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WASHINGTON, D. C. 20523

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

PUBLIC REPORT OF MEETING

December 9 - 10, 1981

Cooperation Between American Corporations
And Private Voluntary Organizations
In the Developing World

Prepared by the Inter-American Development Institute
under Contract No. PDC-0000-0-00-2007-00

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

The Advisory Committee on Voluntary Foreign Aid was established in 1946 to serve as a focal point for relations between the U.S. Government and U.S. private and voluntary organizations active in the fields of relief, rehabilitation and development overseas. It is composed of private citizens, appointed by the Administrator of the Agency for International Development, who serve without compensation. It is attached to A.I.D.'s Bureau for Food for Peace and Voluntary Assistance, and its staff operations are provided through that Bureau. The Committee holds four to five public meetings a year.

Functions

The Committee today serves as a focal point for relations between the U.S. Government and private and voluntary organizations, both U.S. and foreign, active in the fields of relief, rehabilitation and development overseas. It assures that the voluntary sector plays a vital and dynamic role in the formulation and execution of foreign assistance programs.

The Committee consults with, provides information to, and advises the Agency for International Development and other U.S. Government agencies on matters and issues needing attention across a wide spectrum of development issues relating to foreign assistance in which U.S. Government and private and voluntary organizations interact.

It provides the community of private and voluntary organizations working abroad in development, relief and rehabilitation with information, counsel, and other assistance on problems and issues of concern to them in their relations with A.I.D. and other U.S. Government agencies.

The Advisory Committee fosters public interest in the fields of voluntary foreign aid and the activities of private and voluntary organizations. These organizations conduct overseas development projects in such areas as food production, nutrition, population planning, health and education, helping the poor peoples around the world. They provide emergency support in the form of food, clothing, housing and medication to victims of disasters. They are also deeply involved in refugee and migration activities. The work of these organizations is a valuable contribution to the development process and A.I.D. is seeking to expand its cooperation and support.

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December 1981

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

**COOPERATION BETWEEN CORPORATIONS & PRIVATE VOLUNTARY AGENCIES
IN THE DEVELOPING WORLD**

AGENDA FOR DECEMBER 9, 1981

- 9:00 - 9:15 a.m. -- Opening Remarks
E. Morgan Williams, Chairman, ACVFA
- 9:15 - 9:45 a.m. -- Nancy Truitt, Program Director
Fund for Multinational Management Education
- 9:45 - 10:00 a.m. -- Advisory Committee Respondents
Open Discussion
- 10:00 - 10:30 a.m. -- David Blake, Dean Graduate School of Business
Northeastern University
- 10:30 - 10:45 a.m. -- Advisory Committee Respondents, Open Discussion
- 10:45 - 11:00 a.m. -- Coffee Break
- 11:00 - 11:20 a.m. -- Dr. Susan Raymond, Project Director
Center for Public Resources
- 11:20 - 11:40 a.m. -- Advisory Committee Respondents
Open Discussion
- 11:40 - 12:00 p.m. -- Tom Carroll, President
International Executive Service Corps
- 12:00 - 12:15 p.m. -- Advisory Committee Respondents
Open Discussion
- 12:15 - 12:30 p.m. -- Comments from Julia Chang Bloch, AA/FVA
- 12:30 - 2:00 p.m. -- LUNCH
- 2:00 - 2:30 p.m. -- Raymond Malley, Director, Office of Business
Relations, Bureau for Private Enterprise, AID
- 2:30 - 2:45 p.m. -- Advisory Committee Respondents
Open Discussion
- 2:45 - 3:15 p.m. -- David Guyer, President
Save The Children Federation
- 3:15 - 3:30 p.m. -- Advisory Committee Respondents
Open Discussion

ACVFA Agenda for December 9, 1981 (continued)

- 3:30 - 3:45 p.m. -- BREAK
- 3:45 - 4:15 p.m. -- Ann Micou, Director of Communications
U. S. Council for International Business
- 4:15 - 4:30 p.m. -- Advisory Committee Respondents
Open Discussion
- 4:30 - 5:00 p.m. -- Andrew Oerke, Director
Partners for Productivity
- 5:00 - 5:15 p.m. -- Advisory Committee Respondents
Open Discussion
- 5:15 - 5:30 p.m. -- Wrap Up
Advisory Committee

AGENDA FOR DECEMBER 10, 1981

- 9:00 -10:30 a.m. -- Wrap up Discussion from December 9th
Presentations
- 10:30 -10:45 a.m. -- Up-date on Development Education
Dagnija Kreslins
- 10:45 -11:00 a.m. -- Up-date on Regulation 3
Robert McClusky
- 11:00 -12:30 p.m. -- COMMITTEE PLANS FOR 1982
 - 1. Set Dates for 82 Meetings
 - 2. Consider location of 82 Meetings
 - 3. Consider Agenda Topics for Subsequent Meetings

OVERVIEW

More than 138 representatives of private voluntary organizations (PVOs) and AID met with the Advisory Committee on Voluntary Foreign Aid, December 9 and 10, 1981 in Arlington, Virginia, to discuss cooperation between PVOs and corporations in the development process. Presentations were heard from a number of authorities on collaboration from the PVO community, academia, government, and other non-profit organizations engaged in cooperative efforts. Discussion from committee members and PVO representatives highlighted basic concerns of the PVO development community as they possibilities for cooperation with the corporate sector.

Organizations with collaborative programs under way such as the Center for Public Resources, Partnership for Productivity, the International Executive Service Corps and the Fund for Multinational Management Education shared their experiences and presented models for interpretation and consideration. This collective experience within the PVO community, although limited, nevertheless, provides pertinent examples for consideration as U.S. PVOs define potential relationships with the corporate world.

Throughout the two day meeting Committee members directed the discussion to identifying the essence of effective interaction between PVOs and corporations. Intermediation was identified as an appropriate role to be played by PVOs involved with corporations in development. The keynote presentation on this theme defined intermediation in both social and technical terms and presented cases where it had proved an effective means of meeting the needs of the corporation, the community, and the intermediaries. The concept of intermediation was further highlighted by the case of Partnership for Productivity working with a mining company in Liberia. Essential elements of intermediation identified during the sessions were: clarity in defining problems to be solved; using tested methods of communication; and satisfying the basic needs of all parties.

One intermediary approach is being utilized by the Center for Public Resources through a corporate initiative in primary health care. CPR has been successful in bringing the key actors in the pharmaceutical sector together because it has followed clearly defined steps and tried to preserve a neutral environment for cooperation.

A presentation on the nature of the corporation suggested that it is important to view the private sector as it really is and to replace false assumptions made by both non-profits and corporations with facts and personal experience. The need for better communications was underscored as PVOs seek to define possible points of interaction with the corporate structure.

AID officials reinforced the Administration's support for PVO/Corporate collaboration while also recognizing the difficulty of the task. The PVO community was informed of the newly created Bureau for Private Enterprise and the opportunities for non-profit/corporate interaction which will be explored through the new bureau. Several Committee members stated that the meeting marked the beginning of the PVO community's examination of the issues. Several comments indicated that PVO/Corporate collaboration is not an approach supported by all PVOs. There are many philosophical as well as organizational issues to be discussed, if not resolved, as the dialogue continues. With AID's participation, the Advisory Committee is seeking to clarify the best and most effective methods of cooperation with private enterprise.

The Committee concluded its business by outlining a number of activities for 1982 including participation in one of the development education program's media roundtables and the formation of subcommittees to address specific PVO and committee concerns in the areas of corporate relations, AID/PVO policy, development education and other specific initiatives.

The next meeting of the committee was scheduled for March 25-26, 1982 in New York City. PVO-Corporate cooperation will continue as the theme for that meeting.

OPENING REMARKS

Acting chairperson of the Advisory Committee on Voluntary Foreign Aid, Dr. Robert J. Marshall, called the December 1981 meeting to order and introduced the newly appointed chairperson of the committee, Mr. E. Morgan Williams. Mr. Williams introduced two new committee members: Mr. Markham Ball and Mr. Ted Connolly, thanked Dr. Marshall for his work in chairing the committee, and noted that Dr. Marshall would continue to serve as vice-chairperson. Both Mr. Ball and Mr. Connolly bring to the Committee outstanding experience in the public and private sectors. (See Appendix A, USAID news release).

Morgan Williams recognized the other seven committee members present for the meeting and announced significant staff changes since the October meeting. Ms. Kate Semerad, former Executive Director of the Advisory Committee, has been named Director of Interbureau Relations for the USAID Bureau of External Relations. She will be replaced by Dr. Toye Byrd who brings to her new duties 20 years experience in public and non-profit voluntary activities in U.S. social services. (See Appendix B). Morgan Williams thanked Ms. Semerad for her contributions, and welcomed Dr. Byrd noting her outstanding qualifications to carry out the Executive Director responsibilities.

Mr. Williams outlined his recent activities on behalf of the Advisory Committee, meeting with White House officials such as Jim Rosebush, responsible for the Private Sector Initiative and Dr. Knau, Assistant to the National Security Council. Mr. Williams mentioned administration support for private and voluntary groups and reported that PVO representatives had attended the White House meetings with him. Characterizing the committee as a "sounding board" which wants to be active and effective, he noted that actions and programs are the proof of accomplishments. Mr. Williams announced that the Committee will keep PVO and AID concerns before the public. Development education was also targeted as one area of priority focus

for the Committee. The theme for the December meeting was generated at the October 1981 meeting. In focusing on cooperation between PVOs and American corporations, Mr. Williams stated that deliberations should examine the "enlightened self-interest of both sides" and ensure the development interests of the developing nations. Mr. Williams also reminded those present that discussion of PVO/private sector cooperation was most compatible with the foreign assistance policy direction of the Administration. He stressed the need for "creative interaction" between the public and private sector to make collaboration possible.

THE ROLE OF THE CORPORATION IN DEVELOPMENT

"Multinationals need to be consciously aware of what their impact will be on the broader environment and then manage that impact...

David Blake, Dean, Graduate School of Business, Northeastern Univ.

"It was necessary to be a non-profit PVO (to) establish trust... It was suspicion which was the basic problem...as well as a lack of a developmental perspective."

(Referring to PFP's role as intermediary in Liberia).

Andrew Oerke, Director
Partnership for Productivity

Intermediation: Two Case Studies

Presenter: Ms. Nancy Truitt
Program Director
Fund for Multinational
Management Education
New York, New York

Keynoting the presentations to the ACVFA, Nancy Truitt, Program Director, Fund for Multinational Management Education, introduced the concept of intermediation: what it means, how it developed and how it is being used. In specifying the role of PVOs as intermediators with corporations in Third World development, Truitt set forth some basic assumptions. She noted that PVOs are playing a critical role in development, she defined the development process as focusing on the generation of wealth within a system which provides opportunity for all. Local and foreign private enterprise has a principal role in this process. Private enterprise has two functions: economic efficiency and providing for family or social groupings. Both PVOs and corporations must change their orientations slightly to meet both the economic efficiency and the social needs.

She reported that Partnership for Productivity, the Aspen Institute and the Council of the Americas held a working conference in which they sought to study ways in which corporations had worked with small farmers. Of the 12 case studies discussed, Truitt selected two to serve as the focus for discussion: Honduras and Guatemala. In the first case, the Honduran small farmers were seeking means to increase their income and therefore pay for needed social services. The U.S. tabasco sauce company, McIlhenny needed a reliable source of peppers at lower production costs. An existing PVO training center was used as an intermediary and was able to increase its role in providing community services while also serving as an intermediary with the farmers for the company. The benefits included both increased income and increased social services.

The Guatemala case involved Hanover Brands which was looking for small farmers to provide regular sources of broccoli, cauliflower and other vegetables. In the two villages involved, the one where a cooperative acted as an intermediary, ensured the purchase of vegetables even when the market was glutted. As an intermediary, the cooperative served the needs of the community and also lowered production costs for the company as the company was able to negotiate with an entity instead of each individual farmer.

Truitt defined intermediation here as "...services not customarily needed in the operation of a business or of a farm of limited resources...necessary to make the linkage between these two economic producers financially less burdensome and socially constructive." She identified two basic types of intermediation: technical and social. Technical is designed to provide production needs (i.e. marketing, credit, etc.) Social serves to insure human absorption of economic change. Recognizing that there are different kinds of intermediaries, Truitt noted that in both the Honduran and Guatemalan cases the social and the technical needs were both met.

In delineating the reasons why both PVOs and corporations should be interested in intermediation, Truitt specified corporate interest as being based on four factors:

- source of supply
- labor (low cost)
- lower risk (not holding land)
- franchise from government to do business

The PVOs are motivated by three reasons:

- working with a company provides means of increasing income for the local groups with which the PVO is already working.
- they can work effectively in softening the harsh impact of development and rapid social change
- the opportunity to increase the PVO's impact while seeking sources of funds

There are, however, problems which occur in working out the PVO and corporate relationship. These include:

- convincing PVOs that working with corporations to enhance their profitability is acceptable and a reasonable means to PVO objectives.
- convincing the company that the relationship is worthwhile. The challenge lies in marketing not in administration and in stressing the provision of services once the client is identified and PVO capabilities are analyzed.

In summary, Ms. Truitt offered one important suggestion to PVOs seeking a corporate relationship: look at what the market needs first, not at what the small farmers can do. She added that copies of the cases discussed plus the others presented at the conference are available from the Fund for Multinational Management Education.

The ensuing discussion by committee members, PVO representatives and others raised points on the ideological and moral issues which PVOs must address in

examining the potential for relationship with corporations. Some participants felt that rather than an intermediary, the PVO may in effect become merely a cost-effective way for the corporations to obtain consultive services. Others felt that PVOs and corporations can cooperate without compromising their natures and that this was the working hypothesis behind the current discussion. Points were also made about the need for start-up funds to undertake these intermediary activities and the role of medium sized farmers in the case study areas. An AID representative asked whether AID funds had played a part in the cases discussed and was told yes, in some instances.

Nature of the Corporation in Development

Presenter: Dr. David Blake
Dean of the Graduate School of Business
Northeastern University
Boston, Massachusetts

Dr. David Blake gave a comprehensive presentation on the present nature of the multinational corporation (MNC) and the role it is playing in developing countries. Dr. Blake defined the MNC as the most important economic and social phenomenon in the last part of this century. Multinational corporations control \$370 billion in assets and one-third of the world's gross product. There are 3,540 U.S. MNCs with 25,000 affiliates world wide and only 25% of this investment is in developing countries. Of the total MNC group, the majority are non-U.S. MNCs. The U.S. is the largest host for foreign investment in the world. MNCs are 78% in manufacturing and service industries rather than in extractive, as is commonly believed, even though extraction is very lucrative.

He advised the PVOs to realize that MNCs are large groups of companies with differences and that they seek to operate on an integrated basis. Dr. Blake also presented a profile of host country relations with MNCs.

Developing countries want both employment creation (jobs) and the transfer of high technology from the MNC. Although the corporations see themselves doing business in the world or a specific region, they are forced by political reality to operate within the nation-state system. Host governments and MNCs recognize their differences and also their mutual values. Each brings to the interaction a set of power elements. The host government can: nationalize; exercise bureaucratic; legislative, and judicial controls; encourage competition between MNCs; and purchase skills from different MNCs (unbundling). The MNC, in turn, can: close down its investment and make nations compete for its benefits (jobs, hard currency, technology transfer). Beyond the ultimate weapons on both sides, there exist possibilities for compromise through negotiation. The interaction can be managed because:

- the host government is a predictable system
- the host government wants foreign investment
- there is predictability of how the MNC will act. It needs to manage its impact on people, groups and the government.

Picking up the theme of intermediation, Dr. Blake noted that the PVOs have a role to play and to assist in identifying host state problems and needs; to identify how the MNC can adjust its behavior to increase benefits and reduce costs (both material and social); to act as an objective intermediary. He identified this latter function as a "...creative, realistic catalyst that can recognize overlap and interests and bring about actions that assist both parties..."

The discussion following Dr. Blake's presentation was largely led by committee members who asked for examples of successful MNC-PVO collaboration and if there is a trend toward more MNC investment in development activities in Third World countries.

Dr. Blake felt that there would be with more examples of successful collaboration. A Committee member noted that the PVOs' role with the MNC is limited and stressed the social needs identification factor. An ideological issue was raised by one committee member who asked if PVOs should act as the "conscience" of the MNCs. Dr. Blake felt that this was not the PVO's role. Comment from the PVO representatives expressed concern over unresolved ethical issues, while others felt ideologies should be put aside. The question of where PVOs should access MNCs was also raised and Dr. Blake felt that the local level in developing countries was indicated, once MNCs needs were determined.

Corporate and Private Collaboration in Primary Health Care

Presentor: Dr. Susan Raymond
Program Director
Center for Public Resources
New York, New York

Dr. Susan Raymond, of the Center for Public Resources (CPR), shared the experience of her organization in corporation initiatives in primary health care. CPR has developed some very effective guidelines for cooperation which have made possible some advances in dialogue and function between the pharmaceutical industry and the users in the developing world.

Dr. Raymond stressed that CPR works at the international policy level rather than the local level. CPR is a non-profit organization created in 1977 to develop pragmatic strategies for utilization of business resources and leadership in meeting human needs. Recognizing that government is not of itself able to deal with problems, it seeks to mobilize leadership of the public and private sectors to implement projects.

The role of the pharmaceutical manufacturers in improving availability of pharmaceuticals in the Third World was selected for study and a task force of 30 people convened from the pharmaceutical companies, academe, the developing world and multilateral organizations. She emphasized that, from the beginning, no illusions were held as to the difficulty of the task and the animosity which had existed on both sides for many years was recognized as collaboration through problem solving was undertaken. Financing of the project was well-balanced from the sectors represented. Areas of cooperation were identified and background studies completed before the task force reviewed the projects targeted at specific bottlenecks to pharmaceutical availability in the Third World. The problem was approached technically as a system and three criteria were applied to projects:

- They must have a technically valid approach to the problem.
- They must be operational in the medium-term.
- They must maximize the unique resources of the sectors involved in the program.

Using this criteria, projects in several areas were identified:

- 1) basic research needs in tropical diseases led to the creation of the Drug and Vaccine Development Corporation (DVDC) which insures investment in new pharmaceutical discoveries needed in the Third World. Royalties are used to finance a revolving tropical disease research fund.
- 2) the problem of safety and efficacy in the use of drugs is being examined by a series of workshops bringing together drug regulation authorities from the Third World, vice-presidents from 15 MNCs and representatives from bilateral and multilateral organizations.
- 3) financing needs are met by a loan forgiveness program which ties local resources to loans for health.
- 4) the problem of movement of pharmaceuticals is being addressed by a short-term logistics training program for ministry personnel from the Third World. This program will be held in East Africa and is being financed by CIDA, DANIDA and the Corporations.
- 5) utilization of pharmaceuticals is being examined in a special CPR research project.

The overall collaboration experience has yielded some important lessons.

The task force decided not to deal with the most controversial issues until a framework for work and problem solving had been established. They plan to begin working on these issues in 1982. The primary lessons learned were:

- To avoid a zero-sum attitude in collaboration. Compromises were made with a balance of gain and loss.
- To choose issue areas carefully and define initial issues to ensure some consensus.

- To select the level of participation and recognize that companies are not monoliths. Key decision-makers were identified, usually the chairman of the board who is legally responsible for behavior of the corporation.
- To make sure that the forum remains neutral.
- To provide opportunities for institutional follow-through once decisions are made.

The task force wanted to implement a demonstration project and chose the corporate initiatives in primary health care. This selection fulfilled the need to design a project which could draw on past successes and also contribute to future project design by documenting the health care activities of MNCs. In order to do this several steps were identified:

- 1) analysis of cases
- 2) dissemination of lessons
- 3) examination of guidelines used by countries and corporations in designing Third World corporate health initiatives
- 4) creation of opportunities for public and private efforts through study

This methodology yielded a survey of projects which the CPR-established editorial board short-listed. The MNCs cooperated fully, providing data and agreeing to look objectively at failures as well as successes. At present the results are being compiled by the CPR staff with oversight from the editorial board and results should be available through the Center in New York in 1982.

Dr. Raymond noted that the program is working with an industry not noted for cooperation by using a neutral, non-political forum. She cautioned the PVOs desiring to undertake such activities that they will be attacked from all sides but that a climate of exchange can be created and that public and private partnership should be operating in this way.

The discussion with PVO representatives and Committee members began with several congratulatory comments from persons knowledgeable in health care delivery who recognized the difficulty of dealing with pharmaceutical issues. A question was posed about the CPR relationship to the international consumer group conference such as the one held in Moscow this year. Dr. Raymond responded that the issue of who should be involved in a dialogue is difficult and the problem of at what point the margins are dealt with is important. Groups which position themselves as representing interests on one side or the other are included in this margin category. Dr. Raymond felt that as the project continues and its legitimacy becomes accepted, some of these issues will be resolved by CPR.

Corporate Executive Contributions to Development

Presentor: Mr. Tom Carroll
Executive Vice-President
International Executive Service Corps
New York, New York

Tom Carroll, of the International Executive Service Corps (IESC) made a presentation describing his organization's use of executive experience in helping businesses in the Third World. The IESC since it was founded by David Rockefeller in 1964 has implemented 8,000 technical assistance projects in 70 countries. Eight hundred U.S. companies have contributed paid expenses for their retired executives and their dependents. Evaluation of the program has shown that 41% of the business clients (who pay a fee according to their means for the services) have made capital investments after the project. Some 21% developed a relationship with a company in the U.S. and 19% started employee training. Almost all have improved production and in 1980, 500 projects led to an increase of 34,000 jobs.

The main objectives of IESC are to

- 1) improve the economy of the host-government
- 2) help practitioners of the free market economy
- 3) improve U.S. relations overseas

The IESC is governed by a set of basic principles:

- 1) It responds to the economic priorities of host countries rather than dictates what should be done.
- 2) It charges a varying rate for services.
- 3) It aids in technology transfer.
- 4) It seeks to establish an enduring benefit.
- 5) It only works where its services are requested.

During the discussion period, the question was raised about the sources of funds used by IESC. Mr. Carroll responded that funds were provided largely by companies, AID and the clients themselves.

A Perspective on Collaboration from the AA/FVA

Speaker: Julia Chang Bloch
Assistant Administrator
Food for Peace and Voluntary
Assistance Bureau
U.S. Agency for International Development

Julia Chang Bloch concluded the morning's discussion by emphasizing that AID is fully supportive of PVO/Corporate collaboration and that this theme is vital to this administration's foreign aid policy. AID understands that this is a new and controversial area and that there are skeptics. She explained that is a natural part of the evolutionary process in development and noted that the theme might have seemed incredible only a few years ago.

Citing the 16 cases presented at the conference on Multinationals and new approaches to Agriculture and Rural Development held April 26-29 at Mohonk, New York. Ms. Bloch observed that some PVOs are already working with corporations.

A major issue remains to be resolved as PVOs seek to define the relationship with MNCs. Ms. Bloch commented that she recognizes the need for PVOs to have more dialogue and the concern of each party to maintain its identity. AID is ready to help facilitate the dialogue as the PVOs define how they wish to go about it with or without AID support. She views collaboration between PVOs and corporations as a means to pursue tangible projects which will improve the quality of life in the Third World as well as economic and social stability. Ms. Bloch also said that cooperation can enhance the impact of development since PVOs have come to recognize that projects which create jobs and increase productivity are the most successful. In addition, corporations are beginning to recognize that not only do they have a corporate responsibility, but that it is better for business if the quality of life is upgraded in the communities where they do business. The ongoing activities of the corporation depend on both consumption and adequate credibility.

Ms. Bloch voiced her optimism that positive relationships could be developed between PVOs and U.S. corporations as this new approach to development is examined. Noting that everyone at the meeting had an interest in working for development, she concluded that diversity is needed as we seek the appropriate kinds of collaboration and linkages to bring synergism to our collective undertakings.

The Private Enterprise Bureau (PRE): AID's New Organizational Emphasis on Corporate Collaboration in Development

Presentor: Raymond Malley
Director, Office of Business Relations
Bureau for Private Enterprise
U.S. Agency for International Development

Mr. Malley explained the functions of the new Private Enterprise Bureau in AID. As the first step in carrying out the President's policy of relying more on the private sector for development, Administrator McPherson established in A.I.D. a new bureau, the Bureau for Private Enterprise (PRE), headed by Assistant Administrator

Elise du Pont. The purpose of this Bureau is to work with those developing countries which want to develop their private sectors and whose governments are willing to make the necessary policy decisions and investments to create a climate conducive for private sector investments. In consultations with the Department of State, the Bureau will work almost exclusively on ten countries for the next year or so. These countries are: Kenya, Ivory Coast, Zimbabwe, Egypt, Jamaica, Costa Rica, Indonesia, Thailand, Sri Lanka, and Pakistan. Investment missions composed primarily of U.S. private sector executives have already been to Indonesia and Sri Lanka, and Mrs. du Pont and her Bureau have played an active role in coordinating with the Rockefeller Committee and with Prime Minister Seaga in working on private sector development in Jamaica. Missions are also scheduled for Kenya and Thailand this month, with Ivory Coast, Costa Rica and Egypt to be scheduled between now and May 1, 1982. The Bureau has also been working closely with the U.S. Chamber of Commerce and other U.S. business organizations in identifying opportunities and obstacles to U.S. investment in these countries.

Based on impressions to date, the Bureau has identified three investment areas where they feel A.I.D. can make a difference in private sector development. These are co-financing of infrastructure projects with U.S. commercial banks, co-financing with the IFC and others in the development of financial intermediaries such as venture capital funds which finance private sector investments in these countries, and financing projects with U.S. companies in areas where technology transfer can make an important contribution to development of a key industry in the developing country such as agribusiness, alternative energies, or health services. The Bureau is also going to set aside some money for advising governments in improving their climate for investment and for management training for private sector development. These are new areas that are critical to sustain economic development in selected developing countries.

The Secretary of State and the Administrator have been encouraging AID Missions abroad to seek out opportunities to support private sector development. Private sector development and encouragement is complementary to basic human needs development and is an important element of our foreign policy framework.

The Bureau is now working on some new procedures which will be announced for U.S. private firms and others to submit proposals for A.I.D. financing. A.I.D. wants to accomplish three objectives in the selection of this portfolio: (1) to leverage money so that A.I.D. can do more development projects with limited resources; (2) to strike a balance between the profitability criteria that will be foremost in the decision-making process for the private investor and the development criteria which will be a priority and, (3) to develop the financial, people and policy infrastructure in developing countries so that the U.S. private sector will more actively seek out and make positive investment decisions in the developing world. Countries that have encouraged private sector development have on the whole demonstrated better growth, better stability and have been some of the best friends of the U.S.

In staffing the new Bureau, assistance has been requested from the U.S. business community. Qualified people are being sought to work for about six months to one year with the Bureau in helping it to develop its procedures, policies and investment portfolio and train young A.I.D. employees during the course of the next two to three years. These A.I.D. employees could then work more effectively with both the U.S. and developing country private sectors in making investment decisions which will help assure long-term stability and growth in developing countries.

Discussion following Mr. Malley's presentation included questions on whether the Private Investment Council to AID had been formed. Mr. Malley responded that it was in the process of being formulated with 15-20 business

leaders, not all of which come from blue chip companies. It would be a Presidential commission not unlike the export council. When questioned as to the interface with AID missions, the answer was affirmative. He anticipated that PVOs would be good collaborators.

PVOs REPORT ON COOPERATIVE EFFORTS WITH THE CORPORATE WORLD

"When social responsibility efforts are considered as social investment their relationship to a business self interest becomes clear."

Ann Micou
U.S. Council for
International Business

The Current PVO Relationship with Corporations

Presenter: David Guyer
President
Save the Children Federation
Westport, Connecticut

David Guyer, began the discussion on cooperative efforts by endorsing the administration's new emphasis in seeking the active participation of private enterprise. Noting the new emphasis, he reminded the audience that there has been a traditional relationship between corporations and non-profits. He emphasized that corporations have for some time supported the work of PVOs in the developing world. He stated that interest on the part of corporations led partially to the generation of the PAID brochure describing PVO efforts in development. Some concerned major stockholders have been able to affect corporate giving and social consciousness. Mr. Guyer's presentation focused largely on the current PVO relationship with corporations which has primarily been one of corporate giving to non-profits. He listed the variety of ways corporations have supported efforts on the non-profits:

- General contributions (usually unallocated monies given in either a haphazard or scientific way.
- Employee association donations
- Gifts in-kind (materials needed for overseas work).
- Loans of personnel
- Specific special projects (e.g. community resettlement)
- Special events (e.g. luncheons for contributors)
- Building drives
- Surprise donations (e.g. liquidation for tax deduction)

Corporations usually scrutinize PVOs carefully before making donations and pay special attention to audits and program costs. Medium-sized businesses within developing countries may sometimes give contributions, also.

Mr. Guyer also discussed some negative aspects of PVOs looking to corporations as a funding source. He indicated that it is unlikely that corporate giving will fill the gap left by the government cutbacks and pointed to the case of universities and the arts, in particular. It is difficult also for small PVOs to allocate the large amount of time necessary to secure these alternative financing possibilities.

In summary Mr. Guyer stated that "Charity is good business" and that PVOs should take a hard look when making plans for obtaining these funds. He also observed that PVOs would do well to seek more business expertise on their boards and councils to bring the two sides closer together.

Committee members led off the discussion by asking if corporations give a differential response to development versus welfare programs. Mr. Guyer responded that certain corporations are pacesetters in contributing to development programs and that there is a realization also that health and nutrition programs are as important as economic productivity. There is a tendency now to place more emphasis on productivity to equalize the thrust of programs (e.g. Appalachian Fireside Crafts). A PVO representative added that emergency relief gets corporations in the U.S. involved and that local corporations can be used as sources for longer term development activities using local PVOs.

Intermediation and the U.S. Council for International Business

Presenter: Ann Micou
Director of Communications
U.S. Council for International Business
International Business of Commerce
New York, New York

Ann Micou presented views on the communications issues facing PVOs and corporations. She described the work of the U.S. Council for International Business which is made up of 250 corporations and law firms and serves as the U.S. committee to the International Chamber of Commerce, U.S. representative to the International Organization of Employers and the U.S. Business and Advisory Committee to the OECD. It concentrates on issues of economic and social policy affecting U.S. businesses abroad.

Ms. Micou stated that PVOs and corporations have a long way to go to learn each other's language. The PVO approaches the corporations in limited ways:

- Looking at them as sources of funds and inundating them with such requests
- Failing to underline PVO strengths and skills when selling programs
- Neglecting to do "homework" on where PVO interests and needs intersect with the corporation
- Depending on a "do gooder" approach which does not specify method or define results
- Being reluctant to quantify program outcomes

All of the above lead to PVOs regarding the corporation with suspicion, fear and hostility. Ms. Micou also stated that the corporate vision of PVOs is limited by stereotypical assumptions that they are unbusinesslike, poorly managed, evangelical and ineffectual. She stated that corporations do not know PVOs skills or how to work with them. Basically there is a failure to understand how to operationalize collaboration. In order for a dialogue to be effective it must be recast on both sides so that it is not looked at as philanthropy or charity.

There is a major distinction to be made between social responsibility and social investment. Ms. Micou made the distinction in this way, "Corporate social responsibility implies business charity. Corporate social investment implies business activity." She stated that "enlightened" self-interest on the part of the corporation leads to a simultaneous interest in the health and welfare of the society in which it operates. Without this "enlightened" self-interest there can be no markets or sound business growth.

The Council functions through issues-tracking and policy-making committees and has established a task force on the contribution of international business to growth and development. Ms. Micou is coordinating a new project on the roles and responsibilities of MNCs in development which seeks to describe working models of public and private collaboration by collecting information from PVOs, academia and government. An important instrument is the publication Enterprise and Development (available by subscription from the Council) which is a monthly index of reports, studies and other information related to private investment and its impact on development. Ms. Micou illustrated that by examining six recent themes developed in Enterprise and Development, PVOs can also see where achievements have been made and what needs to be further explored. These themes include:

- The larger private sector role in development
- The identification of on-site activities by PVOs
- The dichotomy which exists between the PVO and business sector approaches
- How MNCs can use PVOs to meet development goals of the host government
- The need for dialogue in public and private sector initiatives
- What kinds of joint action contribute to corporate goals and human development

The discussion from the committee and the PVO representatives identified a gap between businesses and PVOs which needs to be bridged. It was suggested that the Council might fulfill this role by gathering a group together to begin dialogue. A Committee member suggested that the Advisory Committee could provide this kind of forum and draw on Ms. Micou's experience in setting it up, particularly in identifying key actors for the discussion.

A comment from the floor noted the lack of corporate leaders present at this meeting. A committee member stated that this absence in no way implied that corporations had been invited, but chose not to attend. It was explained by the former Executive Director that the December meeting had been seen as a session in which the PVO community could lay the groundwork for future dialogue with corporate representatives. A PVO representative drawing on field experience noted that some AID missions were able to draw PVOs and corporations together in-country to exchange experience on a regular basis. Several persons expressed satisfaction at the high quality of the information contained in the newsletter being published by Ms. Micou's organization.

Partnership for Productivity: A Case Study from Liberia

Presenter: Andrew Oerke
Director
Partnership for Productivity
Washington, D.C.

Andrew Oerke's presentation described Partnership for Productivity's (PFP) long-term project in Liberia stating that this organization espouses a development focus on business and economic activities which support social infrastructure. He also feels that activities involved in creating economic opportunities must work against the "fixed pie" economic realities of many developing countries in order to encourage people to seek increases in productivity. Many host-governments

now see the need for a balance between business and development. Two major constraints to PVO and corporate cooperation are psychological factors which limit each organization's view of the other and the identification of the real effects of development on subsistence, and employment to name only two crucial areas.

The PFP Liberia project involved the Liberian-American Mining Company (LAMCO). Bethlehem Steel put up the money for the ore extraction operation and Gringus International (Sweden) provided the management input. In the early stages social issues such as housing were not addressed and social infrastructure was not built. The company's paternalism alienated the workers and strikes occurred. PFP was called in to address the current problems and the future transition problems likely to be caused by the "hole in the ground" phenomenon which the ore extraction was creating.

A number of strategies were used by PFP in addressing the problems:

- Spin-off industries were used to try to replace as many jobs as the mine had created.
- Other development aspects were identified such as the workers acquired preference for the use of machine labor and the problem of the destruction of subsistence farming as people left farms to work in the mining operations.
- Industries were owned and managed by Liberians recognizing the possibility of the creation of internal development gaps in the community by elites.
- Issues often extended beyond the immediate town and community involvement proved essential to solving rural-urban and market problems, all of which are complex.

PFP involved the MNC and government in its work with the affected population thereby serving as an intermediary which could establish trust. As a result of the Liberian experience, Mr. Oerke was able to offer suggestions to PVOs undertaking this kind of activity:

- communicate with MNC and identify the social investment aspects
- try to develop a "critical mass" in MNC so that things will happen
- use both donor and host country leverage.

Mr. Oerke noted that CIDA in Canada had established a program for PVOs who wish to work with corporations by providing small grants to identify projects and do feasibility analyses. In working with the MNCS, he suggested beginning design activities as soon as possible, being sure all principal actors are involved and that economic impact is being used in a positive way.

Comments and discussion concentrated on how PFP began work with the MNC. Mr. Oerke described this as a combination of the MNC's recognition of their failures and PFP's patient work. Asked what he projected investment recovery period for the MNC in Liberia was Mr. Oerke estimated 15 to 20 years. A PVO representative noted that in examining the role of private enterprise in Africa it would be important to balance this with the concerns of the poorest countries. When asked how long it took PFP to "turn things around" in Liberia, Mr. Oerke replied that it took 7 years. Additional comments and questions focused on the degree of AID funding (which is only in rural areas) and the possibility of extending this approach to other countries by the MNC.

CONCLUSIONS

In summing up the substantive presentations and the discussions which followed, E. Morgan Williams led the meeting in a lively exchange by committee members and PVO representatives on the lessons learned during the exchange of information and the possible future activities of the committee in this area.

Committee members voiced the need for direct involvement by corporations in future discussions and the provision of more information to the Committee through Dr. Byrd or Mr. Williams on existing PVO and corporate relationships. The concern was also expressed of the need to address the needs of the poorest countries (for example many in Africa) within the private enterprise approach.

Mr. Williams also reported that he would seek a meeting with the AID administrator, Peter McPherson, to express PVO and committee concerns about the AID policy toward PVOs currently under formulation. A survey of PVO corporate contact should be undertaken by Dr. Byrd and the Advisory Committee staff to identify models which the community can use to stimulate ideas. Some committee members expressed the need for more information on the Bureau for Private Enterprise and possibilities for PVO collaboration with it. Mr. Williams was interested in the potential for a joint meeting of the Advisory Committee with the Business Advisory Council of the Private Enterprise. He will obtain more information on the relationship between the Private Enterprise (PRE) and Food for Peace/Voluntary Assistance (FVA) Bureaus as well as more specific information on the new programs being established in PRE. Committee members felt that PRE could help generate participation from the business community and that a future forum should provide for short panel discussions followed by ample time for informal, unstructured interaction.

Questions were raised about the role of PVOs with corporations in-country. PVO representatives suggested that U.S. Chambers of Commerce overseas could provide a good means of exchange of concerns. It was also stated that not all PVOs may wish to enter into a dialogue with businesses. PVOs which would like more activity with private enterprise need to communicate this to AID and seek new mechanisms to effect this interchange. It was also suggested that input should be sought by Third World business representatives as well as the U.S. corporate world.

Frank Kiehne, Church World Service, made a series of points which summed up what he felt were major areas of PVO concern. He noted that some PVOs did not attend the meeting because of the topics being discussed. His observations were that:

- The level of contribution by the business community is bad. Individual givers contribute more. (The Conference Board has done studies on this).
- Corporate support is good for domestic programs, but international interdependence is not understood.
- There are some severe ethical problems, (e.g. infant formula).
- There are cultural differences in approach.
- Some boards (even those including business people) do not want PVOs involved with business. They want to preserve a "pure image".
- PVOs which become aligned with the business community are taking risks with the political structure in which they must operate. (Not all countries use the free enterprise system).
- The transnational corporations (Western European or Japanese) have a more enlightened approach than their U.S. counterparts.
- These issues can best be discussed in a forum which is intensive, yet informal where the actors can get to know each other.

A few PVO representatives felt that AID could provide a forum locally for dialogue and that the Advisory Committee could advocate a roundtable. Discussion continued on the kinds of activities that could be encouraged at the AID mission level. PVO representatives advocated contact with the U.S. Embassy's economic section and fostering relationships with labor organizations, and showing AID missions that PVOs have specific capacities. It was mentioned that some AID missions see PVOs as competitors and that often OPGs are treated as though they were major loan programs indicating a lack of trust in PVOs.

Committee members stressed the need for more information on the corporations and endorsed the idea of a survey of the business community. Since public affairs are important to the business sector now, this interest could be advantageous to information gathering by the committee. A committee member also felt it was important to examine the motive of MNCs and pointed to problems of overgeneralization about either the corporate or the PVO community.

A PVO representative voiced discomfort over the idea that private funds would replace public monies. He doubted whether MNCs could be converted and questioned how the needs of the "poorest of the poor" would be met, noting that one-half the countries in Africa do not have MNC investment. In response, a committee member expressed the view that PVOs bring an element to the MNCs which they lack and that economic development involves the business community and will have an impact regardless of PVO involvement. Another Committee member brought to the attention of the session a World Bank report on training needs in developing nations prepared by Eliot Berg. The Committee was reminded that labor organizations should be included in the discussions with corporations.

Additional comments by the committee noted the passage of the Foreign Aid bill and the role specific PVOs may have played in it, the need for a clear statement on the Advisory Committee's functions from the State Department, and

a call for future meetings which would use the Committee as a catalyst to bring the discussion beyond dialogue. This last suggestion included recommendations for role playing on real world issues by AID, corporations and PVOs.

REPORTS FROM AID OFFICIALS

Development Education

Speaker: Mr. Dagnija Kreslins
Development Education Program Director
Advisory Committee on Voluntary Foreign Aid
U.S. Agency for International Development

Ms. Dagnija Kreslins presented an update on development education efforts since the last advisory committee meeting. She thanked the committee for the impetus it has provided to the development education program. During a recent visit to Canada, Ms. Kreslins noted the informed participation of Canadian young people in development education fora and expressed hope that the development education efforts in the U.S. would produce similar results. She described five major activities in the development education program being funded by AID: Media roundtables. Organized by the Goodwillie Group, these regional fora will improve the quantity and quality of media coverage on world issues, particularly relating to hunger and development. Four events are planned with the first in Milwaukee, Wisconsin, February 24-25 in cooperation with the YMCA. The second will be held in Seattle, Washington, March 1-2 in cooperation with the World Affairs Council. Two more events are planned for 1982 with San Diego and St. Louis as possible sites. Organizations interested in acting as the local secretariat for these sessions should make their interest known.

Development education and public schools curricula project will prepare school study for 5th, 6th and 11th grades along with an evaluation instrument. The prototype for the packages should be ready in late January or early February 1982. The second component of the project--encouraging the leadership of national education associations to endorse and encourage global and development education has progressed more slowly. The education associations have been reluctant to accept development education as a priority as they already have established priorities for the coming year.

Development education project grants. 380 organizations have received guidelines for the program and \$500,000 will be available for distribution. So far 50 groups have inquired and grants will be awarded in April 1982.

Map project. A compendium of development education organizations in the U.S. will be prepared utilizing a state by state, city by city format. This compendium will be a valuable resource to organizations interested in undertaking development education projects in their communities. Beth Hogan is the project coordinator.

Outreach. Activities with other AID offices, other federal agencies, and universities are being initiated. Dialogues are being carried out on World Food Day and also with the Department of Education and the Peace Corps.

Recognizing that the program is ambitious, Ms. Kreslin agreed to provide the committee with regular updates. The Executive Director raised the possibility of coordinating future round tables with advisory committee meetings.

Regulation Three

Speaker: Mr. Robert McClusky
Chief, Police Liaison Division
Office of Private and Voluntary Cooperation
Food for Peace and Private Voluntary
Assistance Bureau
U.S. Agency for International Development

Robert McClusky summarized the recent developments on Regulation 3, Registration of Agencies for Voluntary Foreign Aid (See Annex C). The regulation appeared in the Federal Register Tuesday, December 8, 1981 and the official period for public comment extends to January 7, 1982. Stressing that this is a proposed change, Mr. McClusky stated that comments would be examined, decisions made and a final version published in the Federal Register along with a summary of comments and the position AID is taking in response. In Spring 1982 the final version should be available.

Voicing his appreciation for the input from the Advisory Committee, in particular, Michaela Walsh and Carl Taylor who served on the special subcommittee, Mr. McClusky described the key sections of the regulation. In the Federal Register there is supplementary information preceding the proposed regulation itself.

Restatement of purposes of registration.

This section emphasizes that registration provides a mechanism for identifying which organizations are eligible to seek AID resources intended for PVOs (i.e. subventions and "registered PVO grants", matching and operational program grants).

Non-profit nongovernmental organizations (NGOs) are not required to register and are eligible to seek AID funds other than those for PVOs and also regular AID contracts. The purpose section also takes note that registration is not a consumer protection process designed to provide information to the contributing public.

Organizations must receive 20% of their funds from private contributions.

This excludes in-kind contributions and uses overseas program costs in the last audited year as a base. Contributions must come from private U.S. sources. The tightening of the application of this test of privateness is deemed desirable by AID to emphasize its interest in mobilizing private sector resources and working with PVOs on a cost-sharing basis. Parenthetically, it was noted that this proposal reflects agreement with the recommendations of the Advisory Committee that, in practical terms, "private" refers mainly to the balance between private and public financial support.

If a PVO is registered when Regulation 3 becomes effective and in the last audited or base year it does not meet the 20% test it has 3 years to come into compliance. The registration of a PVO which does not meet the test, based on an independent audit in the third year after the base year, would be terminated in accordance with the termination procedures. Any PVO grant in process would continue, but new ones would not be made.

Other changes Mr. McClusky outlined include a new condition which stipulates the voluntary contribution of money, time or in-kind support from the general public. This places an explicit emphasis on the voluntary nature of the mobilization of resources. The audit requirement has been simplified by requesting that they be done in accordance with generally accepted accounting principles (GAAP), the most broadly accepted accounting principle.

Careful attention will be paid to how funds are expended (i.e. are they being used for stated purposes of organization? Are fund-raising costs reasonable (20% or less)? Are the financial circumstances of the organization disclosed to the public?).

Mr. McClusky acknowledged the problem of AID's attempting to define or monitor compliance with undefined yet "accepted ethical standards" no matter how respected or accepted. He also said that the establishment of a process which relates the PVOs and AID is complicated and there are alternative ways of structuring relationships at the outset AID is also looking for input and comment from the PVO community as to how closely registration should be linked to AID support in operational terms. Should AID only process an organization's application which AID has a clear interest in funding? He concluded by saying he looked forward to the PVO's comments before January 7 and thanked the committee for its participation.

Discussion at first focused on the committee's role in the registration procedure since the disposition of this responsibility to AID. In examining the issue the committee wanted to be certain it had fulfilled its role vis a vis some key areas such as indigenous PVO registration. Tom Fox, PVC agreed to consult the notes of the April 1981 subcommittee meeting on registration. Mr. Williams asked for a report as to whether the committee has fulfilled its responsibility in this matter. As to the indigenous PVO issue, the Mission Director retains registration responsibility, but the guidance regarding eligibility may need to be modified appropriately with the adoption of Regulation 3.

Several questions were asked as to whether a non-registered PVO could receive grant funds. The reply from AID stated that grants or contracts could be made from non-PVO designated funds. A PVO representative questioned the use of Circular A-110 in auditing and was told that the acceptance of GAAP was intended to simplify the process and costs of preparing audits, by accepting the most broadly endorsed accounting principles.

A basic question was raised by the committee chairman as to the impact of the 20% requirement. Mr. McClusky replied that 15-25 PVOs may be below the 20%

mark, based on available data. The actual number may be somewhat higher or lower when data are available on all organizations showing the proportion of overseas program costs funded from U.S. private sources. He stressed the need to proceed case by case and consider the circumstances of each organization when applying the 20% test. It may seem logical to waive or extend the period for meeting the test.

Plans for 1982: Topics, Dates and Location

In wrapping up the discussions, Mr. Williams commented that he will be apprising the AID Administrator on committee and PVO concerns as well as maintaining liaison with the Bureau of Private Enterprise and the Private Voluntary Initiative group at the White House. He also plans to set up subcommittees from the Advisory Committee and the PVO community and requested that the committee indicate their interests. Tentative areas include: development education, university - PVO relations, AID/PVO policy and PVO - Corporate relations.

Dates for the 1982 meetings were decided:

March 25 - 26

June 10 - 11

September 16 -17

December 9 - 10

The March 25-26, 1982 meeting will be held in New York City with continued emphasis on PVO-Corporate Cooperation. The possibility of the June meeting being held in connection with a media round table was left to Dr. Byrd to explore. Dr. Byrd mentioned St. Louis as the possible site.

There was an agreement on the part of the committee members and the PVO representatives that the committee needs to more carefully define its role. It was suggested that the PVO community be surveyed to get a better sense of how the community views the present needs of the ACVFA.

LIST OF PARTICIPANTS

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID MEETING

PARTICIPANTS: DECEMBER 9 and 10, 1981

Committee Members Present: George Abbott, Markham Ball, Marjorie Craig Benton, Ted Connolly, Keiji Kawakami, Robert Marshall, Robert Nathan, Roy Pfautch, John Sewell, Carl E. Taylor, Morgan Williams.

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Peace Corps

William D. Calderhead
Meridian House International

John G. Anderson
Foster Parents Plan, Inc.

Willie Campbell
Overseas Education Fund

Patty Bankson
YMCA

Thomas S. Carroll
International Executive Service Corps

Judith M. Barnet
Goodwillie Group

Father Robert Charlebois
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Margaret C. Bayldon
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Raymond K. Panczyk
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American Council of Voluntary Agencies
for Foreign Service, Inc.

Louis Stamberg
FVA/PMS
Agency for International Development

Charles Stephenson
General Counsel's Office
Agency for International Development

Diana Talbert
Creative Associates

Victor M. B. Tavares
SER-Jobs for Progress, Inc.

Nancy S. Truitt
Fund for Multinational Management
Education

Janet C. Tuthill
Inter-American Development Institute

Jerome Vogel
Operation Crossroads Africa

Judith Waite
Operation Crossroads Africa

Larry Ward
The Institute of Cultural Affairs

George L-P Weaver
American ORT Federation

Wesley Weidemann
Cooperative League of the USA

Ted Weihe
FVA/PVC
Agency for International Development

Margaret C. White
National Association of Manufacturers

Alfred A. Whittaker
Institute for International Development

John Wiggins
The Salvation Army

John Calvin Williams
Peace Corps

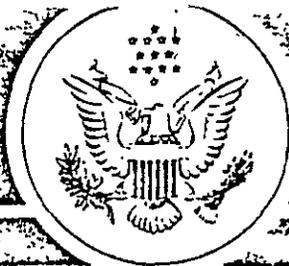
Walker A. Williams
Caribbean Council

Warren Wolff
Africa Bureau
Agency for International Development

Dorothy Calhoun Zbic
World Relief Corporation

ANNEXES

ANNEX A



News Release

From the Office of Public Affairs

Agency for International Development, Washington, DC 20523

FOR RELEASE
MONDAY, NOVEMBER 30, 1981

0042
Contact: Betty Snead
(202) 632-4274

AID APPOINTS NEW MEMBERS TO THE ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

M. Peter McPherson, Administrator of the Agency for International Development, announced today the appointment of six new members to the Advisory Committee on Voluntary Foreign Aid. Mr. McPherson designated E. Morgan Williams, a new appointee, as Chairman, and announced that Robert J. Marshall will continue as Vice Chairman.

Mr. Williams is President of the Cooperative League of the U.S.A. (CLUSA). Before joining CLUSA, Williams served as a professional staff member of the Senate Committee on Agriculture, Nutrition and Forestry and was Agricultural Assistant to Senator Dole of Kansas. Williams also served as Kansas State Director of the Farmers Home Administration. Dr. Marshall, a member of the Committee since 1979, is a pastor and professor at the Lutheran Theological Seminary in Columbia, S.C. and formerly served as Director of the Office of Mission, Service and Development of Lutheran World Ministries.

Other new McPherson appointees are: George Abbott, a resident of NYC and founder and Chairman of Ithaca Industries; Markham Ball, member of the Washington law firm of Wald, Harkrader & Ross; Ted Connolly, founder and President of Connolly Development Inc. of Oakland, California; Roy Pfautch, President of Civic Service Inc.

a St. Louis based research, communications and public affairs firm; Kenneth M. Smith, founder and President of International Management & Development Group Ltd., a resident of Maryland.

The Advisory Committee on Voluntary Foreign Aid was established in 1946 by President Truman. The Committee serves as a focal point for relations between the U.S. Government and U.S. private voluntary organizations active in the fields of relief, rehabilitation and development overseas. The Committee, composed of private citizens, is appointed by the AID Administrator and serves without compensation.

The Committee is renewed every two years by the AID Administrator. Its members are appointed to staggered six year terms. The committee meets quarterly and reports to the Administrator.

The December meeting of the Committee will address ways of increasing further cooperation between U.S. corporations and private voluntary agencies in development programs. A similar meeting in early 1982 will focus on U.S. universities and private voluntary organizations collaboration in development.

Other committee members who continue to serve are: Marjorie Craig Benton of Evanston, Ill., Chairman of the Save the Children Foundation; William M. Dyall, Jr. of New York City, President of AFS International/Intercultural Programs; Mr. Keiji Kawakami of Honolulu, head of the apparel manufacturing firms of Iolani Sportswear and Young Hawaii, Ltd.; Robert R. Nathan, Chairman of Robert R. Nathan Associates, Inc., and John W. Sewell, President of the Overseas Development Council, both of Washington, D.C.; Dr. Carl E. Taylor, Chairman of the Department of International Health of Johns Hopkins University; The Right Reverend John T. Walker, Bishop of the Episcopal Diocese of Washington and Dean of the Washington Cathedral; and Ms. Michaela L. Walsh, President of Women's World Banking, of New York City.

ANNEX B

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

BIO SKETCH

TOYE BROWN BYRD, PH.D

Dr. Byrd has a 20 year career of work with private and voluntary organizations in American social services. She spent 10 years as program director with the National Urban League. She also spent several years in academia as a researcher and teacher at Harvard, Boston University and the University of North Carolina at Chapel Hill.

She served as an administrator in the federal government from 1969 to 1971 in the Department of HEW and consulted on human development services policy planning and evaluation between 1972 and 1980.

As a private consultant, Dr. Byrd planned research designs for many public and private studies, developed issue papers on economic well-being for the White House Conference on Families, conducted regulatory analyses of federal day care programs, managed minority business development programs. She has consulted with local and state governments and private policy firms such as American Enterprise Institute.

Dr. Byrd earned her bachelor of science degree from Ohio State University in the early 1960s, a masters in social work from Columbia University and the Ph.D. in public policy research from Brandeis University in 1975.

In 1978 she was chosen among the Outstanding Young Women in America and in May of this year she married, Rev. Cameron Wells Byrd, a Presbyterian Minister and current member of the Presbyterian Hunger Program of the United Presbyterian Church in the U.S.A. and the Presbyterian Church in the U.S.

Prior to joining AID, Dr. Byrd served at the White House as Executive Assistant to a senior policy advisor to President Reagan.

ANNEX C

**INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY**
Agency For International Development
22 CFR Part 203
**Registration of Agencies for Voluntary
Foreign Aid**
AGENCY: Agency for International
Development, IDCA.

ACTION: Proposed rule.

SUMMARY: The Agency for International
Development is amending this
regulation to clarify the purpose of
registration and emphasize that
applicants must be private and
voluntary in character.

DATE: Comments must be submitted on
or before January 7, 1982.

ADDRESS: Comments should be
submitted to: Robert S. McClusky,
Agency for International Development,
FVA/PVC/PLD, Room 227, SA-8,
Washington, D.C. 20523.

FOR FURTHER INFORMATION CONTACT:
Robert S. McClusky, (703) 235-1844.

SUPPLEMENTARY INFORMATION:
1. Section 203.1 Purpose.

This restatement of the purposes of registration establishes that registration provides a mechanism for identifying which organizations are eligible for A.I.D. resources intended for private and voluntary organizations (PVOs), e.g., matching, institutional/development support or operational program grants, or the subventions of Pub. L. 480 commodities, excess property or ocean freight reimbursement. This section recognizes that A.I.D. always has had, and continues to have, authority to make grants to other nonprofit, nongovernment organizations without their being registered.

This section also takes note that "it is not the purpose of registration to make or enable to be made any representation to the public concerning the meaning of being registered." This addition emphasizes that registration serves A.I.D. purposes and is not a consumer protection process designed to respond to the need for information on the part of the contributing public.

**2. Section 203.2 Conditions of
registration and documentation**
**requirements for U.S. private and
voluntary organizations.**

One overall change in format has been made which effects this entire section. The registration documentation requirements have been combined with the conditions of registration, i.e., documentation requirements now immediately follow each condition. The previous format separated the conditions from the related documentation requirements.

In the following discussion, each condition will be discussed separately with the exception of condition 3 in which there was no substantive change.

Condition No. 1. This condition has been modified to include information previously contained elsewhere in the regulation as to the types of organizations not eligible to apply for registration. Additionally, the categories of organizations ineligible to apply have been expanded to include churches or organizations whose primary purpose is to engage in religious activities. This addition resolves a confusion flowing from the phrase "other than religious," used elsewhere in the text. This phrase has been open to the interpretation that a church could register provided it conducted other than religious activities.

Condition 2 has been expanded from the previous requirements that the applicant simply be "nongovernmental," to require that an applicant be a "private, nongovernmental organization which receives funds from private, U.S. sources * * *" with the stipulation that " * * * at least 20% of the funding (excluding in-kind contributions), for its overseas program costs (excluding in-kind contributions) in the last audit year are from private U.S. sources."

"Funds from private, U.S. sources" is defined as " * * * cash received from private, nongovernmental, U.S.C sources, e.g., support and revenue from private individuals, groups, foundations and/or corporations. In-kind contributions are not included. Funds received directly or indirectly from the U.S. Government (or state or local governments), the United Nations or any other public international organization, or foreign governments or institutions are not included."

This addition recognizes A.I.D.'s decision that, in practical terms, "private" refers mainly to the balance between private and public financial resources, and that a tightening up in the application of the test of privateness is desirable to reemphasize our interest in mobilizing private sector resources, and protecting the independence of PVOs.

"Overseas program costs" are defined as the " * * * costs of all voluntary

foreign aid operations of the organization conducted outside the U.S., and includes that portion of applicable indirect costs incurred in the U.S. (such as administrative costs, but excluding fund-raising costs) necessary to carry out those voluntary foreign aid operations."

We propose that the 20% test be implemented over a three year period. Specifically, as a transition measure, a PVO which, on the effective date of the issuance of the approved Regulation 3, " * * * is registered but which did not in its last audited year ('base year') meet the 20% test, shall have a period of three years in which to come into compliance." In the case of such an organization, "if an independently audited financial statement for the third year following the base year does not meet the 20% test, the PVO's registration would be terminated by A.I.D. in accordance with § 203.7(a)(2). Any 'registered PVO grants' in progress would not be terminated and could be funded through their approved project course, but new ones would not be made."

Condition 4 in a new condition stipulating that an applicant be a voluntary organization, i.e., one which " * * * receives voluntary contributions of money, time or in-kind support from the general public." This condition has been added to place explicit emphasis on the voluntary nature of the mobilization of private resources.

Condition 5, formerly Condition 4, has been modified with the substitution of emphasis on whether an applicant is " * * * or anticipates becoming, engaged in voluntary charitable or development assistance operations abroad * * *." Formerly the phrase was " * * * has the potential to be engaged * * *". The change leaves the task of determining the "potential" of an organization to execute a specific activity to the A.I.D. program process where potential can be assessed in light of program criteria.

Additionally, this condition has been expanded by the inclusion of the examples of the types of services and fields of activity envisaged by the references to "voluntary charitable or development assistance." These examples were formerly listed under § 203.2.

Condition 6, formerly Condition 5, has been amended to clarify that the audits of financial statements submitted by applicants will be assessed in terms of whether the accounts have been maintained in accordance with the generally accepted accounting principles (GAAP), and to incorporate the requirement for an annual budget as one of the conditions. The endorsement of

GAAP places reliance on the accounting principles most broadly accepted in this society. Reference to an annual budget has heretofore been included only in reference to documentation requirements; inclusion of it in this condition recognizes that an annual budget is an indicator of sound financial planning. The documentation requirements have been modified accordingly.

In keeping with the requirements of Condition 2 and the 20% test, the Condition 6 documentation requirements stipulate that the financial statements disclose the overseas program costs separately.

A paragraph has been added following Condition 6 clarifying that registration is not a substitute for the A.I.D. pre-grant award process. This has been done to avoid any misunderstanding that registration is the only A.I.D. pre-grant award test which must be met by an organization which has never received an A.I.D. grant.

Condition 7, formerly Condition 6, no longer stipulates that the members of the governing body of an applicant must be United States citizens. This reference to nationality has been dropped since it is no longer relevant to whether an applicant is considered a U.S. or foreign organization.

Additionally, emphasis has been placed on control by a body which is "the highest authority of the organization" rather than one which has "effective policy and administrative control." This change is intended to both clarify the intent of the condition and simplify its administration.

Finally, reference to a "compensation statement for the top five headquarters' positions and for overseas country directors" has been included in the condition. This recognizes that the provision of such a statement has in fact already been a condition of registration, though heretofore only included as a documentation requirement.

Condition 8, formerly Condition 7, has been modified to place emphasis on the three most critical elements related to how an organization expends and distributes its funds: (1) are the funds raised and expended for the stated purposes of the organization; (2) are the costs of fund raising and administration reasonable; and (3) are the financial circumstances of the organization disclosed to the public? This change recognizes the inappropriateness of A.I.D.'s attempting to define and monitor compliance with undefined yet "accepted ethical standards" by relying for guidance on standards developed by private entities, no matter how respected or broadly accepted.

Finally, a definition of "total cash" has been added to this condition to clarify the basis upon which A.I.D. will calculate the 20% test of fund raising reasonableness which has been retained as part of the condition. The 20% test of fund raising reasonableness stipulates that if fund raising costs exceed 20% of the total cash and in-kind contribution to the organization, A.I.D. shall consider them unreasonable, unless the organization demonstrates that such costs are reasonable in light of the nature of the organization's operations. In this context, "total cash" is defined as including " * * * U.S. Government financial support, as well as private support; similarly, it is expected that fund raising costs will include costs incurred in raising government funds."

3. Section 203.3.

This proposed revision simplifies the listing of documents required annually to maintain registration, and allows 180 days for their filing, rather than the 90 days period stipulated in the interim regulations. These changes have been made to simplify the process and to recognize the fact that the longer time period is more realistic given the lead times PVOs experience in obtaining completed audits.

4. Section 203.4 Certificates of Registration.

Requirement for publication in the Federal Register has been deleted as being inappropriate to an action (registration) which only serves A.I.D.'s internal purposes.

5. Section 203.6 Registration of Foreign PVOs.

This section has been expanded by the addition of the definition of the four categories of foreign private and voluntary organizations, and the delegations of authority to offices within A.I.D. for responsibility to register foreign private and voluntary organizations.

6. Section 203.10 Waiver Authority.

This section has been changed to permit delegation of the waiver authority.

7. Executive Order 12291.

This proposed rule is not a major rule and has been submitted to OMB in accordance with Executive Order 12291.

8. Regulatory Flexibility Act.

The Agency has determined that this proposed rule will not have a significant economic impact on a substantial number of small entities, including small business, small organizational units and small governmental jurisdictions.

For the reasons set out in the preamble, Part 203 of Chapter II of Title 22 of the Code of Federal Regulations is proposed to be revised as follows.

PART 203—REGISTRATION OF AGENCIES FOR VOLUNTARY FOREIGN AID

Sec.

203.1 Purpose.

203.2 Conditions of registration and documentation requirements for U.S. private and voluntary organizations.

203.3 Annual requirements.

203.4 Certificates of registration.

203.5 Denial of registration and reconsideration.

203.6 Registration of foreign private and voluntary organizations.

203.7 Termination of registration.

203.8 Delegation of authority.

203.9 Access to records.

203.10 Waiver authority.

Authority: Section 621 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2381).

§ 203.1 Purpose.

A.I.D. maintains, pursuant to this part, two registries of private and voluntary organizations (PVOs) engaging in or intending to engage in voluntary foreign aid operations—one of U.S., the other of foreign PVOs—for the following purposes:

(a) *Subventions.* (1) The Foreign Assistance Act of 1961, as amended ("FAA") and the Agricultural Trade and Development and Assistance Act of 1954, as amended ("Pub. L. 480"), authorize certain forms of assistance for private and voluntary organizations registered with A.I.D. These forms, referred to as "subventions," are:

(i) The payment of transportation charges on shipments of contributions for development, relief or rehabilitation, under section 123(b) of the FAA, 22 U.S.C. 2151u;

(ii) The sale of services or commodities, e.g., excess property under section 607(a) of the FAA, 22 U.S.C. 2357(a); and

(iii) The furnishing of agricultural commodities for development, relief and other programs under section 202 of Pub. L. 480, 7 U.S.C. 1722.

(2) Registration is required of United States private and voluntary organizations for participation in paragraphs (a)(1)(i) and (ii) of this section, and confers a preference as to paragraphs (a)(1)(iii) of this section. Foreign registered PVOs may not participate in paragraph (a)(1)(i) of this section, and may participate in paragraph (a)(1)(ii) of this section only if no U.S. registered PVO is available. For paragraph (a)(1)(iii) of this section the preference is: First, a U.S. registered PVO; second, if a U.S. registered PVO is not available, then a foreign registered PVO; if neither of these is practicable, then a non-registered PVO.

(b) *Registered PVO grants.* In implementing the authorities in the FAA, A.I.D. has established the policy that certain types of grants shall be made only to registered PVOs (referred to as "registered PVO grants"). Such grants rely heavily on the capacities of the grantee, and the registration process helps identify some facts which have a bearing on such capacities. Registered PVO grants currently include matching grants, institutional development grants, and operational program grants, but A.I.D. may redefine from time to time those forms of grant assistance which comprise registered PVO grants. Registration is not a requirement for A.I.D. contracts and forms of grant assistance, other than registered PVO grants.

(c) It is not the purpose of registration to make or enable to be made any representation to the public concerning the meaning of being registered.

§ 203.2 Conditions of registration and documentation requirements for U.S. private and voluntary organizations.

An applicant shall be registered with A.I.D. as a U.S. PVO if A.I.D. finds that the applicant has satisfied all the conditions and documentation requirements of registration listed below. An applicant seeking registration shall submit to A.I.D., Washington, D.C. 20523, the documentation listed below accompanied by a letter stating the reasons for seeking registration signed by its chief executive officer and supported by a resolution of its governing body. In addition, the applicant shall submit such other information as A.I.D. may reasonably require to determine if the applicant should be registered.

(a) *Condition and Documentation Requirement No. 1.—(1) Condition.* That the applicant is a private nongovernmental organization which is organized under U.S. law and maintains its principal place of business in the United States and is not a university, college, accredited degree-granting institution of education, organization engaged exclusively in research or scientific activities, church, or organization whose primary purpose is to engage in religious activities.

(2) *Documentation Requirement.* Articles of incorporation, bylaws, and relevant documents establishing its legal status.

(b) *Condition and Documentation Requirement, No. 2.—(1) Condition.* That the applicant receives funds from private U.S. sources, as defined in paragraph (b)(1)(i) of this section, and that at least 20 percent of the funds (excluding in-kind contributions) for its

overseas program costs (excluding in-kind contributions), in the last audited year are from private U.S. sources.

(i) "Funds from private U.S. sources" refers to cash received from private, nongovernmental, U.S. sources, e.g., support and revenue from private individuals, groups, foundations and/or corporations. In-kind contributions are not included. Funds received directly or indirectly from the U.S. Government or state or local governments, the United Nations or any other public international organization, or foreign governments or institutions are not included.

(ii) "Overseas program costs" are defined as the costs of all voluntary foreign aid operations of the organization conducted outside the U.S., and includes that portion of applicable indirect costs incurred in the U.S. (such as administrative costs, but excluding fund-raising costs) necessary to carry out those voluntary foreign aid operations.

(iii) In the event the current activities of an applicant are solely domestic and it anticipates becoming engaged in international activities, this formula would apply to income received for domestic activities.

(iv) A PVO, which on (the effective date of this part) is registered but which did not in its last audited year ("base year") meet the above 20 percent test, shall have a period of three years in which to come into compliance. If an independently audited financial statement for the third year following the base year does not meet the 20 percent test, the PVO's registration would be terminated by A.I.D. in accordance with § 203.7(a)(2). Any "registered PVO grants" in progress would not be terminated and could be funded through their approved project course, but new ones would not be made.

(2) *Documentation Requirement.* Same as § 203.3(a)(2), plus the audited financial statement (see Condition No. 6 at § 203.3(f) of this part).

(c) *Condition and Documentation Requirement No. 3.—(1) Condition.* That the applicant is a nonprofit organization and has a tax exemption under any one of 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)(6); or as a cooperative or credit union under section 501(c)(8).

(2) *Documentation Requirement.* IRS Statement of Tax Exemption, and a copy of IRS Form 990 or 990-PF "Return of Organization Exempt from Income Tax,"

or one comparable to the Internal Revenue Service document.

(d) *Condition and Documentation Requirement No. 4.*—(1) *Condition.* That the applicant is a voluntary organization, i.e., receives voluntary contributions of money, time or in-kind support from the general public.

(2) *Documentation Requirement.* Latest annual report (or similar document) and audited financial statement (see Condition No. 6 at § 203.3(f)).

(e) *Condition and Documentation Requirement No. 5.*—(1) *Condition.* That the applicant is, or anticipates becoming, engaged in voluntary charitable or development assistance operations abroad (other than religious), including but not limited to services of relief, rehabilitation, disaster assistance, development assistance, welfare, training, or program support and coordination for such services, in the fields of health, education, population planning, nutrition, agriculture, industry, environment, ecology, refugee services, emigration, resettlement, and development of capacities in indigenous PVOs and institutions to meet basic human needs; and that such organizations are consistent with its articles of incorporation and related documentation included in the application, and with the purposes of the Foreign Assistance Act and Pub. L. 480.

(2) *Documentation Requirement.* Latest annual report (or similar document).

(f) *Condition and Documentation Requirement No. 6.*—(1) *Condition.* That the applicant accounts for its funds in accordance with generally accepted accounting principles ("GAAP"); has financial resources and demonstrated management capability to enable it to perform the services it proposes; and exercises financial planning through the preparation of an annual budget for the year subsequent to that covered in the annual audit.

(i) Further tests of the financial management systems of a PVO are part of the A.I.D. pre-grant award process. In judging the financial management systems of grant applicants the requirements set by the Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations," Attachment F, "Standards for Financial Management Systems" will apply, and by reference, OMB Circular A-122 "Cost Principles for Nonprofit Organizations" will also apply. The determination as to whether

an applicant can conform to these requirements is made through a pre-grant award review which is the responsibility of the grant officer with information provided by the A.I.D. Inspector General.

(2) *Documentation Requirement.* The most recent audited financial statement including Balance Sheet, Statement of Support, Revenue and Expenditure and Statement of Change in Financial Position prepared in accordance with generally accepted accounting principles ("GAAP") disclosing administrative, program, and fund-raising costs; and separately disclosing overseas program costs. The audit shall be conducted by an independent Certified Public Accountant in accordance with the generally accepted auditing standards ("GAAS") of the "Statement on Auditing Standards" of the American Institute of Certified Public Accountants. A budget for the year subsequent to that covered in the year reported in a format consistent with the audit, including the detailing of anticipated amounts and sources of support and revenue.

(i) New organizations which have been incorporated less than a year must provide an independent CPA's statement that financial statements can be prepared in accordance with GAAP, along with an unaudited financial statement covering the period between incorporation and application for registration. The CPA's statement for new organizations will also indicate whether the organization has installed internal controls to enable the execution of an audit in accordance with the applicable auditing standards at the end of the first year of operations.

(g) *Condition and Documentation Requirement No. 7.*—(1) *Condition.* That the applicant is controlled by an active and responsible governing body which holds regular meetings, which is the highest authority of the organization; whose members serve without compensation for such services; and in which paid officers or staff members do not constitute a majority in any decision; and that the applicant disclose the compensation of the top five headquarters' positions and overseas country directors.

(2) *Documentation Requirement.* A statement indicating that members of the governing body receive no compensation for their services on that body; the names and addresses of members; minutes of meetings or excerpts from minutes which the applicant considers significant or helpful to the registration process; salaries and allowances of the top five principal headquarters' positions determined by salary level; and a list of the salary

levels and allowances of country director positions. When provided directly by the applicant, salaries and/or allowances may be valued at actual cost; when provided by the recipient country or local institutions, they may be valued at fair market value.

(h) *Condition and Documentation Requirement No. 8.*—(1) *Condition.* That the applicant expends and distributes its funds and resources in accordance with the stated purposes of the organization, without unreasonable cost for promotion, publicity, fund raising and administration, at home or abroad, and provides public disclosure of its financial circumstances.

(i) In determining whether an applicant obtains, expends, and distributes its funds without unreasonable cost for promotion, publicity, fund raising, and administration, A.I.D. shall consider fund raising costs as presumptively unreasonable if they exceed 20 percent of the total cash and in-kind contributions to the organization (as reflected in the audited financial statement).

(ii) An applicant for registration or a registered agency whose fund raising costs exceed the 20 percent limitation must demonstrate that such costs are unreasonable in light of the nature of the organization's operations. Upon such a showing, A.I.D. may permit exceptions to the 20 percent limitation on a case-by-case basis.

(iii) "Contributions" as used in this section, include U.S. Government financial support, both cash and in-kind, as well as private support; similarly, it is expected that fund raising costs will include costs incurred in securing government contributions.

(2) *Documentation Requirement.* A certification that audited financial statements are available to the public upon request. Any other documentation or evidence which the applicant wishes to submit addressing the degree to which annual program spending has been consistent with the stated purposes of the organization and annual expenses reasonable in amount.

§ 203.3 Annual requirements.

In order to maintain its registration, each registered PVO shall submit annually, within 180 days after the close of the fiscal year, the following documents: an independently audited financial statement, a report of income and expenditures (A.I.D. Form 1550-2), an annual report (or similar document), a copy of IRS Form 990 or 990-PF, a budget for the new fiscal year and a statement that all other circumstances

described in the original registration material remain unchanged except as noted. A.I.D. may revise the above list of documents from time to time. In addition, each registrant shall submit such other information as A.I.D. may reasonably require to determine that the organization continues to meet the conditions of registration.

§ 203.4 Certificates of registration.

Certificates of Registration will be issued by A.I.D. to applicants which A.I.D. finds satisfy the conditions and documentation requirements for registration set forth in § 203.2.

§ 203.5 Denial of registration and reconsideration.

(a) *Notification of denial of registration.* If A.I.D. decides to deny an applicant registration, the applicant will be informed in writing of the denial with a specific statement of those conditions and documentation requirements of registration in § 203.3 that the applicant has failed to satisfy.

(b) *Reconsideration.* An applicant may, within 30 days after receipt of a notification of denial or registration, request that A.I.D. reconsider its application for registration and may submit additional information to A.I.D. bearing on its suitability for registration. An applicant requesting reconsideration will be informed in writing of A.I.D.'s decision upon reconsideration. In addition, A.I.D. may, at its own discretion, reconsider a denial of registration at any time.

(c) An applicant may resubmit an application for registration in accordance with § 203.2 at any time.

§ 203.6 Registration of foreign private and voluntary organizations.

(a) For the purpose of this part, foreign PVOs shall consist of the following:

(1) An "indigenous" PVO is a non-U.S. PVO which conducts operations in the country under the laws of which it is organized.

(2) A "regional" PVO is a non-U.S. PVO that is organized under the laws of a country in an A.I.D. geographic region, and conducts operations in more than one country in that region but not in more than one such region.

(3) A "third country" PVO is a non-U.S. PVO which is not organized under the laws of any country in the A.I.D. geographic region or regions in which it conducts its operations.

(4) An "international" PVO is an organization which is not registered as a U.S. PVO, receives funds from two or more countries, has an international governing body, and conducts

operations in one or more A.I.D. geographic regions.

(b) Foreign PVOs shall be registered in accordance with guidance for eligibility of non-U.S. private and voluntary organizations for participation in A.I.D.-supported programs approved by the Deputy Administrator of A.I.D., March 15, 1978 and A.I.D. handbooks, policies, regulations (published or otherwise) and procedures as they may be amended, supplemented or supported from time to time.

§ 203.7 Termination of registration.

(a) Registration shall remain in force until:

(1) Relinquished voluntarily by the registrant upon written notice to A.I.D.; or

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

(b) Termination proceedings pursuant to § 203.7(a)(2) above shall include prior written notice to the registrant of the grounds for the proposed termination and opportunity for the registrant to file a written statement as to why its registration should not be terminated.

§ 203.8 Delegation of authority.

(a) The authority to register and to terminate registrations is delegated to:

(1) The Assistant Administrator for Food for Peace and Voluntary Assistance, or his/her designee for U.S., international, and third country PVOs.

(2) The Regional Assistant Administrator, or their designees, for regional PVOs within their respective regions; and

(3) The principal A.I.D. officer, or, if there is none, the United States Ambassador, or their designees, for indigenous PVOs.

(b) Notices of registration and terminations of registration issued by the officials in paragraphs (a)(2) and (b)(3) of this section will be forwarded to the Bureau for Food for Peace and Voluntary Assistance within 30 days for inclusion in the registry.

§ 203.9 Access to records.

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

§ 203.10 Waiver authority.

The Administrator of the Agency for International Development or his/her designee may waive, withdraw, or

amend from time to time, any or all of the provisions of the regulations in this part.

Dated: December 3, 1981.

Julia Chang Bloch,
Assistant Administrator for Food for Peace
and Voluntary Assistance.

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