have the ability to develop projects and the potential to become self-sufficient.

Lastly, USAIDs should keep in mind that when circumstances dictate the services of PVOs may also be procured on a contract basis, either grant or loan-funded.

Some notes concerning A.I.D.'s grants to PVOs - resulting from the
Conference of February 10, 1978

In addition to registration with the Advisory Committee on Voluntary Foreign Aid, to be eligible for participation in the A.I.D. programs described below, a private and voluntary organization must be: a non-profit, tax exempt, non-governmental organization established and governed by a group of private citizens whose purpose is to engage in voluntary, charitable, development assistance operations overseas and for which, during the last audited period, at least 20 percent of the PVOs international activities were funded from U.S. private sources. (This definition excludes universities, colleges, or other similarly accredited U.S. institutions of learning, research organizations and scientific organizations.)

Organizations which do not meet the definition would be eligible for A.I.D. contracts but would not be eligible for OPGs or any other form of grant support described below.

Matching Grants

- support to a specific development program (e.g., a program to support food production activities of small farmers in a broad geographic area, or a program to expand low cost health delivery systems at the village level;
- presumably a 1:1 formula;

- set up in separate, identifiable fund with ability to track their contribution with an upper limit on individual grant, and limit on total A.I.D. resources committed to program;
- recipients also eligible for OPGs in specific countries.

Institutional Development Grant

- very selective;
- limited to those agencies engaged in high priority activities set out in the Foreign Assistance Act;
- primarily for former DPG holders which are unable to sustain, with private funds, the dollar costs of DPG related staff;
- not more than three years in duration (may be less);
- declining level of support within that period;
- new entrants would be considered where conditions are highly unusual;
- applications will not be encouraged.

Consortia

- budget of entire consortium to be treated as if it were one PVO -- 20% private contribution rule would apply to program of entire consortium, not to individual members;
- new consortia would also be considered eligible for IDG during formative stage for up to three years;
- would be eligible for matching grants and OPGs;

- selection of prospective recipients based on merit, nature of program (i.e., focus on region or functional area of high priority) and ability to generate resources.

Management Development Services

- non-profit organizations providing management assistance to U.S. and host country PVOs;
- assistance could be in program development, administration, financial management, evaluation, recruitment, etc.
- number of agencies and amount of funds for such services to be limited;
- A.I.D. to assess demand on part of PVOs.

Operational Program Grants

- to be emphasized in A.I.D.'s program with PVOs;
- Regional Bureaus continue to be responsible for execution;
- question as to whether they can be made in countries where there is no A.I.D. program remains undecided.

APPENDIX E

TO : LA/EMS, Mr. Ken Corbett, Room 3909
FROM: LA/DP, Alfredo Cuellar, Room 3253

The following list represents members of U.S. Hispanic organizations whom I have invited to participate in the PVO conference to be held on Friday, February 10, 1978, at the Loy Henderson Conference--Department of State, Washington, D.C. Your effects in facilitating their participation will be greatly appreciated.

1. Ed Terrones (National Council of La Raza)
2. Anthony Gomes (SER)
3. Charles Tafoya (SER)
4. William Bradley Gonzalez (NEDA)
5. Maricel Quintana (NEDA)
6. Pepe Barron (CONAC)
7. Marina Fanning (Inter-American Development Institute)
8. Esteban Taracido (Westchester Business Development)
9. Luis M. Barcelo (Westchester Business Development)
10. Manuel Madrigal (Cardinal Management Associates)
11. Charles Delgado (Cardinal Management Associates)
12. (LULAC)
13. Ed Pena (LULAC)

ATTACHMENT B

IMPLEMENTATION SCHEDULE

<u>Action</u>	<u>Action Office/Officer</u>	<u>Deadline</u>
Prepare requisitions for equipment/ furniture recommended by Report	DS/DIU/DI, SWeintraub	Rm 105 Rm 1656
Order equipment/furniture	SER/MO/PUR	
Prepare books, on-hand equipment for storage	DS/DIU/DI	
Remove all furniture, books to storage		
Remove certain items to stock		
Replace carpets (curtains?) (Add carpet to front section, 1656NS)		
Install/remove electrical outlets, telephones		
Paint walls		
Deliver shelving		
Install shelving		
Move staff, books, etc. back and arrange, re-arrange furniture		
Deliver, install other equipment		