PN-AAR-110

Quarterly Meeting Report - December 15-16, 1983

ACVFA

Advisory Committee on Voluntary Foreign Aid
U.S. Agency for International Development

Themes: Development Education
PVO - Corporate Collaboration

Convened at: U.S. Department of State
Washington, D.C.

Prepared by: The Newman & Hermanson Company
Washington, D.C.

Contract No.: PDC-0000-C-00-3119-00

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THE ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

December 15-16, 1983
East Auditorium
Department of State

AGENDA

Thursday, December 15, 1983

8:00 a.m. Registration and Logistics Information

8:30 a.m. Introductory Remarks and Old Business, **E. Morgan Williams**, Chairman, ACFVA

9:15 a.m. Remarks by **Jay Morris**, Deputy Administrator, AID

PLENARY SESSION

East Auditorium

A FRAMEWORK FOR DEVELOPMENT EDUCATION IN THE UNITED STATES

9:30 a.m. Presentation of the paper prepared by The ACVA/PAID Joint Working Group on Development Education

Speakers: **John Sommer**, Dean of Academic Studies Abroad, Experiment in International Living

Rev. Gene Thiemann, Director for Interpretation, Lutheran World Relief

10:00 a.m. Comments from ACVFA members

10:15 a.m. *Coffee Break*

10:30 a.m. An Action Plan for the Development Education Framework: Brief reports of working group convenors

Moderator: **John Sewell**, Chairman, ACVFA Subcommittee on Development Education

Panel Presentations:

Market Survey	**Martin Rogol**, Consultant to The Joint Working Group
Coalitions and Critical Issues	**Martin McLaughlin**, Interfaith Action for Economic Justice
Communications and Resource Sharing	**Helen Seidler**, Director, Development Education, CARE
Evaluation	**Nate VanderWerf**, Development Education, Coordination in Development (CODEL)
Organizational and Financial Resources	**John Sommer**, Dean of Academic Studies Abroad, The Experiment in International Living

11:30 a.m. Comments from ACVFA members; Questions and general discussion

12:00 p.m. Funding for Development Education

Brief Presentations:

PVO Sector	**Loretta Force**, Co-Director, Church World Service
Private Sector	**Tom Fox**, Director, International Programs, Council on Foundations,
Public Sector	**Jerry Connolly**, Professional Staff Member, Senate Foreign Relations Committee

12:30 p.m. *Lunch (on your own)*

2:00 p.m. Concurrent subcommittee meetings: (See separate agendas)

Development Education - Room 1105
PVO Policy - Room 1205
PVO-University Relations - Room 1107

3:45 p.m. Concurrent subcommittee meetings:

PVO-Corporate Relations - Room 1105
Food For Peace - Room 1107

Friday, December 16, 1983

PLENARY SESSION

East Auditorium

PVO-CORPORATE COLLABORATION

9:00 a.m. Remarks by **Kenneth M. Smith**, Chairman Subcommittee on PVO-Corporate Relations

Presentation on the study of PVO-Corporate Collaboration - **The Newman & Hermanson Company**

Subcommittee Recommendations and Future Plans—**Kenneth M. Smith**

Panel of Reactors

Panelists:	**Henry Norman**, Executive Director Volunteers in Technical Assistance (VITA)
	Mr. Paul Belford, Assistant Vice President Pharmaceutical Manufacturers Association
	AID Representative TBA

Summary Remarks—**Kenneth M. Smith**

Comments from ACVFA Members

Brief Report on the President's Task Force on International Private Enterprise - **Christian Holmes**, Executive Director

11:00 a.m. *Coffee Break*

11:15 a.m. Business Session

Agenda Items:

Brief Reports from the Subcommittees

Themes for upcoming ACVFA meetings

Discussion of overseas meeting location

Subcommittee goal development

Conflict of Interest issue

New Business

1:00 p.m. *Lunch (on your own)*

2:30 p.m. Special briefing by **John Wilhelm** Executive Director, Commission on Security and Economic Assistance, on the Final Report of the Commission - East Auditorium

EXECUTIVE SUMMARY

The quarterly meeting of the Agency for International Development (AID) Advisory Committee on Voluntary Foreign Aid (ACVFA) was conducted December 15-16, at the Department of State in Washington, D.C. The meeting was focused primarily on:

- o A Framework for Development Education in the United States developed by a Joint Working Group comprised of representatives from the American Council of Voluntary Agencies (ACVA) and Private Agencies in International Development (PAID);

- o The Report on PVO-Corporate Collaboration commissioned by the ACVFA Subcommittee on PVO-Corporate Relations.

These topics were discussed at the Thursday and Friday morning plenary sessions, respectively. E. Morgan Williams, ACVFA Chairman, presided.

Rev. Eugene Thiemann and John Sommer, co-chairmen of the ACVA/PAID Joint Working Group, began the program on development education by explaining how the group was formed; the circumstances which led to the development of the Framework; and the purpose and objectives of the paper. Following the overview, a panel of Joint Working Group members discussed "An Action Plan for the Development Education Framework." The panelists described the specific activities proposed by the Joint Working Group to implement the Framework nationally and the level of funding, coordination and communications that are necessary to commence the implementation process. Later in the morning a second group of panelists discussed the overall funding situation for development education programs in the United States, focusing particularly on corporate and foundation funding and the FY 85 budget for the Biden-Pell program.

At mid-morning, Jay Morris, Deputy Administrator of AID, presented brief remarks on the potential for PVO involvement in development

assistance programs planned for Grenada; the important role of development education in overcoming public resistance to foreign assistance programs, and AID's commitment to increasing development education funds.

The entire afternoon of the first day was devoted to meetings of five of the standing subcommittees: AID-PVO Policy, Development Education, PVO-University Relations, PVO-Corporate Relations, and P.L. 480: Food for Peace.

The second day of the ACVFA meeting began with the plenary session on PVO-corporate collaboration. The Chairman of the Subcommittee on PVO-Corporate Relations moderated this special session in which a report on cooperative projects developed by a consulting firm and the Subcommittee's recommendations were reviewed. Following these discussions, Christian Holmes, Executive Director of the President's Task Force on International Private Enterprise, presented an overview of the Task Force, a summary of the major issues they are deliberating and a status report on their recommendations to the President.

During the business meeting which followed, ACVFA members made decisions on the locations and dates of upcoming quarterly meetings, taking time to discuss in detail plans for the overseas meeting scheduled in June. Several actions were taken with regard to the reports from the subcomittee meetings including:

- Endorsement of the ACVA/PAID Framework
- Approval of a survey on PVO-university relations
- A recommendation to the AID Administrator that a representative from the Committee should be appointed to the Task Force on U.S. Food Policy which is contemplated, if such a group is organized
- The Report on PVO-Corporate Collaboration and the recommendations of the Subcommittee on PVO-Corporate Relations were adopted
- Themes for the remaining 1984 ACVFA meetings suggested by the Planning and Operations Subcommittee were accepted.

Subsequent discussions at the business meeting focused on subcommittee plans and budgets for 1984 and strategies to increase meeting attendance.

The final session of the meeting on Friday afternoon was devoted to a special briefing on the report of the Commission on Security and Economic Assistance, referred to as the Carlucci Commission. John Wilhelm, Executive Director of the Commission, described the process which led to the development of report and briefly summarized the major findings and recommendations of the Commission.

OPENING PLENARY SESSION
ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
THURSDAY, DECEMBER 15, 1983

The first plenary session was called to order by Dr. Robert Marshall, Vice Chairman of Advisory Committee on Voluntary Foreign Aid.

After making various announcements concerning the scheduling of the various subcommittee meetings and related matters, Dr. Marshall reported on the status of previous Advisory Committee recommendations to the AID Administrator. An official response to these recommendations has been delayed for procedural reasons, but is forthcoming shortly and will be reported in the proceedings of the March ACVFA meeting.

Chairman E. Morgan Williams next introduced Mr. Thomas McKay, Director of the AID Office of Private and Voluntary Cooperation, who reported on the implementation of AID's PVO Policy Paper. He noted that a letter had been sent to members of the PVO community and the AID Missions advising them of new guidelines for the simplification of procedures which will be in effect for the next 12 to 18 months. The PVOs and the Missions have been asked to comment on the guidelines prior to their being made the permanent policy of AID.

Mr. McKay also reported on the action which had been taken with respect to the Indigenous PVO Policy Paper which had been discussed at the March Advisory Committee meeting in Jamaica and at a meeting of AID Mission staff in Bangkok. He noted that the Missions and the PVO community had been informed of current policy with respect to the paper. Lastly, Mr. McKay announced that the guidelines for development education have also been distributed.

Mr. David A. Pasquarelli, Executive Director of the Florida Association of Voluntary Agencies for Carribean Action (FAVA/CA), briefly outlined the activities of the American Council of Voluntary Agencies/

Private Agencies in International Development (ACVA/PAID) Joint Working Group on Development Education. He pointed out that the Canadians, Danes, Dutch, and British have established development education programs during the past decade and that such a program is long overdue for the United States. The Joint Working Group has succeeded in defining the components of such a program and 20,000 copies of its report are to be distributed throughout the country.

The Chairman then introduced the first speaker, Rev. Eugene Thiemann, Director for Interpretation, Lutheran World Relief, a past chairman of an ACVA Subcommittee on Development Education and co-chairman of the Joint Working Group on Development Education.

Rev. Thiemann observed that interest in development education began to be generated among ACVA members five years ago when ACVA sponsored a series of roundtable discussions in which guests from Canada and Europe spoke about their projects in development education. The Joint Working Group was later established, which merged the ACVA and PAID Development Education groups. He noted that a recently published study by the Technical Assistance Information Clearinghouse (TAICH) for the American Council indicated that over a hundred private voluntary organizations are currently involved in one project or another in development education. Rev. Theimann pointed out that past advisory Committee Meetings devoted to the subject of Development Education, and the initiation of the Biden-Pell grants program provided a catalept for this inereosed activity in the area of Developmen Education.

During the past summer, some 20 representatives of private and voluntary organizations, met at the Experiment for International Living facilities in Brattleboro, Vermont to try to devise a framework for development education in America. The results of this meeting laid the groundwork for the recent publication entitled: A Framework for Development Education in the United States which represents the contribution of some 50 individuals of the PVO community. Recently, PAID sponsored a media roundtable at Columbia University Teachers College to discuss The Framework.

Rev. Thiemann concluded by asking the participants to encourage the Advisory Committee to lend its "moral support" for an effort to raise for financial support for the action plan outlined in "The Framework." He suggested that funds be raised from Biden-Pell grants, private corporations and foundations, and other federal agencies with an interest in international affairs.

Mr. John Sommer, Dean of Academic Studies Abroad and Senior Policy Adviser of the School for International Training, Experiment in International Living, continued the discussion of the "Framework for Development Education in the United States." He began by briefly noting the development of foreign aid activities and the historic efforts of private organizations.

He observed that when he began working with the Overseas Development Council in late 1974, the question arose as to what was the proper role of the private voluntary agencies today in conjunction with the efforts of AID, the World Bank and a plethora of development assistance agencies through the United Nation's system, et al. He determined that the comparative advantage of voluntary agencies derived from their linkages with constituencies in the United States. The question then arose as to how much of the knowledge derived from their direct overseas experience could be transferred back to these constituencies.

Mr. Sommer pointed out that the European experience with development education and the Biden-Pell legislation authorizing AID grants served as catalytic support for the furtherance of development education in America. He noted that Part One of the Joint Working Group paper defined three basic objectives of development education: 1) It should provide knowledge; 2) it should provide a concern for justice and equity; and 3) it should ultimately result in action to stimulate change.

Part Two of the paper consisted of more specific guidelines for promoting the awareness of development education among the general public and raising the commitment and competence of private and voluntary

organizations involved in developmental activities. Like any other educational field, development education should be regarded as a learning process; it is a dynamic, interactive process which involves not merely preaching at people, but eliciting their active participation.

Development education should be founded on the principle of pluralism, which is a strength of American society and which is indicative of many of the values we would like to see projected abroad. Thus, such programs should be derived from a partnership with those peoples whose development is of concern. They should be targeted toward audiences which are receptive to international issues and in which there is likely to be a multiplier effect with respect to the dissemination of information.

Significant, timely and accurate themes must be devised to gain the attention of given target audiences. Examples are:

- "Poverty in a World of Plenty is Unnecessary and Unacceptable"
- "America's Well-being is Dependent on Global Well-being"
- "Individuals Can Make a Difference"
- "The World has the Resources and the Human Capability to Eliminate Poverty"
- "Many Paths Lead to Development - There is No Single Path."

The themes and messages we select must relate to the learner's concerns rather than to our own.

Following Mr. Sommer's remarks, several observations were expressed concerning the need to increase the participation of churches and businesses in promoting development education. Chairman Williams indicated that these matters were important and should be raised during the appropriate panel discussions.

When the meeting reconvened after a coffee break, Mr. Jay Morris, the Deputy Administrator of AID addressed the assembly. Mr. Morris began by

briefly noting the task force he had recently headed to promote private investment in Grenada. He suggested that the members of the PVO community might offer their views regarding the planning and use of the $15 million in development assistance funds which AID has allocated for Grenada.

Mr. Morris noted the importance of development education to overcome the resistance of the general public to foreign assistance programs. He observed that, even though America has its own domestic problems, we can solve those problems and focus much more effort in helping the less developed countries if only we have the collective will to do so.

Mr. Morris indicated that AID is interested in continuing to utilize the expertise of the members of the PVO community and to explore with them innovative approaches to educating Americans of the issues pertaining to world hunger and poverty. He cited as an example the use of media by the "End Hunger Network" a consortia of organizations which AID supports through the Development Education program.

He pointed out that AID was currently evaluating the first phase of its Development Education Program and that current plans called for increasing funds for the program to a total of $1.8 million, representing more than a three-fold increase in the initial budget of the program which was allocated only two years ago. He stated that there is a need to build up a knowledge base about the program's achievements in order to assure Congress that the funds were being well spent.

Mr. Morris observed that AID fared far better than expected with respect to its FY 85 budget and that the future holds the promise of several exciting new initiatives in which members of the PVO community can participate. He concluded by remarking that a great deal more can be done through organizations such as the "End Hunger Network" to secure donations-in-kind from private sources for use in support of development initiatives.

Chairman Williams then introduced the panel discussion on Development Education by pointing out some of the imaginative publicity devices which had been used in fund-raising campaigns by the Red Cross and Save the Children. He also noted that the U.S. Department of Transportation had launched a successful public relations campaign against drunk driving by using the publications of some 200 trade associations and suggested that these private associations might be solicited to participate in development education as well.

Mr. John Sewell, Chairman of the ACVFA Subcommittee on Development Education, was then introduced to moderate a panel of Joint Working Group members to discuss "An Action Plan of the Development Education Framework." He began by expressing his appreciation to AID Administrator, Peter McPherson, and Deputy Administrator Morris for their efforts to support development education through Biden-Pell funding and other AID activities.

He also noted that there were several other encouraging signs that the time has come to talk seriously about development education. Most notable of these is the Carlucci Commission's recommendation that Biden-Pell funding and other aspects of development education be expanded.

Mr. Sewell noted the traditional primary role of the private voluntary organizations (PVOs) in the history of American foreign assistance programs. He pointed out that in contrast to almost all the countries of the Organization for Economic Cooperation and Development (OECD), the United States lacks a coordinated national effort in development education. He observed that the PVO participants should be commended for being able to subordinate their inevitable organizational conflicts and rivalries in an effort to create a substantive program of development education.

Mr. Sewell concluded by stating that, after three decades of rather remarkable progress in development, the prospects for continuing progress in the 80's worsen day by day, owing to such circumstances as widespread

recession in Latin America and continued drought and other severe environmental problems in Sub-Saharan Africa. When one looks at the worsening situation and notes the lack of support within the United States for programs of overseas development, one becomes aware of the urgent need for development education.

Mr. Sewell next introduced panelist Martin Rogol, Consultant to the Joint Working Group, to speak briefly on the proposed market survey. Mr. Rogol noted that in order to accomplish its objectives, the action plan requires a determination of the perceptions of development education among the general public, as well as the foreign assistance community. He suggests that such a determination might best be achieved by means of a four-step approach: 1) research of attitudinal data which is already available; 2) creation of "focus groups" in regions around the world to test various conclusions relating to perceptions, themes, etc.; 3) a nation-wide public opinion survey; and 4) use of the data obtained to devise general themes which can be incorporated into the educational campaign. He concluded by noting that, while the proponents of development education need not speak with one voice, a consistent voice expressing themes derived from reliable data is far more likely to be successful.

Panelist Martin McLaughlin of Interfaith Action for Economic Justice next spoke on the "Coalitions and Critical Issues" section of the action plan. He reported that he, Rev. Thiemann, and Mr. Robert Wilson of Bread for the World had conferred and had listed some twenty issues of likely concern to the proponents of development education: Women in Development, Unemployment (in light of U.S. connections with the Third World), Food Shortages in Africa, Central America and the Caribbean, Drought in the Sahel, Domestic Hunger, U.S. Policy Impact on the Third World, Agrarian Reform, The Impact of Foreign Aid on the United States, International Trade, Arms Versus Social Spending, Debt Crisis, Food Aid, Military and Security Assistance, Direct Private Investment, Aid to Repressive Governments, The Nature of Poverty, The Politicization of the Development Aid Process, The Motivations for Development Assistance, and the New International Economic Order (NIEO).

Mr. McLaughlin noted that this list was condensed into four key topics, two of which focused on regional problems: "Food Insecurity in Sub-Saharan Africa" and "Social, Economic and Political Inequity in Central America and the Caribbean;" and two relating to more heuristic matters: "Your Personal Stake in Global Interdependence" and "The Impact of the United States on the International System." He concluded by noting that further discussions of these topics will be held with the various member agencies in order to achieve a greater degree of consensus with respect to future efforts in the campaign for development education.

Panelist Helen Seidler, Director of Development Education for CARE, next presented a report of the deliberations of the working group on "Communications and Resource Sharing." The major objective of the group was to establish a means of facilitaitng interchanges of information between private voluntary agencies and other organizations. So far, it has sponsored a Biden-Pell Roundtable and has met with a group of professional educators to discuss how development education might be integrated into formal school programs.

Ms. Seidler also reported that the group plans to monitor the mass communications media and to engage in dialogues with media representatives in order to promote more effective publicity relating to the development education campaign. Other plans include producing programs on development education for network television (the "Telenet" system); designing an information system as part of the larger automated reporting system which is to be established by PAID and ACVA to service the private voluntary organizations; participating in and reporting about the activities of various international agencies which are related to development education; establishing a staff to do extension work in development education; offering internships to graduate students to encourage career interests in development education; and developing a quarterly professional journal targeted at the Development Education practitioner. Ms. Seidler closed by inviting the members of the Committee to participate in these diverse activities.

Mr. Nate VanderWerf of Coordination in Development (CODEL) then presented the report of the Joint Working Group on "Program Evaluation." He observed that a "total strategy" was needed for any program of development education which encompassed research, new initiatives for programming, and program evaluation.

He pointed out that the American Council of Voluntary Agencies Directory on Development Education lists over 100 agencies and that their number appears to be growing. He stressed the importance of tracking the evolution of these agencies' activities and noted that this can be accomplished only by means of routine, consistent evaluations.

His working group suggested that three general questions should be taken into account in the evaluation of program activities: 1) What are the appropriate audiences, messages and media for any given program and how can these be properly matched? 2) How can we reasonably determine the outcome of a program activity in the short term? 3) What contextual variables must be considered with regard to a given program, such as climate and leadership?

Mr. VanderWerf reported that his working group has been gathering information about development education from various sources in the United States and other countries. It has sent a questionnaire to all private voluntary agencies in the United States which have indicated that they are engaged in development education programs. The data obtained will be studied to learn of their techniques for program evaluation. He concluded by noting that the group is also planning to sponsor seminars and workshops in which the results of the questionnaire will be discussed as part of an effort to ensure that more attention is paid to evaluation as an aspect of program operations.

The last panelist, Mr. John Sommer, reported on the activities of the Joint Working Group regarding "Organizational and Financial Resources." He began by noting that the staff of ACVA is already

seriously overburdened and that various transitional problems have arisen during the past six months while the organizations of ACVA and PAID have been merging.

The various activities of the Joint Working Group have been subsidized with staff and funds from the participating agencies. However, additional cash and in-kind assistance is required, particularly in the professional services area for market surveys and other projects.

Mr. Sommer observed that the Canadian government has provided $17 million for development education and that U.S. funding has also been increasing. He pointed out, in particular, that U.S. government support for the Biden-Pell Program has been a major achievement.

Mr. Sommer concluded his remarks by noting that the United Nations Non-governmental Liaison Service has been of assistance in promoting professional contacts and providing technical expertise and that support is likely to be forthcoming in the near future from several private foundations which have been contacted.

Following the panel presentations, the meeting was opened up for questions from members of the Advisory Committee. In response to the first question concerning various human resources for development education, there was general agreement that a greater effort should be made to involve foreign nationals, particularly foreign students, in the effort.

The panelists were asked to whom editors, journalists, and other media representatives interested in development education might be referred for information.

Ms. Helen Seidler who addressed "Communications and Resource Sharing" on behalf of the Joint Working Group replied that she should be contacted for such assistance and that she was establishing a staff not only to reply to requests for information, but also to take the initiative in providing articles on development education for the media.

Mr. Rogol was asked how long it would take to complete the proposed market surveys. He replied that the secondary research could be completed within three to six weeks and that the other surveys planned can be completed during the next three or four months, assuming that the required funds, approximately $40,000, are forthcoming. In response to another question, Mr. Rogol noted that he had been conferring with Mr. VanderWerf in order to ensure that periodic evaluations would be an integral part of the market survey process.

Ms. Seidler was asked whether her discussions with professional educators were limited to secondary education or included higher education as well. She replied that while the conference of private voluntary agencies and educators, entitled "Forging a New Coalition," was not limited to any particular educational level, most of the discussions focused on secondary education. She noted that some of the Biden-Pell funds have made it possible for some PVOs to cooperate directly with university communities. She recognized the need to form a small group of representatives of PVOs and educational organizations, such as the National Education Association or the American Association of Junior Colleges, in order to formulate proposals for effective collaboration.

Ms. Seidler announced that her working group was planning to participate in the conference to be held next year by the National Assembly for Global Perspectives -- "Global Crossroads: Educating Americans for Responsible Choices." She hopes to have specific proposals relating to development education to submit for consideration at the conference.

The plenary session resumed with three presentations for "Funding for Development Education." Ms. Loretta Force, Co-Director of Church World Service, the first speaker during this segment began by noting that her organization had decided to establish an office for development education following a two-year study of existing programs in development education in the United States and abroad. Church World Service subsequently allocated from one to three percent of its budget for development education.

Next, Mr. Thomas Fox, Director of International Programs of the Council on Foundations, discussed the orientation of private family and corporate foundation grants for development education. Mr. Fox noted that, while the data on such grants are inadequate, it is a reasonable estimate that about four percent of the American philanthropic dollar is allocated to some type of international activity -- whether it is spent here or abroad.

Mr. Fox explained that only about 10 percent of the American philanthropic dollar comes from private founations and corporations, and the remaining 90 percent comes from individuals, living and dead. While there is little data as to the type of projects for which these funds are provided, Mr. Fox noted that during the past several years there has been a notable trend in the programs of national foundations toward "global awareness" or "interdependence." Most of this interest has been expressed in the form of one-time grants for special or experimental projects. It has not been expressed by and large in terms of on-going support for individual, basic programs, such as those in the field of development education. This is a reflection of the fact that, as a rule, there are very few foundations and corporate-giving programs that currently provide support for Third World development. Those few organizations which are interested in Third World countries tend to focus on development in the field in such project areas as health, population and economic development.

Nevertheless, Mr. Fox remarked that in recent years there has been a marked increase in interest on the part of foundations and corporations in the broad area of international education, particularly in youth exchanges, and that there has been a corresponding increase in funds devoted to international education from philanthropic and business sources. He concluded that, given the corporations' increased interest in development operations in the Third World, it would be valuable to find some way to promote the use of the "language" of development education by corporate giving institutions.

Dr. Richard Garon, a staff member of the U.S. House of Representatives Committee on Foreign Affairs, next spoke on government support for development education. He pointed out that Congress has agreed to retain the Biden-Pell Program's funding at $1 million, but that a "substantial number" of worthy projects are likely to be cut from the Foreign Assistance bill for the coming fiscal year due to budgetary restrictions. Biden-Pell funding might possibly be increased in order to compensate somewhat for the loss of funding for these projects.

Dr. Garon observed that several proposals are now being discussed to change the Government's role in development assistance. It has been suggested that the government be more forthcoming in providing seed money for projects which can ultimately be funded by private sources. It has also been suggested that some type of "quasi-governmental institute or foundation" for development activities be established with funds from both the public and private sectors.

Dr. Garon concluded with some general comments concerning congressional interest in learning from the experience of other countries with respect to development education, particularly Sweden and the United Kingdom, and in consolidating various governmental activities which are related to such a program. He indicated that he was hopeful that there would be increased funding for Biden-Pell grants in the future.

The meeting was then opened for questions from the members of the Advisory Committee. Ms. Willie Campbell asked Mr. Fox about relations between private voluntary organizations and the private family and corporate foundations. She noted that while the business community has become increasingly aware of the expertise and general competence of the PVOs, there has not been a similar awareness on the part of the foundations and that, consequently, the foundations still are doing little to engage PVOs in their development activities. Ms. Campbell maintained that this lack of awareness has been the main obstacle for getting foundation support for PVO projects and special programs such as development education.

Mr. Fox replied that he had been "quietly" introducing issues and concerns in the international field to foundations and corporations that might be interested. He agreed that the foundations are uninformed about the PVOs and how competent they are. He observed that this is perhaps not the fault of the foundations, but rather that the case for PVOs has not been adequately presented.

Mr. Fox also pointed out that the larger foundations and corporations do not need PVOs in the same way that smaller foundations and firms do. They have adequate staff and therefore do not need outside intermediary personnel which smaller less staffed organizations may require.

Mr. Thomas Keehn of PAID commented that, while the funding of development education remains primarily the responsibility of the PVOs, outside funding is crucial to the success of the effort. He noted that while Mr. Morris had suggested in his remarks earlier that increased Biden-Pell grants might be forthcoming, Mr. Garon did not seem so optimistic. He therefore asked for clarification. Ms. Beth Hogan of AID replied that AID had requested that Congress approve increased funding for Biden-Pell grants during the coming fiscal year.

The Moderator, Mr. Sewell, then closed the session after expressing his appreciation to Mr. Thomas Keehn for his assistance in organizing the program.

SECOND PLENARY SESSION
ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
DECEMBER 16, 1984

The second plenary session was devoted to the Subcommittee on PVO-Corporate Relations' report on PVO-Corporate collaboration.

The session was called to order by Kenneth S. Smith, Subcommittee Chairman. He began by reviewing the agenda for the session and describing briefly the background of the Subcommittee and the report.

Mr. Smith stated that the Subcommittee, which was established in 1982, grew out of an interest in whether there could be more opportunities for private voluntary organizations and corporations to work together beyond their traditional roles and relationships. The Subcommittee defines "corporations" generically as private, for-profit companies. In the course of its work the Subcommittee determined that more in-depth research on cooperative efforts was necessary. Subsequently, The Newman & Hermanson Company was retained by AID in support of the Subcommittee's work.

Mr. Smith indicated that once the formal study of cooperation was begun, it was clear that PVO-corporate collaboration was an area that was extremely fertile with opportunities. The process of identifying examples of cooperation that benefitted both the corporation and the PVO generated great interest, ideas and concepts which are summarized in the Subcommittee's report. The Chairman then introduced Wilhelmina Bell-Taylor, President of The Newman & Hermanson Company, who reviewed the body of the report.

SUMMARY OF THE REPORT ON PVO-CORPORATE COLLABORATION

During the period from October 1982 - October 1983, The Newman & Hermanson Company (NHC) conducted a study to determine ways to increase

collaboration among private voluntary organizations and corporations in Third World social and economic development projects. The major purpose of the study was to provide information about PVO corporate collaboration that could be used by the Subcommittee on PVO-Corporate Relations to formulate recommendations for AID policy or other appropriate action.

The study of PVO-corporate collaboration initially appeared to be a fairly straightforward investigation. However, upon closer examination, it was soon discovered that the underside of what had appeared to be a simple subject revealed a mass of very knotty issues and diverse relationships.

Rather than following a rigorous traditional research design, the NHC study was an exploration of issues, views, available information, and examples, with one source generating new sources for review and analysis. However, the process of gathering information was carried out systematically and focused on:

- Examples of successful and unsuccessful projects in which PVOs and businesses worked together
- Benefits arising from collaboration
- Barriers that might impede collaboration efforts
- Appropriate roles for PVOs and AID to play in encouraging partnership initiatives
- Vehicles for collaboration efforts.

It was noted that many people are of the impression that the study was a year-long concentrated effort; however, in reality it was a modest effort carried out in conjunction with many other activities performed by the NHC for the Advisory Committee and the Subcommittee.

The various activities conducted to gather information were:

- o Interviewing representatives of PVOs, non-profit organizations, major corporations, small business organizations and associations, staff of AID and other Federal agencies;

- o Obtaining testimony and statements from representatives of U.S. and indigenous public and private sector organizations; and

- o Reviewing relevant literature and research.

Overall, representatives from over 77 public and private sector organizations contributed information and views to the study.

The involvement of PVOs with corporations in the development process is nothing new. Past relationships between private enterprise and private voluntary organizations have been predominantly philanthropic in nature. However, changing conditions have prompted serious re-examination of traditional PVO-corporate relationships.

- o U.S. corporations have demonstrated increasingly a tendency to gravitate toward developing countries, making them more likely partners in the development process.

- o For a number of reasons, such as matching requirements for AID grants, PVOs need to identify new, reliable sources of revenue.

- o High costs involved in establishing and maintaining overseas business operations are forcing corporations to find ways to minimize risk and safe guard investments. These high costs are also major deterrents to small and medium sized businesses that wish to establish overseas operations and markets.

Another cause of variation in traditional philanthropic activity, in which PVOs and corporations have cooperated, is the increasing pressure being placed on foreign businesses by host governments to link their activities in some way with the country's development efforts.

For the purposes of this study, collaborative efforts between PVOs and U.S. businesses were separated into 3 categories:

Category 1:

Philanthropic contributions in which cash contributions are made, providing tax advantages and positive public relations impact for corporations and providing either project or general institutional support for PVOs.

Category 2:

Partnerships on specific projects in which a PVO and a corporation work together on a specific development project. Generally the corporation provides the funding and gains tax advantages, positive public relations impact, improved relations with the host government, and, sometimes, indirect economic benefit. The PVO provides the personnel, carries out the major implementation role or serves as a facilitator to implementation and gains support to carry out its development mission. This category includes the "intermediation" model.

Category 3:

Business relationships in which a PVO provides an agreed upon set of services and/or a specified product which assists the business directly in its operations and for which the PVO is recompensed a negotiated amount. This category may include projects which have direct economic or social development impact provided they relate directly to the business operations.

NHC found that the majority of the collaborative efforts that have taken place to date have been in the first two categories. The third category, that of a business relationship between the business and the PVO, is a relatively recent concept and one without much of a track record. The study focused on the third type of collaborative effort since the mechanisms and experience for the first two have been documented by several "case study" reports.

ADVANTAGES

This third type of collaborative effort, the establishment of a business relationship between PVOs and businesses, seems to hold promise for all parties concerned -- there are advantages for the corporations, the PVOs, and AID and the developing countries.

Potential Advantages to Business

- Improved corporate capability and credibility in developing nations (public relations, productivity, etc.)

- Reduced infrastructure development costs in support of corporate business activity

- Assistance in dealing with cultural and economic dislocations resulting from corporate activity in LDCs and so minimizing any potential negative fallout from the activity

- Appropriate and cost-effective models and strategies for training workers to meet corporate requirements

- Maintenance of good working relations between corporation and LDC through PVO intermediary services

- Improved corporate decisionmaking on foreign investments based on PVO research, information, and advice (minimizing risk)

Potential Advantages to PVOs

- o Increased revenue and expanded revenue generation base by means of which to carry out its development mission

- o Additional mode of participating in development, particularly with regard to those development initiatives that require a strengthened private sector base and with regard to those development missions that have been expanded to include combatting the causes of poverty

- o Increased credibility in eyes of host governments and other donors (e.g., AID) with regard to PVO ability to carry out economic development projects

- o Transfer of business management practices to streamline operations and improve cost effectiveness ratios.

Potential Advantages to AID

- o Advancement of AID policy goals and programs for development in Third World nations, strengthening the private sector, alleviating poverty, and lessening dependence of LDCs on external foreign assistance

- o Increased understanding and cooperation between host governments, the U.S government and American business on overseas operations for American companies, etc.

- o Increased credibility of foreign assistance efforts

- o Cost-effective use of Federal assistance dollar, leveraging private resources

- Transfer of corporate management expertise to host country governments and enterprises, spinning off to enhance management efficiency (and thus effectiveness) of other AID-financed development projects.

- Positive U.S. image.

BARRIERS

Even with a significant number of potential advantages to U.S. businesses, PVOs and AID, and with no widespread antipathy to the idea, NHC found that major barriers must be overcome for there to be an increase in the third type of collaboration--business relationships. Interviews with PVO and corporate representatives revealed that PVOs and businesses are suspicious of each other's motives, particularly when it comes to the non-traditional, business relationships. Both groups are more comfortable with category 1 and 2 relationships based on the more traditional donor/beneficiary or intermediary models. However, when it comes to more formal business relationships in which a corporation engages the services of a PVO under a contract or service agreement to provide a specific service from which the corporation will derive direct benefits--increased profits, new markets, new sources of supply--many negative, intervening factors begin to surface. Specific barriers identified during the study are summarized below.

Image Perception Problems

Many corporations have an image of PVOs as "do-gooders" with limited capability to operate efficiently in support of business objectives. On the other hand many PVOs view corporations as insensitive, irresponsible profiteers. For either a business or a PVO wishing to collaborate with the other, these negative images present a two hurdle barrier. First, the sterotypical image that one group holds of the other must be recognized, analyzed and modified. Second, the stereotypical image that the other group holds must be understood, anicipated and counter-acted to the extent possible in initial contacts.

Communications

One point made consistently in the discussions with PVO and corporate representatives was the inability of both groups to communicate in the same language. The measures of success used by one group are generally quite different from those used by the other. Also MHC found that the way that PVOs approach corporations for their participation in traditional philanthropic activities does not inspire the interest and confidence of corporate decision makers when it comes to entering into business relationships. For example, approaches based on "emotional" appeals may be effective as far as convincing the corporation to make contributions for the tax write-off. A business-oriened marketing strategy targeted specifically to business objectives and using the appropriate success vocabulary is necessary to convince corporations to award significant sums from their operating budgets for cooperative development activities.

On the other hand, if a business believes that a PVO can assist in some aspect of its operations in a developing country, it must understand the frame of reference of that PVO. If the activity conflicts with the PVOs mission, the PVO will not participate, even if the financial rewards are substantially great.

Accountability

The issue of implicit or explicit accountability requirements for dollars awarded to PVOs by corporations in business relationships as opposed to accountability for contributions should be addressed early in the planning and negotiations process in collaborative efforts. Major misunderstanding can develop about how funds are to be managed and how results are to be documented and presented.

Lack of Information

The missions, capabilities, services and countries of activity of PVOs are not well-known in the corporate community. Conversely, a number of PVOs that participated in the study indicated that they had inadequate

information about corporate interests, objectives, and plans to develop effective marketing strategies, and that corporate planning information is often not easily obtained.

There are some exceptions, however, in that a handful of PVOs were always quickly mentioned in conversations with business representatives. For the most part these PVOs are generally associated in one way or another with small enterprise development, and have developed fairly sophisticated marketing strategies that are keyed to the interest of the types of private enterprises they are interested in working with.

Access and Marketing

Many of the cooperative efforts examined during the course of the study actually resulted from initiatives taken by corporations rather than PVO marketing campaigns. There was a common belief the trust and mutual respect gained through past philanthropic relationships can provide a foundation upon which business relationships can be built. However it was felt that properly targeted marketing campaigns can achieve results. It was considered important that such campaigns be directed to the right individuals within the corporation. In many cases, it is assumed that communication with top executives will somehow be conveyed to other key people in the corporation, which may not be the case. It was suggested by many of the corporate executives interviewed that PVOs should contact regional and local managers directly.

Increasing Collaboration

Both PVOs and corporations must be willing to acknowledge that each have valuable contributions to make to the development process and that both can play valuable roles. Even more important especially with regard to the development of business relationships between the two, is a willingness to accept that each has something to gain by the collaboration. Growth in the number of cooperative projects will depend largely on improving communication between PVOs and corporations, improving the effectiveness of the cooperative process and providing

information and support necessary to promote such relationships. In each of these areas there are specific steps that can be taken by PVOs, businesses and AID to stimulate cooperation.

After Ms. Bell-Taylor's report, Mr. Smith introduced John Clark and Mary Barden Keegan, members of the Subcommittee. He then presented the Subcommittee's recommendations, focusing first on the PVOs, secondly on the business community, and finally on AID.

SUGGESTIONS FOR PVOs

Steps which should be taken by each PVO in the interest of increasing business-oriented cooperation are:

- o Take a fresh look at what business is trying to do, what might be congruent with the mission and activities of the PVO.

- o Develop a statement of functional capabilities, which would be useful to businesses operating in or investing in developing countries.

- o Identify a group of major corporations that is considering investing in countries where the PVO is already working and develop packages which suggest forms of contractual relationships as a supplement to or independent of the philanthropic donations of the corporations.

- o Develop and implement a marketing plan which would bring the PVO into direct contact with prospective corporate partners.

SUGGESTIONS FOR BUSINESSES

To take greater advantage of PVO capabilities it is recommended that corporations take the following steps:

- Identify specific information requirements pertaining to local or national conditions in the developing countries under consideration early in the feasibility analysis phase of overseas investment planning.

- Determine which PVOs have programs which work in the developing countries under consideration, and then contact them.

- Before establishing overseas operations, define support services which could be provided by PVOs such as community organization; education and training of the indigenous labor force; cross-cultural training of corporate staff; and development of infra-structures such as community health, food production and distribution, transportation land, housing.

- Examine PVOs as an alternative source of services for operations already in place overseas.

Mr. Smith then turned to AID, emphasizing that the following were recommendations, rather than mere suggestions as had been the case in the other categories.

RECOMMENDATIONS FOR AID

- A policy position to promote PVO-corporate collaboration should be formulated and widely publicized.

- Plan a coordinated agency approach, spearheaded by PRE and FVA. A task force comprised of representatives from various bureaus of AID and the Advisory Committee could be formed to carry out a planning process for increasing PVO-corporate collaboration.

- Identify particular parts of the planning process which should be addressed and then identify, monitor, and evaluate relationships. Determine where opportunities for cooperation exist, and what barriers might be confronted.

- Provide information on the advantages of PVO-corporate collaboration to other government agencies. Since AID is currently the repository of information on collaboration, it should take the lead in encouraging the Departments of Commerce, Labor, Education and so forth, which have international activities, to consider PVOs as a resource to businesses.

- Develop and disseminate a document which describes specific services which PVOs could offer to large and small businesses. PVOs could submit profiles for this directory.

- Establish linkages with major business organizations to extend promotional efforts as a catalyst for promoting collaboration.

Mr. Smith requested participant reaction to the report and its recommendations.

QUESTIONS AND ANSWERS

COMMENT: AID needs to build its own corporate constituency. Tax advantages should be explored. AID can provide common ground for these two sectors to get together.

QUESTION: Did corporate representatives talk about the pros and cons of dealing with PVOs in developing countries?

ANSWER: Corporation executives, particularly from the multi-national corporations, talked mainly about their involvement with indigenous PVOs. However, our focus was to determine the interest and deterrents to relationships with U.S. PVOs and to identify examples of such relationships.

COMMENT: The Subcommittee would not be in favor of additional regulations for cooperative projects.

COMMENT: Regarding the fourth recommendation, it would be helpful to zero-in on any government legal and contractual restraints which might be involved in PVO-corporate business relationships.

COMMENT: Has the Committee thought about the next steps to be taken? Forbes or the National Association of Manufacturers might take this as an initiative. This is an opportunity to focus on a number of these fronts.

COMMENT: We are talking to the business community. We now need a mechanism which gets their active participation. We need a mechanism such as a joint board which gives them a chance to participate; for example, the International Committee of the U.S. Chamber of Commerce.

ANSWER: There is general support for the concept, but there are many areas which need to be emphasized. We are recommending that a policy position be taken. We need to broaden AID's general supportiveness to make things happen at the mission level.

QUESTION: When will this report be in its final form?

ANSWER: Hopefully, within a few weeks. However, the report must be cleared by several offices in AID and approved for public distribution.

Mr. Smith stated that the Subcommittee has been strongly encouraged by both the PVO and the corporate community to continue their efforts. From this point, the Subcommittee will be more action-oriented. Among the activities to be considered are: developing ways to "connect" business with PVO interests; holding a conference in which the Subcommittee plays the role of "marriage broker" in terms of matching interests; and ensuring that dissemination occurs among PVOs, businesses and the media.

REPORT ON THE PRESIDENT'S TASK FORCE ON INTERNATIONAL PRIVATE ENTERPRISE

Next, Mr. Smith introduced Chris Holmes, Executive Director of the President's Task Force on International Private Enterprise who formerly served as Director of the U.S. Trade and Development Program within AID.

Mr. Holmes stated that he had worked with PVOs over many years and considered them to be an important part of the private sector. He indicated that although he believed that AID plays critical role, he was quite convinced that PVOs have helped to bridge the gap between U.S. development assistance agencies and private enterprise, especially in the area of trade, which is the area where the real transfers will occur.

He presented an overview of the Task Force. The Chairman is Dwayne Andreas, Chairman and Chief Executive Officer of Archer-Daniels Midland, the co-chair is Parker Montgomery, Chairman and Chief Executive Officer of Cooper Laboratories, Inc., and six of the 20 members are from the area of agri-business.

The overall mandate given the Task Force is to determine how to strengthen two-way trade between the U.S. and developing countries primarily through foreign assistance programs, although not exclusively in this manner. A secondary mandate is to determine how to build up the market economies of developing countries through private enterprise. The attention of the Task Force has been seized by the interdependence of the economies of the United States and developing countries. Although this is an old concept, there are currently new factors which heighten that

interdependence, not the least of which is the debt crisis. As an example, Mr. Holmes cited a recent news magazine article which stated that if Brazil had defaulted on its loans, there would have been 5000 jobs lost in the United States. Consequently, two key economical reference points under review by the Task Force are (1) the private enterprise system in developing countries, and (2) the impact of those systems on jobs in the United States.

The Task Force is expected to call for a mix of U.S. government financial resources in overseas transactions; in other words, bringing together the variety of different sources of financing that exist in the U.S. government, primarily trade financing. At present there is no mechanism which can bring together OPIC, USDA, AID, and Commerce in a single effort. There are 160 different independently administered sources of trade financing scattered throughout the United States government. In this regard, Mr. Holmes referred to a book entitled The Best Kept Secrets in Washington, published by OPIC, which identifies the functions, types of different financing and services of Federal agencies.

Mr. Holmes indicated that the mixed credits recommendation is a serious matter for the Task Force, and they will probably develop a recommendation that a significant amount of money be allocated for this purpose. The justification will be that the economy of the given country would be developed through trade, and the U.S., in turn, would be benefited through employment.

He then turned to food aid and PL 480, stating that there is incompatibility between our domestic agricultural policies and our foreign food and trade programs. While the Committee could not rewrite the Farm Bill of 1985, he indicated that they could have an impact on it. He predicted an increase in PL 480, stating that the justification for such an increase could be on two grounds: (1) that countries increasingly need food and, (2) the U.S. needs to move surpluses from the farm belt. He mentioned that there are a number of mechanisms which are not being used, such as the intermediate credit mechanism and Section 416, which are

mechanisms for moving surplus food. For example, the U.S. is currently considering utilizing Section 416 in China in an effort to move non-fat dry milk surplus products.

The toughest of the areas being tackled by the Task Force, according to Mr. Holmes, is building private enterprise, mainly because it has been hard to document what has been done in the past by AID and other U.S. Government agencies. It is difficult to produce data on private enterprise activity. The Task Force has put together a catalogue of past and current AID activities with regard to private sector development. The members are particularly interested in knowing what has worked and how to replicate the successes. They are also interested in AID's taking a quasi-equity stake in businesses overseas. They feel that AID's interest and intention to become more involved in convertible debenture-type modes of investment are to be applauded. In this type of arrangement AID takes a risk by helping a business get started. When the business becomes profitable it sets an example for other businesses in the same area. Then AID can simply take its share at the end and place it in a revolving fund for other projects.

The Task Force also has taken a hard look at the area of training and wondered why AID is spending money for 4-year degree programs for people from developing countries when 6 months of training for a specific technology provided in collaboration with a U.S. firm or PVO could be provided instead. There is also concern about the impact of training.

The Task Force has not given a great deal of consideration up to this point to PVOs and would like to have suggestions from the Advisory Committee. Mr. Holmes indicated that he had read the Report on PVO-Corporate Collaboration and felt that the study was impressive; however, it's major message to the public is presented in Appendix B which presents descriptions of collaborative projects of the third genre--business relationships.

Other topics of interest to the Task Force are training, technology transfer, management, and equity formation. Mr. Holmes concluded his remarks by stating that the Task Force had undertaken three major studies, one of which was relevant to the Committee. That study focused on how to prove that countries embarking on a market economy have succeeded compared with countries utilizing a public sector approach. The Task Force hopes to have the study completed by next October.

Subsequent to Mr. Holmes' remarks, the Chairman called for comments and questions from Committee members and meeting participants.

QUESTIONS AND ANSWERS

QUESTION: What is the schedule of the Task Force?

ANSWER: On March 5th, the Task Force meets in Washington to hear a series of subcommittee reports on topics such as trade, aid, and private enterpise development which will provide the basis for their interim report to the President. We would like to have a much better analysis than we have presently on PVOs, but we must have the information by February 15th.

QUESTION: We will have two reports on AID programs by the end of 1984, yours and the Carlucci Commission report dealing with military security interests. These reports represent two diametrically opposed views. How can they be reconciled?

ANSWER: Budgets are indeed a zero-sum game. The Carlucci Commission took a major bite of the whole, whereas our bite is quite small. Security objectives almost always predominate where the budget is concerned. From our perspective, we are trying to achieve a balance between trade and security objectives.

We are going to come up with fairly strong specifics regarding implementation. Security will win six out of ten battles with regard to a claim on funds, but it will not win all of them. Having studied trade issues over the last five years, it would appear that at this moment, security and trade are the "hot" issues. In the 1970s, the "hot" issues were humaniatrian and development assistance.

COMMENT: I am aware of a small mango project which resulted in the creation of 45 jobs. If you multiply this, it could be quite exciting.

COMMENT: The problem in making the case for the type of project which you are referring to is that you have to draw up an in-depth analysis of it and multiply it. We really need to have hard facts.

At the conclusion of the question and answer segment, Mr. Smith adjourned the meeting.

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
SUBCOMMITTEE ON DEVELOPMENT EDUCATION
DECEMBER 15, 1983

Presiding: John Sewell, Chairman

Chairman John Sewell began by asking for questions concerning the action plan for the promotion of development education developed by the ACVA/PAID Joint Working Group. In response to a question concerning the resources immediately available for implementing the plan, he noted that the ACVA has offered limited staff assistance and mailing facilities. He remarked that development education is one of the three major program commitments of PAID and that its Washington office is able to provide limited assistance.

In response to a question concerning the extent to which other groups will be encouraged to participate in the plan, Mr. Sewell indicated that it would be most effective for the ACVA/PAID organization to serve initially as a nucleus for encouraging the participation of "affinity groups." Later, the plan should be presented to a much wider range of organizations whose support might be of value.

The question was raised as to what the Subcommittee believed should be done with respect to funding the plan. It was recalled that the Subcommittee proposed that AID consider providing additional resources to implement the plan and assume a leadership role in trying to find private resources as it has with respect to various development projects overseas.

The Chairman called upon Beth Hogan, AID Liaison Officer to the Subcommittee and Project Officer for Development Education, to address the matter of funding for the first phase of the implementation process. Ms. Hogan identified key points which she presented in the form of questions which must be considered by the financial committee of the Joint Working Group before presenting a request for funding to AID.

- Which program activities described in the action plan would be proposed for AID funding?

- What is the timeframe for the submission of a formal funding request?

Ms. Hogan also advised the group to determine if the proposal would fit the Biden-Pell guidelines and noted that the deadline for competitive grants is February 17. It is necessary for such requests to conform to the AID budget cycle. Regarding an inquiry from the Chairman about the set-aside portion of Biden-Pell funds, Ms. Hogan explained that those funds have been used in the past to fund proposals which do not fit the timeframe for the competitive grants cycle or which do not, for one reason or another meet all of the program criteria (i.e., proposals which provided less than a 50% match but were considered priority items in terms of outreach, methods, etc.

The Chairman indicated that it is not clear to whom these funds would go, since implementation of the plan was a pooled effort on the part of the larger PVO community and not the effort of a single PVO. Consequently, funding for the plan shouldn't be drawn down from competitive monies which are open to a wide variety of PVOs under the terms of the grants.

Martin Rogol asked if there was any alternative to Biden-Pell grants for support of the activities presented in the action plan such as the market survey which might be of interest to the AID Office of Public Affairs. Beth Hogan explained that the Office of Public Affairs (OPA) probably has no funds for use as grants. What OPA might do is endorse the survey proposal and ask for Biden-Pell funding. Ms. Hogan also noted that the Director of the Office of Public Affairs, Kate Semerad, is a member of the AID Biden-Pell Coordinating Committee. With Ms. Semerad's approval, it might be possible for the survey to be funded under a cooperative agreement with her office.

One of the participants pointed out that another possible funding mechanism for development education activities, such as the proposed market survey, would be a management services grant from AID.

It was pointed out that the Framework for Development Education has been approved by the Executive Committees of ACVA and PAID, but that the detailed action plan has not yet received approval. Additionally, the proposed budget for the plan has not been approved by the Executive Committee. The Chairman indicated that the plan and budget would be approved within a few weeks so that proposals would be tendered in time to meet the February deadline for Biden-Pell grants and other sources of AID funding.

Rev. Eugene Thiemann observed that during the first year 80 percent of the plan will require Federal funding, largely from Biden-Pell grants or other assistance programs. A $250,000 budget has been projected for the first stage of the implementation process.

Rev. Thiemann recommended that, over the long term, dependence on government funding for program activities should be de-escalated. Other sources of funding should be cultivated so that the activities could be continued even if government support is discontinued.

Mr. Sewell noted that the Joint Working Group proposals are <u>service activities</u> for the general PVO community as a whole and are undertaken with the approval of the PVO community. It was also observed that the Executive Committees of both ACVA and PAID have endorsed the framework and will endorse each major proposal before funding is sought.

Another question was raised concerning competition between PVOs for funds from private foundations and corporations. It was noted that the Joint Working Group had approached a large foundation to sponsor a day-long seminar in New York in order to introduce interested foundations and corporations to the proposed activities of the PVOs relating to development education.

Mr. Sewell observed that, during the past years, a whole new generation of PVOs have come into existence to promote development education, rather than offering development assistance, as has been the traditional function of such organizations. The "Hunger Project" was cited as an example. Even the more traditional PVOs, such as Church World Service, have been building development education into their programs by use of their own resources. Some of these new generation PVOs, such as the End Hunger Network, have established development education programs with both their own resources and government support.

Ms. Helen Seidler of CARE asked Dr. Richard Garon for additional comments pertaining to the vagaries of U.S. government funding. Dr. Garon replied that fluctuations in government support for Biden-Pell funding depend not only on the mood in Congress and the Executive Branch, but also on the success of the program itself. In any case, he was of the opinion that the future success of development education is likely to depend on increased government funding.

Mr. Sewell stated that a great deal of funds are being raised for activities at the state and local level. He suggested that PVOs consider designing projects that could tap such funds. Ultimately, however, PVOs must rely on their own resources. Fortunately, they have been doing so, notwithstanding the severe constraints imposed by current budgets.

In a wide-ranging discussion of funding strategies for development education projects, it was noted that, while in the past many PVOs had received funds from the Department of Education, most notably under the International Understanding Program, all such grants were cancelled in 1983 and the available funds were consolidated into block grants for state programs. Few, if any development education programs have been picked up by the states. Today, the only on-going program in the Department of Education which is even vaguely related to development education is the International Business and Education Program, whose primary purpose is to help American firms promote their exports overseas.

On the other hand, it was noted that almost all Federal agencies have many hidden development education programs (e.g., USIA which has been a major supporter of international exchange programs). The possibility exists that Federal agencies other than AID could institute grant programs similar to the Biden-Pell program, but it was conceded that requests for such programs might not be propitious in the near future.

Dr. Garon noted that in addition to the Fulbright and Humphrey scholastic exchange programs, Congress has established a national endowment for "Project Democracy." He suggested that if someone could come up with an innovative tie-in between the promotion of democracy and development education, funding could conceivably be obtained from the endowment.

A participant noted that there are several other funding programs in the government which might be tapped for innovative projects in development education, such as the National Endowment for the Arts and the National Endowment for the Humanities. Moreover, corporations are sometimes willing to donate equipment to PVOs in order to obtain a tax write-off. It was suggested that such donations - in-kind be channeled to support cooperative programs with universities which have development education curricula, such as Kansas State University and Teachers College of Columbia University.

Following a brief discussion of various AID policies relating to funding priorities under Biden-Pell and service contract policies, the Subcommittee resolved that it be recommended that AID give priority consideration to funding projects emanating from The Framework for Development Education in the United States, prepared by the Joint Working Group, and that it endeavor to encourage non-governmental support for development education programs as well.

Dr. Nelson Rosenbaum of the Center for Responsive Government next spoke briefly to the Subcommittee about community development efforts in the United States and abroad. He observed that during the past twenty

years few organizations had been established which might serve as a bridge between agencies involved in domestic community development projects and those involved in similar projects in foreign countries. He maintained that this lack of communication has resulted in an enormous loss of potential resources for both types of organization. Dr. Rosenbaum indicated that the recently published issue of the Journal for Community Action, entitled "Perspectives on Partnerships" received Biden-Pell funding in FY82 and offers several interesting examples of how experience gained in community development in the United States might be applied abroad. He remarked that domestic community development agencies also have a great desire to learn from the experience of PVOs abroad. He concluded by urging that a greater effort be made to encourage more effective communication between the two groups.

A brief question and answer period ensued. At its conclusion Chairman Sewell stated that the suggestions presented during the meeting would be reported to the Advisory Committee; he then adjourned the meeting.

SUBCOMMITTEE ON DEVELOPMENT EDUCATION
DECEMBER 16, 1983

ATTENDEES

Roger Claassen, Interfaith Action for Economic Justice
Frank Kiehne, PAID
Robert J. Berg, ODC
Carol Joy, Impact on Hunger/Joint Working Group
Paula Pettavino, FAVA/CA
David A. Pasquarelli, FAVA/CA
Peter Loan, Sister Cities International
Nelson Rosenbaum, Center for Responsive Governance/
Journal of Community Action
Jerry Bedford, Hiefer Project International
Margaret Bayldon, Helen Keller International
Austin Heyman, FVA/PVC AID
Zoila Ortega Acevedo, National Council for International Health
Beverly Tangri, The Hunger Project
Helen Shrow, American Home Economics Association
Brenda Eddy, End Hunger Network

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
SUBCOMMITTEE ON PVO-AID POLICY
DECEMBER 15, 1984

Presiding: Markham Ball, Chairman
Recorder: Dr. Judith A. Hermanson

The Subcommittee meeting, chaired by Mark Ball, was also attended by ACVFA members Robert Marshall and David Guyer, as well as AID representatives and others. (Attendance list attached). In opening the meeting, Chairman Ball described the meeting as being a type of public forum, which he wanted to use to solicit views on issues currently before the Advisory Committee.

Chairman Ball outlined the agenda as follows:

- o A brief discussion of the Carlucci Commission report--in anticipation of the briefing scheduled for the next day--and the extent to which the PVO community would like to see this report as a subject for ACVFA to address.

- o A briefing by Tom McKay, Director of PVC, about AID's implementation of the PVO policy paper and a discussion of the issue of comprehensive program grants as a simplified way of making large grants to PVOs.

- o A briefing by Judith Johnson, Contracts Officer, to respond to questions raised by PVO representatives with regard to grant and contract matters, with particular attention to defining the precise nature of the issues that are currently problemmatic for the PVO community.

- o A discussion of matters of old business, including the current attitudes of Mission Directors about working with PVOs.

- o A discussion of policy issues that PVO representatives think that the Policy Subcommittee and, ultimately, ACVFA, should take up.

The meeting then proceeded according to this agenda.

1. CARLUCCI COMMISSION REPORT

Following a request for a show of hands by the participants as to their familiarity with the Carlucci Commission report, it was determined that relatively few considered themselves to be knowledgeable in that regard, and a suggestion was made that an approach to informing the PVO community about the report and its possible implications for the PVO community would be for ACVFA to hold hearings on the subject.

For purposes of the present discussion Chairman Ball briefly summarized the findings of the "Blue Ribbon" panel put together by Secretary Schultz to examine all aspects of foreign aid and to make recommendations as to future directions. The basic recommendation is for an increase in aid in general; however, economic aid and development assistance is linked to military aid, and indeed, the report has been criticized by some members of the PVO community and others for giving precedence to military aid over the other types of assistance. Another major recommendation of the Carlucci Commission is the creation of a new agency to integrate all aid efforts.

The feeling among the group was that the Carlucci Commission report should be considered further by ACVFA, in addition to the briefing already scheduled. However, there was some discussion about the appropriate timing of such a consideration. Some present voiced concern that they had not yet had time to digest or to fully understand the implications of the report. A recommendation was made that this discussion be put on the March ACVFA meeting agenda, with the thought that not only would that allow time for consideration of the issues raised, but also that by that

time, other studies might have been made and other points of view brought forward. It was also suggested that perhaps a discussion of the Kissinger Commission report could be made at the same time.

The discussion proceeded to a consideration of what format would be appropriate for the presentation of these reports. A suggestion was made that a type of "hearing" format might be used, with the morning of the meeting given over to a setting forth of the issues in the report(s), and the subsequent time given over to hearing pro and con views on these issues. Chairman Ball stated that a small Working Group from the Policy Subcommittee would take the responsibility for establishing an agenda for the meeting.

2. PVO POLICY IMPLEMENTATION STATUS

Prior to the subcommittee meeting all ACVFA members had been given a notebook, the purpose of which was to bring ACVFA members up to date on certain issues and aspects of the PVO policy implementation. Two central points addressed in the notebook, Tom McKay noted, are:

- o A clarification of development education and application guidelines, and

- o An update on the simplification guidelines for the grant making process.

Ensuing discussion focused on the simplification guidelines.

Representatives from PVC briefed the Subcommittee particants on two different efforts underway that have bearing on PVO grants.

A. The Simplification Task Force (now dissolved) has examined the field grant process with the intention of making that process simpler and ridding it of unnecessary requirements. The aim of the Task Force was to provide uniform, understandable aid

requirements for grant proposals. By this method, the Task Force hopes also to improve communication between PVOs and AID missions. These simplifications, however, do not address the substance of the grant-making process as it now exists -- for example, it does not add any new grant mechanisms. Nonetheless, it is the intention of AID that the guidelines be operated under for an 18-month trial period, during which time, feedback from the process will be received and the procedures revised accordingly.

The current status of these procedures is that they are being sent out to the missions and to the PVO community for comment. Comments will be received by PVC. The procedures are not mandatory and are not in the AID Handbook.

Chairman Ball, anticipating substantial comments on this matter, asked Tom McKay to keep the Subcommittee informed.

B. A second Working Group, the Comprehensive Grant Task Force, is currently taking a broader look at the grant process. This Task Force is attempting to identify for the AID administrator a series of options concerning the grant process, including the creation of a new mechanism. The options include:

- o Alternative funding sources
- o Alternative approaches to the issue of PVO independence, and
- o Alternative approaches to cost-sharing.

The work of this group is still at the stage of identifying options, with a mid-January target date for submission to the Administrator. At the time of the meeting a draft paper was circulating at the staff level and to a Working Group of PVOs for their comment.

Subsequent discussion in the Subcommittee revealed that PVOs comprising the Working Group mentioned above were, among other things, conducting a broad-gauged examination of the relationship between PVOs and other OECD countries--of how these various governments relate to their PVOs in terms of administration and the like.

Some ambivalence was expressed during the discussion as to whether a new grant mechanism per se will be able to address all the issues successfully. Related to the independence issue, a crucial issue, it was thought by several participants resides in the extent to which joint planning and strategizing can be achieved, on an organization to organization basis. However, insofar as the direction provides for matching grants, it was considered positive.

Tom McKay suggested that the work of this group be an agenda item for the next ACVFA meeting. At that time, the paper will have been readied and the options identified. He stressed, too, that his hope was to avoid "unified" positions resulting in confrontation on discrete issues, but instead to present and consider a full range of issues and options.

Chairman Ball stated that the Subcommittee will want to follow the progress on these issues. He also stated that the Subcommittee will be glad to assist in identifying agenda items for ACVFA in this regard.

C. Flowing out of the discussion of the work of the two Task Forces, came several comments from participants about the Operating Program Grant (OPG) process. The general sentiment expressed was that while progress might be being made with regard to the comprehensive grant mechanism that "backsliding" was taking place particularly with OPG's due to their complexity and to the frequency of usage. An AID

representative noted, however, that it was in response to the issue of their complexity, that the simplification procedures had been devised. On the subject of OPG usage, it was noted that it has neither declined nor increased, but has remained approximately level.

D. Brief mention was made of the Indigenous PVO Policy. Basic satisfaction on the part of ACVFA was expressed with regard to AID's policy "clarification" sent to the field that stresses the diversion of indigenous PVOs and so stesses necessarily diverse approaches to working with them. However, a comment was made that the clarification did not speak to the issue of the relationship between PVOs and churches or religious groups. Chairman Ball requested that the person making the comment send him a note on the subject and stated that he would place the matter on the agenda of the next Subcommittee meeting for discussion.

3. CONTRACT BRIEFING

Although a briefing on contractual and grant-making matters had been requested at the previous meeting by Committee members and participants, the precise nature of these issues was not clear to the participants. However, a suggestion was made that, since there appears to be a relatively high level of frustration in the PVO community, AID might consider conducting workshops for PVOs. Judith Johnson from the AID Contracts Office concurred with this idea and indicated that while orientations were conducted for IQC contractors, to her knowledge, such workshops had not been conducted for PVOs in the past. A consensus of the group, however, was that before such a suggestion should be taken up, there must be a demand clearly expressed by the PVO community.

An observation was made that in response to an earlier ACVFA request, the manuals used by AID in the contract/grant process have been sent out to members.

4. OLD BUSINESS

A. Missions and PVOs

The matter of a previous ACVFA recommendation was raised and an inquiry as to its status made. This recommendation was for Mission Directors to receive an orientation about PVOs prior to going to the field and for Mission Directors' performance evaluations to contain a section on sensitivity to PVOs.

This recommendation has gone forward to the Administrator, but to date no response has been received. However, it was pointed out by a participant that the Africa Bureau had agreed to send out a cable to the field encouraging more cooperation with PVOs. This comment led to a question as to whether any of the participants had seen a copy of the cable (they apparently had not) and a further question by Chairman Ball as to how the Subcommittee (and indeed, the PVO community as a whole) could keep informed on such developments.

B. ACVFA Recommendations

The inquiry about the status of the ACVFA recommendation regarding Mission Directors and PVOs led to re-consideration of the manner in which ACVFA recommendations are sent forth. Sherry Grossman , ACVFA Executive Director, stated that it is no longer the case that recommendations are sent forth from and then responded to by the ACVFA Executive Director. In response to earlier concern in this regard, a new procedure has been put in place that ensures that the appropriate program offices are brought into the response process after the ACVFA Executive Director has sent ACVFA's recommendations to the Administrator.

However, it was pointed out that this change in procedure might also account for some of the delay in the response. Tom McKay

suggested that, in the future, ACVFA might want to sort recommendations into program-related categories in order to speed up responses.

PVO Involvement in Development Assistance

A request was made for an update on the percentage of Development Assistance monies going to PVOs. The floor established by the Percy/Pell Amendment is 12% with a target of 16%. An AID representative stated that, currently, between 13% and 14% of Development Assistance Funds go to PVOs -- this figure includes all registered PVOs, including population groups and cooperatives.

In response to a question concerning the apparent trends among these groups, it was stated that the level of population group and labor institution participation is fairly steady (although there may be an increase of population groups in the future); the level of cooperative participation is increasing; the level of OPGs is stable. The level of indigenous PVOs is increasing, primarily because the data being gathered is better.

A request was made by ACVFA member David Guyer to see the numbers and the trends. AID agreed to provide this information.

5. NEW BUSINESS/POLICY ISSUES

A. Local Currency

A concern was raised by a participant that some aid is not meeting the Congressional mandate that funding should reach the poorest of the poor. This is so, it was felt, because of the lack of interest on the part of some host governments. The concern expressed centered on the potential discontinuance of Congressional support should the mandate not be met, as well as on the desire to assist more effectively. On this last point, it was

stated that certain conditions, under which aid would be given, should be prescribed. For example, many PVOs do not want to get into food aid and would like to see a policy to get more local agencies involved. In addition, local currency policies have not been implemented in such a way as to assist the poorest of the poor. In this last regard, a comment was made that the increasing control by governments of the disbursement of local currencies is of concern to PVOs and that the U.S. Government loses some of its leverage as a result of this policy. ACVFA member David Guyer pointed out that the AID Policy Paper concerning institutionalization, issued three or four months ago, stated that in doubtful situations, the private sector should be favored.

Chairman Ball suggested that the issues raised be briefly outlined in writing and that he would place the matter on the agenda for further discussion at the next Subcommittee meeting.

B. Articulating Policy Issues of Concern to the PVO Community

It was reported by a participant that a new group is evolving within the PVO community that should be supported by the ACVFA PVO/Policy Subcommittee. This group, coming out of the American Council and PAID, will have a public policy orientation and will attempt to raise issues of concern to the PVO community in several major areas, including Development Education, Development Assistance, Migration of Refugees, Bilateral/Federal Assistance and Material Assistance. ACVFA member David Guyer noted that this new entity should come into existence this spring. Chairman Ball stated that linkages should be established between the Subcommittee and the new group as they pursue common goals.

C. PVC Budget

A concern was voiced that the PVC budget might be "eroding." Tom McKay said, however, that this is not the case, but rather that it

is remaining static. Moreover, as matching grants grow, issues regarding appropriate balancing and apportioning within that budget will emerge and be clarified.

Chairman Ball, after asking for any additional topics for discussion, adjourned the meeting at 3:35 p.m.

SUBCOMMITTEE ON PVO-AID POLICY

DECEMBER 15, 1984

ATTENDEES

Judith Hermanson, The Newman & Hermanson Company
Ronnye McIntosh, AID/FVA/PVC
Carla Maged, AID/FVA/PVC
Andrew Leo, New York, NY
Bob O'Brien, PACT
John F. Guerre, Peace Corps
Nancy Marvel PBFWR/Episcopal Church
Dao N. Spencer, American Council of Voluntary Agencies for Foreign Service
Christine Burbach, PAID
Glen Leet, Trickle Up Program
Jonathan S. Deull, Save the Children
David L. Guyer, Save the Children
Charles Sykes, CARE
Father Hosie, Foundation for Peoples of South Pacific
Karen Poe, AID/PPC/PB
Fred R. Zimmerman, U.S. Feed Grains Council
Lynn Reddy, Institute of International Education
Judith D. Johnson, AID
Deborah Mace, AID/FVA/PVC
Suzanne McLees, International Relations Department, The World Bank
Marguerite Potee, AID/FVA/PVC
Bryant George, Asia/DP/PVO
Robert C. Bush, Florida Association of Voluntary Agencies
Cas Stamberg, AID/FVA/PPE
Nate VanderWerf, CODEL, Inc.
Russell Morgan, NCIH
Frank Ballance, Action for World Development

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
SUBCOMMITTEE ON PVO-UNIVERSITY RELATIONS
DECEMBER 15, 1983

Presiding: Dr. Carl E. Taylor, Chairman

The chairman of the Subcommittee, Dr. Taylor, noted that about a year ago, AID sponsored a conference at Howard University on how to increase collaboration between personnel with technical expertise within the university community and the personnel of the private voluntary agencies. The conference concluded by recommending an eight-point agenda for action.

The recommendations were subsequently approved by the Advisory Committee and forwarded to AID Administrator McPherson for comment. Of the eight items, two were selected for consideration by the Subcommittee at this meeting: (1) conducting a survey to study current patterns of PVO/university collaboration; and (2) developing guidelines for PVO/university joint project proposals.

Chairman Taylor pointed out that he wanted to expand the Subcommittee by inviting university representatives to serve as members, but this had been precluded by AID regulations. He indicated that he would continue to discuss with AID how university representatives might be brought in to participate fully as members.

Chairman Taylor also noted that he had conferred with Mr. Paul A. Bisek of AID (FVA/PVC) and agreed with him that two working documents relating to the Subcommittee's agenda items, should be prepared by the end of this Advisory Committee meeting.

Chairman Taylor observed that the American Council of Voluntary Agencies for Foreign Service (ACVAFS) already had a great deal of information concerning PVO activities and had indicated a willingness to

conduct the proposed survey of PVO/university relations. Because of regulations relating to the use of AID funds, other organizations would also have to be considered for undertaking the survey.

He also pointed out that a graduate student at Ohio State University had been commissioned to conduct a general survey of collaborative activities involving the BIFAD system and various PVOs. Mr. Jim Cowan of the National association of State University Land Grant Colleges added that BIFAD had the Registry of Institutional Resources (RIR), a computerized data base of information on the capabilities, interests, aspirations and the personnel of universities in relation to the universities various international activities. This registry also contains information pertaining to linkages with other organizations, including PVO's.

Turning to the second agenda item, concerning guidelines for PVO/University joint project proposals, Mr. Taylor noted that considerable expectations were generated at the Howard University conference among representatives of the universities and the PVOs that grant money would become available for joint projects. He pointed out that several proposals had been made for joint projects in agriculture and other fields. Unfortunately, however, no mechanism had been established to go forward with these proposals.

Mr. Bisek, AID Liaison Officer to the Subcommittee, pointed out that the Joint PVO/University Rural Development Center at Western Carolina University has expressed an interest in conducting a survey of PVO/university relations. Six universities and six major PVOs are founding members of the Center.

He also noted that AID has not established a special grant category for PVO/University project funding, but that there is room for collaborative efforts within current funding guidelines. He cited, for example, a project in Jamaica which is being implemented by Partnership

for Productivity (PFP) working with Rutgers University under an AID contract. Therefore, it may not be necessary to establish specific guidelines for PVO/University joint proposals.

One of the participants indicated that some type of statement regarding joint project proposals is reguired because many people, particulary members of the university community, are largely unware of how to apply for grants. Mr. Bisek explained that, after a proposed activity has been decided upon, the project organizers should determine what organizations might be of assistance in implementing the project. They may then contact AID for assistance in meeting AID funding requirements.

In the health field, for example, a project organizer might find it valuable to bring in resources from a university medical center. A proposal can then be submitted to AID for funding under a matching grant or under an Operational Program Grant (OPG).

Dr. Marie Gadsden pointed out that once the survey of current joint projects had been completed, it would provide information as to the nature of the proposals and procedures for future collaborative projects. In essence, the survey would generate a set of guidelines that could be used by universities and PVOs that have never undertaken cooperative efforts. Mr. Bisek agreed and suggested that the proposed survey also include data relating to the frustrations encountered in current PVO/university collaboration, so that they might be alleviated or avoided in future projects.

Under current AID regulations for matching grants, Mr. Bisek noted, it is less complicated to deal with a proposal based on a PVO-AID relationship which includes a university component, than a proposal to AID initiated by a university in which the university plans to engage in a project with a PVO. This is because there are special funds earmarked specifically for grants to PVOs. The universities can play an extremely important role in project activities, however, since they are able to provide the technical capabilities which are required for many PVO projects.

Most AID grants for PVOs are oriented toward implementing PVO field programs, under a variety of grant accounts. In order to receive AID grants, PVO projects must be consistent with the AID development strategy for the recipient country, as well as address development priorities of the country.

Mr. Jim Cowan asked if it were true that AID project proposal requirements and contract procedures were unnecessarily onerous for PVO/university project initiators. Mr. Bisek replied that any time there was more than one party negotiating and implementing a contract proposal, there was bound to be more confusion than if only one party was responsible for all phases of the operation.

Dr. Carl Taylor of Johns Hopkins University observed that the working pages on PVO/corporate collaboration recognized the "barriers" between the two types of organizations which arise from their perceptions of one another. Not only do they have difficulty communicating, but they have different systems of accountability.

Dr. Taylor noted that Title XII was passed in order to ensure that private organizations would not contract with university personnel without obtaining a commitment from the university. He just learned that in recent negotiations concerning a proposal for a livestock project in Belize, university representatives were advised to collaborate with a private sector company. The representatives interpreted this to mean that they need only hire a few people from the private sector for the project team, without securing the collaboration of the firm which might provide such people. He regarded this as creating the same problem of non-collaboration in reverse; and suggested that the working paper recommendations relating to AID, PVO and corporate policy should be followed in order to overcome this misconception.

Dr. Gadsden pointed out that, perhaps even more difficult than meeting AID proposal and contracting requirements, is the problem of selecting an appropriate collaborator for a project. She noted that there

is no information readily available which pertains to the "track records" of prospective collaborators which have indicated interest in a given project proposal.

Chairman Taylor commended Committe Member Lavern Freeh for the role he played in establishing Title XII eight years ago. He noted that, over the years, the constant pressure of BIFAD has given rise to certain mechanisms which have been effective in promoting joint ventures. Nevertheless, he repeated his concern that AID regulations require that only members of the Advisory Committee could serve on the Subcommittee which has prevented more effective formal and routine participation by university representatives.

Dr. Freeh noted that a survey of PVO/corporate relations had been undertaken by Mr. Kenneth Smith, Chairman of the (ACVFA) Subcommittee on PVO/Corporate Relations, with the assistance of the Newman & Hermanson Company, and that the survey contains a great deal of information relevant to PVO/university relations. Ms. Mary-Lou Rayball of Newman & Hermanson explained that the study was based on interviews with corporate representatives and that the same approach might be followed in the PVO/university survey.

Following a brief discussion, it was agreed by the members of the Subcommittee that the statement of the purpose of the proposed survey be drafted in terms of the respective objectives of AID, PVOs, and universities. The survey itself would follow the general format of the PVO/corporate survey. It would include a compilation of data relating to current PVO/university activities, an evaluation of the success or failure of the various types of projects, and recommendations as to how the future effectiveness of PVO/university relations might be enhanced.

Mr. Bisek suggested that the Subcommittee might avoid the delay of seeking competitive bids for the survey by seeking authorization for a purchase order, under $10,000, for the purpose of processing a short-term study of the "universe" of data pertaining of PVO/university relations on

the advisability of further research in the area. Chairman Taylor agreed that the purchase order approach would result in the quickest means of obtaining base-line data which could be reviewed by the Subcommittee prior to more extensive data-gathering.

Mr. Bisek noted that a proposal by the Joint PVO/University Rural Development Center at Western Carolina University, which is currently being considered for approval by AID, has a component examining the methodology of collaboration and an analysis of PVO/university relations. He indicated that this study also has a high potential for providing important information to the Subcommittee.

One of the participants asked if there was a compendium of the resources of the PVOs, similar to the RIR developed by BIFAD for the universities. An AID representative replied that, while there is no directory listing the capabilities of the organizations, there is a listing of some 400 PVOs, categorized by the sectors and countries in which they are involved. This listing should be of value in helping to develop the proposed survey.

The Chairman then introduced Mr. Richard America of the Office of Private Sector Initiatives of the Small Business Administration (SBA), who spoke briefly about small business "incubator" development. He explained that in many areas of the United States there are vacant buildings which can be readily acquired and made available for new small businesses.

The SBA provides small business entrepreneurs with management and technical expertise, along with financial aid when required, in order to help reduce the risk of failure. He indicated that the SBA was willing to cooperate with AID, the PVOs, private corporations and foundations in promoting similar programs to assist entrepreneurs in developing countries, asuming that those countries have a climate conducive to such an effort.

At the conclusion of Mr. America's remarks, the Chairman opened a general discussion among the participants. Mr. Jim Cowan suggested that the Subcommittee might benefit greatly from the experience of BIFAD in planning and conducting the proposed survey. With the approval of the Subcommittee, he offered to confer with BIFAD officials and enlist their assistance.

There being no further business to discuss, the Chairman adjourned the meeting.

SUBCOMMITTEE ON PVO-UNIVERSITY RELATIONS

ATTENDEES

Richard F. America, SBA
Ross E. Bigelow, AID/FVA/PVC
Paul A. Bisek, AID/FVA/PVC
Pin-shen Chin, International Institute of Rural Reconstruction
Jim Cowan, NASULGC
Jerry L. Drew, Howard University - West Campus
LaVerne Freeh, ACVFA Member
Marie D. Gadsden, ACVFA Member
Suzanne McLees, World Bank
F. McQueen, Tuskegee Institute
Suzanne Neil, Institute of International Education
Mary-Lou Rayball, The Newman & Hermanson Company
Carl E. Taylor, ACVFA Member
Pamela E. Woodard, Institute of International Education

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
SUBCOMMITTEE ON PVO-CORPORATE RELATIONS
DECEMBER 15, 1983

Presiding: Kenneth M. Smith, Chairman

The meeting was convened by Kenneth M. Smith, Chairman of the Subcommittee on PVO-Corporate Relations. He stated that the meeting would be devoted to discussion of the recommendations to be made the following day to the entire Advisory Committee, as well as to the decisions regarding the future role of the Subcommittee. He indicated that comments on the reports would be made by three of the ACVFA members who serve on the Subcommittee John Clark, Anna Chennault, and Mary Barton Keegan.

Other presentations included on the agenda were: comments regarding recent activities of the President's Export Council by Mrs. Anna Chennault; comments regarding the recent conference of the National Council on International Health, related NCIH interests and activities by Dr. Russell Morgan, NCIH Director; and an overview of FVA/PVC plans and activities by Deborah Mace.

Anna Chennault opened her remarks by stating that she served as Vice Chairman for the President's Export Council. The sixteen members of the Council pay their own expenses when they travel abroad. The Council is comprised of business executives who are involved in trade promotion.

Referring to her recent trip to the Far East, the Middle East, and the Soviet Union, Mrs. Chennault stated that the U.S. sends approximately $1 billion in AID money to Egypt. She asked the group to consider two questions -- Whether U.S. business should obtain trade commitments in return for foreign aid?, and if U.S. companies, particularly medium and small businesses which do business in Egypt, could become more involved with AID? The Secretary of Commerce expressed interest in a recommendation presented in the Council's report on the trip which

suggests that a small trade mission to Egypt be undertaken in conjunction with AID. However, funds are not available at this time for such an effort.

Following Mrs. Chennault's presentation, the Chairman introduced Dr. Russell Morgan of the National Council for International Health. Dr. Morgan's presentation focused on the Council's mission and objectives, its involvement with corporations, the conference on health and corporate activities overseas, and the future of cooperative endeavors.

He explained that the Council, which is a membership organization comprised of 130 institutional and 2000 individual members in the United States, is committed to strengthening the response of the United States to health needs throughout the world, particularly in developing countries. He stated that the Council works with offices and divisions in AID and with PVOs that are concerned with health to strengthen private sector involvement in health activities.

In December a conference was held in Newport Beach, California which was attended by approximately 100 participants. The participants included presidents of corporations, vice presidents in charge of international affairs, PVOs, foundations, professional groups, as well as representatives of the U.S. Government and international agencies such as the IMF and the Asian Development Bank. The purpose of the conference was to examine how the financial, managerial and technical resources of the U.S. health industry could serve the health needs of developing countries while satisfying the profit concern of corporations as well as the public policy commitments of both the developing country governments and the development agencies.

At the conference a number of issue groups were convened which focused on (1) the hospital industry, (2) water and sanitation, (3) medical equipment and supplies, (4) multinational corporations and their concern for the health of their employees, (5) U.S. nationals and local nationals, (6) the pharmaceutical industry, and (7) alternatives to

financing health care in the developing world, (e.g., PVOs and cooperatives). Dr. Morgan reported that the AID participants as well as the participants from the developing countries discussed various health concerns and the problems of the host country governments in working with corporations. Corporations are involved to a high degree in health activities in the developing world, and their involvement is quite diverse. While there is enthusiasm in the corporate sector to work with the development community there are concerns that corporations can only perform a small part of the activities and that they are only willing work in certain countries. Other points stressed by Dr. Morgan were: (1) the health care system is pluralistic made up of such diverse elements as HMOs, missionaries, PVOs, and government agencies and (2) corporations are not sold totally on the idea of making general contributions, but instead require more specific ways of collaborating with PVOs. PVOs can help in identifying some of the specific skills which they can offer and specific linkages that can be formed.

The Chairman then introduced Deborah Mace, Project Officer from the Office of Private and Voluntary Cooperation of the Bureau of Food for Peace and Voluntary Assistance (FVA/PVC). She explained, by way of background that the PVC awarded a grant for $115,000 to the Fund for Multinational Management Education (FMME) to conduct a small project to provide training and technical assistance to a limited number of PVOs to facilitate cooperation with corporations. The project was based on the assumption that PVOs should move away from their traditional, philanthropic approach to corporations and adopt a business-like approach. FMME is a non-profit corporation that works with multinational corporations in assessing risks and providing advice on investment in the Third World.

Under their contract with PVC, FMME will conduct two, five-day intensive workshops for PVO and corporate executives which will focus on (1) corporate decision-making, (2) resources in the field to identify corporate investment opportunities, (3) capabilities presentations, and (4) marketing strategy. During the workshops, the participants will

participate in mock negotiations in which PVOs will actually have to make a case to corporate executive officers for their involvement in a collaborative project. At the end of grant, in early 1984, 14 PVOs and 14 corporate representatives will be trained. A concept paper which has been presented to PVC for a follow-on effort is under consideration at this time.

Preliminary research conducted by FMME identified obstacles to PVO-corporation collaboration. One obstacle was the unavailability of funds to support joint feasibility studies; the second obstacle was the limited information on corporate interests and investment decisions; and the third was the limited corporate awareness of the potential services which PVOs can offer.

Ms. Mace described another initative outside of PVC, in which the Private Enterprise Bureau is working directly with corporations and encouraging foreign investment in the development of the private sectors of Third World countries. This effort involved a series of workshops also conducted by FMME on farmers with limited resources in the Caribbean and Latin America. The workshops were aimed at drawing PVOs into discussions on how corporations could work with the farmers, and the skills a PVO might bring to the process such as organizing cooperatives and stabilizing sources of supply. Some of the major needs cited by PVOs who attended the workshop were:

- A new model collaboration
- Determination of the extent of PVO interest in working with business on a partnership basis rather than on a philanthropic basis
- A general brochure on PVO capabilities.

Regarding the joint health projects described by Dr. Morgan, Ms. Mace mentioned that the American Pharmaceutical Association had funded a joint-venture project with Africare and an African country.

The next agenda item was the Report on PVO-Corporate Collaboration developed by the Newman and Hermanson Company (NHC). After presenting a brief overview of the report, the Chairman noted that the conclusions of the report were very similar to the major conclusions and recommendations of the FMME research and training projects which had been described by Deborah Mace. Both the NHC and FMME projects confirmed that while there is interest in PVOs and corporations working together, there are also obstacles which are impeding cooperation. The interest which has been generated should provide a basis for dialogue between the two groups on methods of collaboration.

The Chairman reviewed the recommendations for PVOs, corporations and AID that are presented in the NHC report. There was consensus among the Subcommittee members on the recommendations. Following a brief question/answer session, a motion was moved and carried for adoption of report and its recommendations. One participant asked how the report would be made available to the business community. The Chairman indicated that the Advisory Committee would distribute the report to eight to ten key businesses.

This discussion led to the final agenda item -- the future role of the Subcommittee. The Chairman indicated that the initial mission had been completed in that the subcommittee had prepared a report and conducted meetings and hearings. He indicated, however, that there was a significant number of people who felt that the Subcommittee was important and should be maintained for three reasons:

- The area of PVO-corporate relations (non-philanthropic) was still new and the concern valuable
- The recommendations would perhaps not be implemented unless they were "pushed," and
- There may be additional tasks to be performed which are still in the province of the Subcommittee.

In response to the Chairman's call for comments, one participant stated that there is an ongoing role for the Subcommittee in terms of overseeing the agenda and providing a forum for learning. The Chairman then asked Debbie Mace for her views on the continuation of the Subcommittee. She pointed out that her views were not an official AID position and that the matter had not yet been discussed there. She stated that although the work of the Subcommittee had been very helpful, only a limited audience was interested. She added that PVOs were increasingly frustrated with what they considered to be endless talk and little action. She agreed that one item for future action should be to follow up the recommendations. Another item should be to devise a role for the Subcommittee to facilitate cooperation between the PVO community and the business community.

Following these remarks, the Chairman opened the meeting to other comments. David Pasquarelli of FAVA commented that, from his experience in Florida, the business community has an interest in PVOs, but in some cases, they do not understand what PVOs do, do not speak the same language or have the same concepts.

Debbie Mace noted that the corporate community has just recently been included in the Development Education Project grants, which might provide a vehicle for promoting collaboration.

The Chairman concluded the meeting by stating that it would be the Subcommittee's advice to the Advisory Committee would be that the Subcommittee be continued and that specific actions would be defined to achieve the recommendations.

SUBCOMMITTEE ON PVO-CORPORATE AFFAIRS

ATTENDEES

Claire Starkey, Caribbeana Council
Mrs. Theana Kastens, Deak-Perera Foreign Exchange
Margaret C. Bayldon, Helen Keller International
Ross E. Bigelow, AID/FVA/PVC
Rhodina McIntosh, AID/FVA/PVC
Jerry Bedford, Heifer Project International
Stan Hosie, The Foundation for The Peoples of the South Pacific
Mary Ellen Burgess, TAICH, American Council of Voluntary Agencies for Foreign Service
Bernard A. Confer, Church World Service
Paul G. Maguire, AID/LAC
Julia Robinson, One America, Inc.
Leslie Traub, One America, Inc.
Marguerite Potee, AID/FVA/PVC
Bryant George, AID/Asia/DP/PVO
Debbie Mace, AID/FVA/PVC
Carla Maged, AID/FVA/PVC
Chris Burbach, PAID
Jasperdean Kobes, Independent Consultant
Russ Morgan, NCIH
Robert C. Bush, FAVA/CA
David A. Pasquarelli, FAVA/CA
Suzanne Neil, Institute of International Education
Tom Keehn, PAID
Wilhelmina Bell-Taylor, The Newman & Hermanson Company

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
SUBCOMMITTEE ON PL 480: FOOD FOR PEACE
DECEMBER 15, 1983

The meeting was called to order at 3:45 p.m. by Julia Taft, the Acting Chairperson. The meeting was devoted primarily to testimonies presented by representatives of private voluntary organizations to the Subcommittee on the issues of (1) PL 480 Title II food aid as a disincentive to agricultural production in recipient countries, and (2) the question of whether the currently mandated minimum tonnage standard fulfills the intent of PL 480.

Testimony was presented by:

- Daniel E. Shaughnessy, President, TCR Services, Inc.
- Robert D. Fondahn, President, Protein Grain Products
- Glen Leet, Director, Trickle-Up Program
- Charles L. Sykes, Assistant Executive Director, CARE
- Larry Minear, Representative for Development Policy, Church World Service and Lutheran World Relief.

The testimonies are presented in the following sections of the report including subsequent questions and answers on each. The final section of the report is a summary of other discussions during the meeting and various announcements.

TESTIMONY OF

DANIEL E. SHAUGHNESSY

President

TCR Services, Inc.

ADVISORY COMMITTEE ON VOLUNTARY

FOREIGN ASSISTANCE

SUBCOMMITTEE ON FOOD FOR PEACE

December 15, 1983

Mr. Chairman, other members of the Subcommittee, I appreciate the opportunity to appear before you today to comment on Public Law 480 and its legislative authorities.

Personally, I have been involved in international development, trade, and agricultural activities for over 20 years. My experience includes representation of various export shipping and trade interests as well as 18 years of government service, during which I had the opportunity to deal with and manage a number of foreign-assistance related activities. Those assignments have included management of PL-480 and related food and nutrition activities in India for four years, supervision of food aid and related development programs in the Agency for International Development, direction of PL-480 concessional sales and export credit activities in the Department of Agriculture, and legislative staff work on PL-480 and foreign assistance as part of the U.S. Senate staff. I also served as the Executive Director of the President's Commission on World Hunger and was assigned to the Secretary of State's office for the 1974 World Food Conference, with both of these assignments involving substantial attention to food aid and foreign assistance matters.

I certainly applaud the Advisory and Subcommittee's early efforts to review Pl-480 and solicit suggestions for possible legislative changes in 1985. This type of early attention and forward thinking will be extremely important when the Congress deals with the 1985 farm legislation, which, of course, includes PL-480. While this early attention to possible legislative changes is important, of equal significance is the fact that there are a number of current administrative and policy considerations with which this Committee should concern itself as the basis for considering legislative suggestions. In fact, the Subcommittee's active participation in opportunities for change that now exist under current legislative authority can easily lead to a more informed and knowledgeable basis for later legislative suggestions.

In my opinion, there are a number of areas where the attention and advice of this Subcommittee could assist immeasurably in terms of immediately bringing about more effective and efficient uses of existing program resources.

The starting point for this badly needed advice is the interagency decision making process. All too often, the interagency approach to PL-480, both in the case of Title I

and Title II (and particularly Title III) is characterized more by a preoccupation with the process, than with the actual administration of the program. This is understandable, since the range of interests among different government agencies involved in Pl-480 tends to compartmentalize individual agency participation -- often to the detriment of efficient decision-making. Overseas programming of PL-480 is viewed primarily as AID's role; commodity purchasing is viewed as the role of the Department of Agriculture; budget considerations on practically every facet of PL-480 involves the Office of Management and Budget, and the State Department's interest in various political considerations must be taken into account in all major decisions. As I have said, this division of interest is understandable; indeed, it is a fact of life and will not change. But, it can be more efficient -- to the advantage of all concerned. This Subcommittee can assist in bringing about that efficiency by calling for a greater awareness on the part of each agency about the detailed activities and reponsibilities of others involved in the process. Let me cite some examples:

-- Other than a handful of operational people within the Agency, most of AID knows very little about the mechanics of actual commodity purchasing and shipping for Title I/III and Title II programs. However, those mechanics are extremely important in achieving the programming objectives which are so important to AID field missions and regional bureaus. Commodity shipping and purchasing are viewed as support functions outside the Agency and are rarely thought of as part of AID's implementation of the program. Yet, monthly orders and purchases of commodities under Title II and the tendering for commodities and freight under Title I can have extremely important effects on program interests and budget availabilities.

-- Recently, and as a result of delays in the program approval process, major Title II purchases were delayed to the point where commodities which otherwise would have been purchased over a six-month period, were forced to be purchased in large amounts in two single monthly purchases. This not only strained the capacity of commodity suppliers in the commercial sector, but also forced payment

of higher commodity prices -- thereby defeating the purpose of delaying approval of the programs in the first place, which of course, was for budgetary considerations.

-- In the case of Title I, the actual machanics of commodity and freight tendering on the part of Title I countries or their agents, are rarely known or understood by AID personnel. Knowledge concerning the reasons for delays in commodity purchases, relative costs in the current freight market, commodity pricing and price approvals, and the competency of agents selected by countries for Title I purchasing and shipping matters, are primarily limited to a few people in the Title I operational staff of the Department of Agriculture. Conversely, reasons for program decisions and commodity selection, application of voluntary agency considerations, and use of AID policies and guidelines, are usually not clear to the Title II commodity purchasing staff in the Department of Agriculture's Kansas City Office.

Obviously, I am not recommending that everyone be involved in everyone else's functions; nevertheless, and as one example, if those involved in the interagency approval process were aware that delays in program approvals can cause higher expenditures in later commodity and freight purchasing, not to mention what such delays do to program continuity, relationships with foreign governments and the uncertainty imposed upon our supply and transport sectors, then far more efficient and effective use of program resources would result.

It is my belief that for this Subcommittee to make meaningful recommendations concerning possible legislative changes, then it must have a better understanding of these operational and administrative considerations which accompany the PL-480 programming process and which bear heavily upon such broader issues as disincentives to agricultural production or the Title II minimum tonnage. As I have mentioned, there are a number of opportunities for immediate administrative and policy changes in order to bring about more effective uses of program resources, and at the same time, provide better understanding of the importance of these matters in terms of possible future legislative changes. In this regard, I would call the Committee's attention to the following matters:

-- Remember that the concessional sales and donations of agricultural commodities under Public Law 480 is a form of foreign assistance with expenditures of over $1 billion each year. Practically all of this money is spent within the U.S. economy and the effects and scope of those expenditures are enormous. While the various international objectives of PL-480, dealing with humanitarian and developmental concerns, foreign policy support, and market development for U.S. farm products are just as essential as ever, there is a growing and critical need for managers of the program to take into account those facets of the program that affect various sectors within the U.S. economy. What is required is a broadening of criteria in the decision-making process to include consideration of the domestic concerns that affect the program and which generate that self-interest that is so vital to its continued support.

-- Learn more about the operations of Title I (and III). It is the major part of PL-480 and its activities and expenditures have significant effects on Title II. For example, if Title I

receiving countries do not have sufficient allocations or do not carry out their commodity purchasing and freight booking responsiblities efficiently, and are thus, unable to make the most of the concessional loan funds provided to them, then pressure mounts upon the Title II program for transfer of some portion of its funds to Title I. This has happened in each of the past two fiscal years. These inefficiencies and budgetary shortages also mitigate against increased use of badly needed processed products such as flour and edible oil in Title I programs -- if money is tight, then quantity becomes more important then quality. I believe it is important for this Subcommittee to review the efficiency of recipient country commodity and freight purchasing under Title I -- Do such countries get the best prices with our money? Are their agents effective? Can better commercial practices be employed? Do Title I programs force inefficient local government agencies into commercial activities rather than utilize existing private sector capabilities? Is AID aware of or concerned about questions such as these?

-- Assure full utilization of the budtetary resources appropriated by the Congress for Title II each year. This can only be done by early approval of the 1.8 million tons available to the program and greater use of obligation authority under transfer agreements. For the past two years, delays in early interagency approval and commitment of Title II resources have resulted in the loss of between $30 and $80 million <u>each year</u> to Title II. This loss of resources is soley a result of such deliberate delays and the inability to later program these funds because of lack of time left in the fiscal year. Even now, with nearly three months already past in the current fiscal year, approximately 500,000 tons of the 1.8 million ton minimum available to Title II, has not been approved or specifically allocated for Title II uses. The rationale for withholding approval for this substantial amount of tonnage is based upon the possible necessity to supply unforeseen emergency needs. Yet no apparent consideration is given to the existence of the emergency wheat reserve which specifically provides at least 300,000 tons for unforeseen Title II emergencies.

-- Give greater consideration to adequate resources for Title II in order to meet specific nutritional and feeding requirements. Congress has long recognized that Title II is a special form of assistance that requires special attention to its resources. The intent behind the Congressional action to establish a Title II minimum tonnage was to assure the continuity and consistency of supply that is so important to the program. Unfortunately changes in commodity prices, or estimates of those changes, tend to make the minimum tonnage requirement subject to budget availabilities and on several occasions in recent years, these estimates of commodity costs have been a major factor in disruptive changes in the program. The result is that commodities which are usually the ones most needed for specific nutritional programs are dropped. However, the Congress has been very clear in its interpretation of the intent behind the minimum tonnage -- i.e., that PL-480 Title II resources are available to be fully utilized and programmed for nutritional, feeding, and humanitarian purposes, and that if additional funding is required to meet these needs and to pay for the

type of products that are required in the program, then the Congress should be approached for additional funding. Expressions of this intent are found in a number of Congressional documents including Committee reports, floor statements and witness testimony. As a result, I would recommend a minimum tonnage for Title II at least at the two-million ton level.

-- Live up to our commitments to the World Food Program. WFP has long been an example of a successful, result-oriented United Nations activity. It enjoys U.S. Congressional support and has been particularly successful in a number of activities requiring both emergency and longer term food assistance. The U.S. Government reaffirmed its continuing support of WFP by announcing an increased pledge in the Fall of 1982. This increased pledge for the two-year WFP budget reflected not only continuing support for WFP, but also, an interest on the part of the U.S. Government to take advantage of the U.S. agriculture abundance and provide an increased level of

commodities for WFP food aid activities. In particular, the United States is the major and often only supplier of processed, fortified and blended commodities used by WFP and Voluntary Agencies in specialized feeding programs throughout the world. One of the reasons behind the increased level of the U.S. pledge to WFP was an intention to increase shipments of such products from the United States. Exports of processed grain, dairy and oilseed products are an important component in both the U.S. bilateral food aid program as well as the World Food Program and any increase in the level of export in these value-added products brings with it a number of benefits, both to the food aid recipient and of course, the donating country. However, there has been little action on the part of either the World Food Program or the U.S. government to increase shipments of these products. Some projects that have been approved at WFP meetings for the use of processed commodities have not resulted in shipment of such commodities because the U.S. government changes its view of the project and later refuses to supply. This type of inconsistency is both unfair and detrimental both to U.S. and WFP program interests.

-- Do not become distracted by the disincentive issue. In my opinion, the question of whether food assistance is a disincentive to agricultural production in the receiving country is an endless, time consuming and often unnecessary debate. The fact of the matter is that any form of assistance -- whether it be cash grants, loans, food aid or military assistance, is an intervention on the part of the country providing the aid into the internal affairs and decision-making process of the country receiving assistance. These interventions have their advantages and disadvantages and for those wishing to dwell on the disadvantages, some problems can always be discovered. As for food aid, I can say categorically, that Title II donated food assistance is not a threat to local production. I know of no instance where Title II food aid has caused any serious or long-term damage to local agricultural productive capacities. As for concessional food assistance, such as the type provided under Titles I and III of PL-480, the quantities of such imports for most countries, when compared to local productive capacities and the normal amount of commercial

imports that occur in any case, are simply not significant enough to constitute any type of long-term threat to agricultural production in those countries. As I said before, if one searches long enough and hard enough, one can always find some examples of disincentives; however, I have yet to hear of any which has resulted in long-term damage to a country's productivity and production capacity.

The safeguards that now exist in PL-480 to do as much as possible to avoid local disincentives and are more than adequate. Any attempts to further impose additional criteria or controls in this regard would be unnecessary and impractical.

In summary, I again urge this Subcommittee's attention to immediate, actionable matters: Assure full utilization of the Title II budget; there is no reason to hold back on nearly one-third of the program's resources when a major emergency reserve already exists as a back-up to Title II; learn more about Title I -- there are a number of ways to save funds in that program; maintain attention to nutritional requirements in the program and actively seek the

QUESTIONS AND ANSWERS:

QUESTION: Is a situation involving deliberate delays an internal administrative matter or a legislative matter? Is it a matter of resolving the differences as early as possible?

ANSWER: There are a number of things the Committee could do, simply by virtue of its interest in the program to urge more prompt decisions and to find out the reasons for delays. Those actions can take place within existing legislative authority.

COMMENT: My thesis was you should move as early as possible within the marketing year because farmers should get the benefits while they still own the commodities. This had a good response within USDA, but it has not carried through.

RESPONSE: It is very sporadic from year to year. One of the problems in the process is the involvement of the Office of Management and Budget in every detailed decision involving PL 480 which is unnecessary and a major problem in this program.

QUESTION: Is that because this legislation is very inter-agency focused? Have you thought about a free-standing Title II bill that would be totally self-contained, and run only by AID?

ANSWER: Yes; run by AID or by the Department of Agriculture. There is a diversity of interest in the program; it does serve political interests, marketing interests, and developmental interests. But it is a mistake to try to focus all authority in one single place. Even in the case of Title II, it may be difficult, although it is much more attainable. You don't have to have the current situation where OMB has to approve every Title II program. There should be agreement on overall budget but not on every last measure. It is a waste of time.

QUESTION: What can this Committee do to hasten that action, other than pressing for action? Is it that simple?

ANSWER: Initially, it almost has to be on that basis. The rationale for this meeting was to comment on possible legislative changes. In the interim, you can constantly call attention to these other items.

COMMENT: This Subcommittee ought to request a report on each meeting.

QUESTION: How do they determine the number of tons or is it a gram-equivalent approach?

ANSWER: The legislation calls for a minimum tonnage -- 1.7 million tons for Title II-- and I believe there is some reference to metric ton-grain equivalent.

QUESTION: Is that in the legislation?

ANSWER: It is not in the law per se. A legal determination was made once the law was passed.

COMMENT: After the law was passed, it was in the dialogue of the Congressional debate. Milk or oil became straight tonnage, added to grain-equivalent of something like cornmeal.

QUESTION: Can we get grain equivalents of various products which are shipped?

ANSWER: Yes.

Remarks of

Robert D. Fondahn
President
Protein Grain Products International

before the
Subcommittee on Food for Peace
Advisory Committee on Voluntary Foreign Assistance

December 15, 1983

My name is Robert Fondahn and I am President of Protein Grain Products International, a non-profit trade association whose members are major suppliers of processed grain products to the Title II program. We have been involved in Title II since the late 1960's and, more recently, in commercial market development activities designed to increase export sales of value-added grain products.

For nearly 30 years, the U.S. has been the leader in exporting foods to alleviate hunger among the estimated 800 million malnourished people in the world. This has largely been possible due to the foresight of a bi-partisan Congress which enacted Public Law 480 back in 1954. The major objective of the program at that time was to relieve world hunger through the use of surplus commodities such as wheat, feed grains, rice, nonfat dry milk and edible oil.

In 1966 the law was amended and P.L. 480 featured a new emphasis on nutrition. Authority was provided in Title II for enrichment and fortification of commodities to improve their nutritional values. The legislation removed the requirement that a commodity had to be in surplus to be eligible for distribution.

For several years prior to the change in Title II legislation, there was a growing awareness of the need to provide more nutritious foods through the food donation program. Guidelines for the nutrient composition of formulated foods were established in 1965 and what emerged in subsequent years was a range of processed, fortified and blended products many of which carry an amino acid profile and utilizable protein content comparable to that of meat and milk and yet are priced at only a fraction of what the animal proteins would cost in most developing countries. Field programmers throughout the world now fully recognize and appreciate the nutritional contribution that products such as corn-soy-milk, wheat-soy-milk, bulgur, soy fortified bulgur, corn meal, soy fortified corn meal, and soy fortified sorghum grits make to the over-all dietary improvement of recipients. These products are used alone or in combination with other foods such as vegetable oil and whole grains in both regular and emergency feeding programs.

Unfortunately, the budgetary constraints under which Title II must now operate make it questionable whether programmers will be able to meet the minimum tonnage requirement without sacrificing the nutritional quality of

the program. Tight budgets dictate that commodity resources be allocated in such a way as to make maximum use of limited dollar resources. However, we cannot afford to ignore the nutritional needs of the recipients. The only way the U.S. can be sure that the nutritional objectives of Title II are being met is to at least maintain and hopefully increase the export tonnage of processed products. In this regard, I applaude the efforts of Senator Helms and others in introducing S.2005 which amends Section 201 of P.L. 480 by calling for the President to consider the nutritional needs of the recipients and the benefits to the United States that would result from distributing commodities in the form of processed and protein-fortified products.

The Subcommittee should also be mindful of the many benefits accrued to the U.S. by increasing exports of processed, value added products. It will benefit farmers and processors by creating a larger export market for their products and it will benefit the nation's workers by increasing the number of jobs available in the processing, packaging, handling and transportation industries. The voluntary agencies have consistantly been large users of processed commodities in their feeding programs. However, this has not been the

case with the World Food Program even though they receive a major portion of their food and funding from the United States. I suggest that the Subcommittee review the commodity allocations to WFP to determine if a higher percentage of their food requests could be in the form of value added products processed in the U.S.

Although the thrust of the Title II program is directed toward humanitarian food assistance, I believe the Subcommittee should not overlook the fact that Title II has been an excellent market development tool for building lasting markets for American agricultural commodities. We are all familiar with how U.S. food assistance in countries like Japan, Korea, Taiwan, and the Philippines was instrumental in their post World War II recovery. Today they are major cash customers of U.S. agricultural products. I see no reason why the U.S. should shy away from tying market development to economic development, particularly in those countries which have shown considerable economic improvement. From my conversations with members of Congress, it is clear that support for Title II would be enhanced if food assistance were also viewed as an aid to building long term markets.

One of the questions raised in your letter of November 3 sought our views on P.L. 480 commodities as a disincentive to indigenous agricultural production. During my travels to over 25 developing countries in the past few years, I think I can safely say that the Title II commodities distributed by the voluntary agencies have not had a negative impact on in-country production. This is due almost entirely to the careful planning and management of their field office personnel who ensure that commodities received are distributed on a targeted basis to those most in need. My limited experience in monitoring emergency relief for government to government shipments does not allow me to comment on that program. I do know, however, that there is virtually no disincentive factor when the commodities received are processed, blended and fortified grain products. These foods are outside of normal marketing channels and are therefore consumed by the recipients for whom they were intended.

Another point I would like to cover is the issue of unallocated reserves. It has been very disappointing to everyone involved with Title II to see unused resources transferred to Title I because it was too late in the fiscal

year to earmark the resources for regular feeding programs. I would urge the Subcommittee to seek a change in the regulations that would establish a cut-off date for use of the unallocated reserve, thereby permitting the balance of the reserve to be programmed through the voluntary agencies.

My final comment is on the question of increasing the Title II minimum tonnage requirement. It might appear, on the surface at least, that no supplier to the Title II program would oppose an increase in the minimum tonnage. However, to raise the tonnage level without a corresponding increase in the level of funding would tend to defeat the nutritional objectives of the program. I think it is a sad commentary indeed that program guidelines have been altered in recent years to disuade the use of many highly nutritious products because the U.S. cannot afford the extra few cents a pound for enrichment and fortification.

I would therefore call upon the Subcommittee to propose an increase in Title II funding. I am confident the overseas programmers who have the responsibility for planning their feeding programs will increase the tonnage needed without

sacrificing the nutritional value of the foods received. To permit the tonnage level to increase without additional appropriations would, in my opinion, allow the Title II program to quickly revert back to a mechanism for getting rid of surplus commodities and would be detrimental to the nutritional needs of overseas recipients and to the restoration of prosperity to the U.S. economy.

I thank the Subcommittee on Food for Peace for giving me this opportunity to express my views and I commend you for undertaking a comprehensive review of the P.L. 480 program.

QUESTIONS AND ANSWERS:

COMMENT: He raises the question of whether we want to increase the dollar amount, rather than the minimum tonnage.

QUESTION: What kind of cut-off date do you recommend?

ANSWER: I would think in May because in July and August, you start buying against next year's requirements. So it would have to be early enough in the year in that the voluntary agencies could use the commodities which were not shipped under emergency programs.

QUESTION: Would that work?

ANSWER: The problem is, as Charlie Sykes can attest to, it is very hard to "gin up" a new initiative or program at the end of the year. One way in which it might work is to have projects that have a limited time-span available for funding, as opposed to a long-range multi-year project. These, in AID, are called "shelf projects." They can be readily inserted into the budget. But they must be ready, "on the shelf," to be funded.

QUESTION: Senator Dole has sent a recommendation to the President that he create a special task force on PL 480 to look at the entire Food for Peace effort. Are you aware of this request? Is this type of initiative effective? What role should this committee play if that task force were to come about?

ANSWER: I have read about Senator Dole's proposal in the paper, but I am not that familiar with it. However, there is room for coordination between this committee and Senator Dole's efforts. I applaud Senator Dole in taking that approach. I think the committee should watch it closely.

QUESTION: The Food for Peace Program could probably be used in many more advantageous ways, particularly in emergency situations. There are a number of regulations which do not permit this to happen as quickly as it should - earthquake or even refugee programs, which are on-going. Is there any way that this committee can recommend how we could eliminate some of these obstructions which would permit more expeditious utilization of Food for Peace, in emergency situations?

ANSWER: In true emergency situations, it is my understanding that the response has been fast, and in most circumstances, it has been programmed effectively, in true emergencies such as earthquakes, flooding, and so forth.

COMMENT: I agree that in some cases it has been quite expeditious, but in other cases, the required clearances through the embassy and various other channels have delayed any appropriate action to the point that, when it is finally cleared, the emergency no longer existed. There must be some way of clearing these channels in a more efficacious way. ACVFA, for example, has a clear channel, in many instances.

COMMENT: This could be examined at our March meeting. It would require some background with our staff, working with OFDA. Perhaps we could have a report at the March meeting.

COMMENT: The single area where PL 480 food aid, and especially Title II food aid, has been immediately responsive to needs is in emergency circumstances. The slow-down has been the exception and not the rule.

QUESTION: Are you recommending that we might consider a publication in commemoration of this anniversary that would identify some of the PVO initiatives?

ANSWER: Yes.

FOOD-AIDED DEVELOPMENT: POTENTIAL AND PROBLEMS
by Glen Leet, Co-Director, Trickle Up Program

Statement Presented to the Subcommittee on Food for Peace
of the Advisory Committee on Voluntary Foreign Assistance
in relation to the question:
Do P.L. 480 commodities create a disincentive to indigenous agriculture production in recipient countries? If so, to what extent and can this disincentive be mitigated?

The essence of my testimony is that:

1) It is possible not only to mitigate disincentives to indigenous production, but P.L. 480 can increase indigenous production and contribute to social and economic progress; and

2) There are grave, but correctable defects in U.S. policy and strategy which now prevent the P.L. 480 program from more fully meeting the goals of the Congressional Mandate in the Foreign Assistance Act.

This conclusion is based upon experience in over 50 countries working for 12 years with the United Nations where I was Chief of their Community Development Unit and 18 years' experience with the Save the Children Federation and Community Development Foundation where I was Executive Director and President, and now for the past five years, as Co-Director of the Trickle Up Program, a program with activities in 57 countries.

In support of the view that there can be a dynamic, constructive use of P.L. 480 resources, let me cite a food-aided community development program that has continued successfully for many years in Mexico.

I would not take the time of this Committee in discussing this program in Mexico were it not for the fact that it illustrates an approach that has important implications for current policy and administration.

It would be possible for the Advisory Committee on Voluntary Foreign Aid to recommend a direction in policy and administration that could make the Food for Peace program a much more important resource in contributing to development and to human dignity.

When I negotiated the agreement in Mexico in 1963, as Executive Director of the Community Development Foundation, it was with Dr. Antonio Ortiz-Mena, then Minister of Finance. In my discussion with him, I commented that such a program could not be successful except in a country which respected its rural people and was prepared to encourage them to take initiative in planning and executing the activities. He insisted that the Government of Mexico respected its compesinos, saying that they were the strength and character of the nation.

The program began in five states. The activities were those selected by the people who volunteered their services for the benefit of their communities. The Ministry of Health and Assistance was responsible for receiving, warehousing, and transporting the commodities, for providing and training the social promotores to help communities plan their projects, and provided the technical services needed in the health field.

Best Available Document

The Community Development Foundation agreed to provide technical assistance and training aid in the field of community development policy and administration, and to request the United States Government to supply commodities under the Food for Peace Program.

It was agreed that each individual who contributed service would receive a ration of food sufficient for an average family for each day worked. This, the Ministry agreed, was not to be considered as payment for work. They still had memories of the days before the Revolution when campesinos had been exploited by some landlords who gave them no pay, but merely some food. Instead, this was to be considered as an evidence of the approval and appreciation of the government for the contribution they were making. In fact, signs reading, "To honor the people of this community for their service for their community and country. Food contributed by the people of the United States has been provided by the Ministry of Health of the Government of Mexico," were later posted at project sites.

The program became country-wide and was later continued by Mexico with food from the surplus generated by the Green Revolution and supplemented by the World Food Program.

I visited Mexico several years ago with my partner, Mildred Robbins Leet, and verified from government records and from revisits to villages that the program was still going strong. Over 80 million days of community service had been contributed by campesinos through over 50 thousand projects in over 20 thousand communities. This is verified by a computer information system that I helped plan in 1964.

The results are further verified by the report of a Mission organized to evaluate the program by the World Food Program with experts from the United Nations, the FAO, and the Community Deveropment Foundation. I quote from this report:

BACKGROUND:

"It has been estimated that as much as 45 percent of the labour force in 1970 was engaged in marginally productive jobs in traditional agriculture and in urban services." (page 1)

"Nature and Purpose of the Project:

"4. The present project...is intended to generate productive employment in rural areas. It involves the use of WFP aid as a supplement to government-provided food as an incentive to workers engaged in rural works activities. The project was initiated experimentally in 1963 with bilateral food aid, which terminated in 1965."

Note: It continued with food from Mexico's Green Revolution and World Food Programme assistance.

"13. The selection of communities to be assisted continued to be based on the interest of the communities to participate and their relative poverty and accessibility...."

"17. An average of...6,760,700 man days of service was achieved during 1972-1973. The annual average number of workers employed was 2.7% of the 5.1 million economically active population in the agricultural sector."

"19. The total number of people benefitting...is estimated at 4.5 million a year. The number of communities aided under the project was 20,643, out of a total of 41,000 municipalities of between 500 to 5,000 inhabitants in Mexico."

"21. There are usually more applicants for work than required....There is no selection on the basis of physical capability or aptitude."

"36. The prevailing approach is one based on the principle of planning from below....Proposals are discussed in public assemblies until consensus is reached on goals and priorities.

"37. The overall effect of planning from below has been very positive. It enables the promotores to help communities to recognize and understand their problems, to identify their resources and mobilize them, and to take effective action in realistic dimensions. The approach results in developing pride and a sense of ability to plan for community development."

"39. The program tends to select projects in which there can be a long term social and economic impact and a multiplier effect in stimulating further community development with a number of agencies. In many cases the program has provided the initial penetration which opened up isolated villages and whole areas for other programs."

"40. Planning from below has promoted popular participation has stimulated civic consciousness, and has acted as a training process in problem-solving for community planning and action."

"42. Because of community involvement, the promotores are able to cover a larger number of communities. They can leave many details of project execution to local committees, leaders, or volunteers who have participated in initial planning and decision-making."

"45. The program has made an important contribution in developing methods to enable local groups to participate in decision-making for development which could be used as models for other agencies and planning bodies."

"52. In the selection of projects to be carried out, the basic philosophy is still to respect the wishes and `felt needs of the community´. Most follow the prescribed format of selecting projects by popular approval in community meetings."

"54. The extent of local identification with plans and activities is evident also in the maintenance of the projects, which they truly consider as theirs."

"62. The projects, in themselves, bring about better communications, more sanitary conditions, and increased productivity. However, the effectiveness of the program as a true tool of development depends principally upon the changes of attitude and behavior brought about through these projects."

"66. Participation of women. There is very enthusiastic feminine participation in the program generated around projects promoted by nutrition aides."

"67. There is not doubt there has been an impressive mobilization of the feminine sector around food and nutrition."

"73. Training. It should be pointed out that with rare exceptions the social promotores were of high calibre and extraordinarily dedicated to a job they performed for low pay and often under adverse conditions with a minimum of logistical and material support."

"98. Market Displacement Effect: As the World Food Programme supplied food was distributed to low income groups in small quantities and in widely scattered places, no market displacement effect took place. Agricultural production has been growing at an average rate of 4.5% a year, i.e., more than the annual population growth rate of 3.4%."

"Conclusions and Recommendations:

" 99. It responds to real felt needs of the rural communities concerned, and in terms of achievements, it ranks among the best of similar programs that members of the Mission have observed in other countries."

"100. For the participating laborers, the program has meant an increase of over 50% in the rate of annual employment."

"108. The distribution of World Food Programme food under the project does not appear to have had any adverse effect on either imports or the local production of food."

Recently, we received a letter addressed to the Trickle Up Program from Senator

Charles Percy, Chairman of the Senate Committee on Foreign Relations, in which he referred to "the Congressional Mandate for assuring that economic aid directly benefits the poor," as well as one from Congressman Clement Zablocki, Chairman of the Committee on Foreign Affairs of the House of Representatives, written shortly before his death in which he referred to the "philosophy of the New Directions Mandate of the Foreign Assistance Act." These letters are an indication that the Congressional Mandate is still important in Congressional thinking and that Congress is going to be looking for evidence of whether or not American aid programs are responsive to this Mandate.

How can the Mandate be implemented more fully through the Food for Peace program? The first issue is POWER. We give it away and then watch helplessly as the Mandate is ignored. We create our own fetters by agreements under which both food and local currency are used for purposes which are contrary to the Mandate. This is one of the reasons why it is so hard to get Congressional support and public support for international aid programs.

It doesn't have to be that way.

Food-Aided Development: Potential and Problems

The people who make policy decisions in developing countries have many problems. Involving the poor in development is not always their primary concern. Food aid in support of programs planned by poor people is not likely to have support, because the poor have little power. It cannot be expected that Governments will give priority to programs which meet the Congressional Mandate unless they have no alternative--if they wish the food aid.

Without infringing upon any nation's sovereignty, it is possible for the US to offer a proposition similar to that which the Government of Mexico offered to its own proud and independent campesinos. This could be: "If a country presents plans that conform to the Congressional Mandate, it may apply for food aid."

A second issue involves PVO POLICIES. Many PVOs with highly competent personnel which have been developed with AID assistance, are working on a wide variety of constructive self-help programs in third world countries. Their work, in many cases, could be much more effective if they could have access to P.L. 480 food and/or local currency generated by US programs

They do not have the resources nor any desire to duplicate the procurement, transportation, warehousing, and delivery arrangements that such organizations as CARE, Catholic Relief, and Church World Service have developed. A framework should be created by PVOs and AID so that food and currencies can be made available to PVOs by other PVOs.

The interest shown by the ACVFA in the experience of PVOs gives us reason to hope that there can be revisions in US strategy and policies which will make possible progress in the implementation of the Congressional Mandate.

The Food for Peace program can be an effective instrument that can have a much greater impact on the problem of world poverty.

8 December 1983
:32

TESTIMONY OF CHARLES L. SYKES

ASSISTANT EXECUTIVE DIRECTOR OF CARE

before the

SUBCOMMITTEE ON FOOD FOR PEACE OF THE ADVISORY COMMITTEE ON VOLUNTARY FOREIGN ASSISTANCE

DECEMBER 15,1983

My name is Charles Sykes and I am an Assistant Executive Director of CARE and Director of the Program Liaison Office in Washington. I have served as CARE Country Director in Poland, Pakistan, India, Egypt and the Dominican Republic and was intimately involved in the design, negotiation, administration and implementation of Title II food aid programs involving emergency relief, rehabilitation and refugee activities as well as longer term food-for-work, health, family planning, land reclamation and education projects.

CARE welcomes this opportunity to appear before the Subcommittee on Food for Peace of the Advisory Committee on Voluntary Foreign Assistance to specifically review (1) the adequacy of the Title II minimum tonnage and (2) the possible disincentive effect to indigenous agricultural production in recipient countries. We are pleased that the Subcommittee will be scheduling three additional review meetings to explore other P.L. 480 issues.

With specific reference to the first issue on the agenda, viz., the adequacy of the Title II annual minimum tonnage which is legislated at 1.7 million metric tons, it is useful to trace its genesis:

During the 1972-73 year, Title II was dealt a devastating blow; with two devaluations, the grain sale to the Soviet Union and OPEC

price increases, 17 million recipients of Title II in hundreds of food assistance programs were dropped from the Program. Three million unemployed landless casual laborers were dropped from rural works programs; three million pre-school children and women were dropped from health and nutrition programs and 11 million rural primary school children were dropped. Substantial investments by host governments and communities in infrastructure such as cooking utensils, kitchens and food storage were lost in the process.

The International Development and Assistance Act of 1975 (Public Law 94-161) for the first time required that a minimum level of food assistance (1.3 million tons) be distributed annually under Title II of Public Law 480. This was the first minimum level ever enacted. Subsequently, over a period of four years, the minimum tonnage level was annually and incrementally increased to 1.7 million metric tons by 1982.

In the International Security and Development Act of 1981, an annual 1.2 million metric tons <u>subminimum for non-emergency</u> programs was enacted to further safeguard from disruption food aid programs and projects which had long-term objectives, i.e., 1.2 million of the 1.7 million metric tons is designated for non-emergency programs. Each fiscal year, AID sets aside part of the Title II appropriated funds to deal with unforeseen emergencies. This set-aside is referred to as the <u>unallocated reserve</u>. This year (FY1984) approximately 25% of the Title

II resources (418,000 metric tons) valued at over $90m has been set aside in the unallocated reserve for emergency use. Over the past two fiscal years, a combined total of $70m has been transferred during the last quarter of the year from Title II to Title I, i.e. these funds are lost to the Title II program, primarily because, by the fourth quarter, the unallocated reserve has not been fully utilized, in spite of legitimate Title II requests and proposals for more or nutritionally better commodities. For example, in many of the PVO programs, we would prefer to use nutritionally better foods, but we have to revert to cheaper, less nutritious food. Yet, at the end of the last two fiscal years, we've seen substantial transfers from Title II to Title I.

Additionally, the Wheat Reserve Act (1980) provides for the utilization of 300,000 metric tons of wheat in emergency situations through Title II. In spite of this legislative authority, there is apparently an understanding that this provision of the Wheat Reserve Act will not be tapped until the Title II unallocated reserve is exhausted. With a substantial number of drought-related emergency requests pending, it would be useful to have an early clarification of policy on utilization of the wheat reserve emergency provision, its relationship to the Title II unallocated reserve and the establishment of a quicker response mechanism to emergencies.

Estimates vary from 400 million to over 1,000 million as to the number

of malnourished and undernourished people in the world today. UNICEF estimates that some 40,000 young children die every day, many from hunger-related health problems. Whether we accept the lower or higher estimates is really not important -- both are unacceptable! The major issue today is whether the currently mandated Title II minimum tonnage is sufficient to carry out the intent of the legislation? According to P.L. 480, "the President shall (1) give priority consideration, in helping to meet urgent food needs abroad and (2) to making available the maximum feasible volume of food commodities required by those countries most seriously affected by food shortages and by inability to meet immediate food requirements on a normal commercial basis." It would appear from the intent of the legislation, measured against urgent food needs and our potential to meet those needs, that we, as a nation, could do much more.

Accordingly, we would recommend that the annual Title II minimum tonnage be increased by increments of 125,000 metric tons per annum starting in Fiscal Year 1985 until a minimum tonnage level of 2.2 million is reached in Fiscal Year 1988. Seventy-five percent of the annual increase should be applied to the sub-minimum for non-emergency programs with multi-year commitments.

Disincentive Effect to Local Agricultural Production

It is conceivable that P.L. 480 commodities could create a disincentive to agricultural production in a recipient country. It is probably less likely to happen under Title II than in the area of concessional sales. For example, CARE's largest Title II program is in India. Our total annual Title II program represents approximately .17% of India's annual grain production of approximately 136 million metric tons.

Even under the substantially larger P.L. 480 concessional sales (Title I), India in the 1960's was the largest single recipient of concessional food aid. That food aid gave India adequate breathing time to introduce its green revolution (High Yielding Varieties Program) and the world witnessed perhaps the most dramatic development breakthrough of the century. If food aid were a disincentive to local agricultural production, someone obviously forgot to tell India's farmers and policy makers.

No PVO administered Title II Program in any given country is likely to exceed one-half of 1% of total annual domestic agricultural production. Additionally, the title II commodities' shipments are staggered, normally quarterly, and upon arrival, geographically dispersed to the neediest areas and to recipients whose incomes are almost totally

spent on food and, yet, still fall short of meeting the FAO minimum nutritional requirements, i.e., most recipients are outside normal commercial market systems.

Conventional economic wisdom would probably point to domestic food pricing policies as the principal disincentive to increasing food production. CARE feels that in the case of Title II programs AID, WFP and the PVOs all take into careful consideration the potential impact of food aid proposals on indigenous agricultural production.

Before concluding, it would be important to touch on the potential disincentive effects to agricultural production in emergency situations. Some polemicists have argued that emergency food aid has had an adverse effect on indigenous agricultural production. One example cited was the Guatemalan earthquake of 1976. A National Science Foundation Study was conducted to determine the market and price impact of emergency food aid in the Guatemalan disaster but was unable to substantiate the claim that such food aid had created a disincentive to local agriculture. While remaining sensitive to the potential adverse impact on local agriculture, there may indeed be instances where emergency food aid programs can stimulate agricultural recovery and development.

We hope that our views will be useful to the Advisory Committee in drafting constructive recommendations to the AID Administrator prior

to his testimony before Congress on reauthorization of P.L. 480 in late 1984.

Should members of the Subcommittee have an opportunity to visit any of the countries where CARE is working, we would be delighted to give you a first hand view of our Title II programs.

I will be pleased to answer any questions.

QUESTIONS AND ANSWERS:

QUESTION: Do you recommend an increase in appropriations?

ANSWER: Absolutely. It is extremely important. It is not only a quantitative but a qualitative question as well. I would strongly recommend that there be a careful effort to ensure the nutritional integrity of the program which means spending more money.

QUESTION: You recommend that the multi-year basis only be for these increments? Is CARE's position that the whole program should be multi-year funding?

ANSWER: I meant the sub-minimum increment for long-term programs. The other, non-allocated reserve is currently used to deal with emergency situations.

QUESTION: Is it true that the emergency wheat reserve is only a back-up system to the emergency capability of Title II?

ANSWER: It has never been implemented, so it has never been drawn down since the legislation was passed three years ago.

QUESTION: Are these regulations developed by the USDA for the draw-down?

ANSWER: There are general guidelines for it. We are discussing with USDA right now about how to implement this more quickly.

QUESTION: Who triggers that account -- the Secretary of Agriculture or the Secretary of State?

ANSWER: Technically, it is the President, but the authority has been delegated to the Secretary of Agriculture. It gets rather complicated as to when. One of the issues we are trying to cope with is triggering the wheat reserve much more quickly.

QUESTION: We already have the wheat reserve, do we not?

ANSWER: The wheat reserve provisions also contemplate a reimbursement for wheat reserve, so it will have appropriations implications. The options may be going for a supplemental in the case of needing more food or triggering the wheat reserve.

If you seek a reimbursement later, you theoretically run the risk of compensation at the expense of the out-year's PL 480 appropriation. You get it at the expense of the PL 480 in later years.

The chairperson requested that a staff report on the emergency component of PL 480 and the wheat reserve be prepared in advance of the March meeting.

COMMENT: Both sides have come up with ideas of how to trigger it more rapidly, when needed.

QUESTION: Is there a date on the legislation beyond which you do not have to replenish the reserve? 1985?

ANSWER: In the spring of 1981 there were cabinet meetings on this subject at the White House. There are records of these meetings which dealt with triggering the wheat reserve, the criteria to be used, and under what circumstances. It might be useful to obtain the records of these meetings. The person in the White House to contact is probably Burly Leonard. The person in charge of the Department of Agriculture file is probably Mary Chambelson.

COMMENT: Scott Steel is writing the report for the Subcommittee.

QUESTION: Regarding the Presidential Task Force on PL 480, does the Administrator of AID have to respond to his recommendation for this?

ANSWER: No, the President is to respond to Senator Dole - but he has not yet done so.

QUESTION: Does CARE have a position on this initiative?

ANSWER: We favor anything which brings focus and attention to it. Given the fact that it is the 30th year, the world is quite different and yet much is still the same. Many things might be resurrected, such as local currency sales, given the debt situation in many countries and their inability to meet their food export bills. Local currency would be used towards agricultural development in their particular countries. We no longer sell for local currency. This is quite analogous to the Title III program. On the other hand, it might have unique characteristics which make it different from the Title III program. It may be responding to the global recession.

COMMENT: It is costing the Treasury $1.50 a bushell in storage costs for wheat reserves. The only reason the wheat reserve was set up was because of the embargo and the fact that we have 17 million tons of grain which were not exported. It is a drain on the Treasury.

Thank you very much. I would like to make a few comments on behalf of my two agencies. I think it important to say by way of introduction that my two organizations, -- Church World Service (CWS) and Lutheran World Relief (LWR), -- are not major users of Title II of P.L 480. Computing how much we are using in all of our programs in all of our countries, the total this year is about 75,000 tons, which is probably the equivalent of a small CARE program in one country. So, I would suggest that you keep in mind that we are not one of the major players in P.L. 480 work because of some of the experiences which we have had which Charlie has described.

Back in the 1960's and early 70's, roughly 2/3 of our total program represented P.L 480 resources. However, due to the cutbacks which you described in 1974 and to other problems in using food aid developmentally, we now have Lutheran World Relief programs using P.L. 480 in no countries, and Church World Service programs in only four countries. I mention that to indicate the scope of our efforts.

That's not to say that we are philosophically against using P.L. 480. At the moment we have an LWR consultant who is working in East Africa to try to design programs that would put LWR back in P.L. 480. Church World Service launched a world food crisis appeal that includes an element for using Title II for emergencies in a number of countries, and we are in discussion with AID on that. So, what we are talking about is not a problem philosophically with Title II, but a desire on our part to use Title II carefully in selected situations and, wherever possible, for development.

One of the recent discussions that I've been involved in on food aid took place in The Hague. It was the 20th anniversary seminar sponsored by the World Food Program (WFP) which was founded in 1963. It's the 20th anniversary of the WFP, like the 30th anniversary of P.L. 480. One of the interesting experiences of those of us who participated there -- including CARE, Catholic Relief Services and others -- was that we saw food aid not

so much as an American initiative or as an American program but as an international resource transfer. It's interesting that back in the 50's almost all of world food aid went from the United States to other countries on a bilateral basis. Now the United States in the 1980's contributes only half of the world food aid and much more of not only the U.S. contribution but also of other countries' contributions go multilaterally. I simply flag this for the Advisory Committee in the sense that in your discussions and review of food aid, you consider the issue not only P.L. 480 but also P.L. 480 in an international food aid context.

I brought along with me some copies of the report of that seminar in Holland and also a copy of the paper that I did which is entitled "Development Through Food: Some Non-Governmental Reflections." For broader background, those may be useful to you. I also have extra copies if other people are interested.

Now let me move very briefly to the two issues that you've asked us to address. In terms of agricultural disincentives, our own experience has been negative. The Title II programs that we've been involved in to the best of our knowledge have not created agricultural disincentives; and, in that sense, our experience would track with Bob Fondahn's and with what Charlie Sykes has mentioned. The most recent evaluation that we've done in one particular country indicates that the amounts of commodities that we have introduced into communities have been so small and so targeted that the larger macroeconomic disincentive effects are not there. So this tracks, Charlie, with what you've said for India.

On the other hand, it is true and well-documented that larger transfers of food, particularly Title I, have created disincentives to production. The most recent documentation I've seen of that is in a report from the House Foreign Affairs Committee earlier in the year which says, among other things, that the Egyptian Government's policy of highly subsidized cheap food has been popular with its public, but also has had a

disincentive impact on domestic production of the relevant commodities. Public Law 480 aid makes it easier for the Egyptian Government to continue such a disincentive policy.

Similarly, this was an issue reviewed in The Hague seminar. The consensus there was that there are disincentive effects to be guarded against, but that if you are careful in the use of commodities, you can avoid them. What is happening in the case of Egypt is clearly that sending $250 million a year in commodities into such an economy is depressing prices for local producers. But that's not inherent in the nature of agricultural interventions. It is something that can be guarded against and offset by appropriate policies.

I would disagree with Dan a little when he says that the discussion of disincentives is a detour from serious P.L. 480 programming. In my view, Dan, we need more rather than less economic expertise in the way we apply commodities to developing country communities. I would say that whether we are talking about PVOs or governments or inter-governmental agencies. My view of the disincentive issue is that it is not the real issue any more. You can avoid discentives in a given country and still fall short of using P.L. 480 for development effects. It's not enough to avoid disincentives. You have to do something positive to justify using P.L. 480 developmentally.

In terms of the mandatory minimum tonnage, my agencies over the years have worked hard to support and enact the mandatory minimum tonnage feature. We believe that continuity of the supply of commodities is essential not only for Title II but for Title I programs. We also supported the enactment of the Food Security Reserve and had a different angle on it than what you are suggesting. Our view was that, for one thing, the four million tons of commodities were, in fact, available in 1980. There is a need to have some commodities in reserve for the times when either prices are high or when availability is tight. We don't see that there is a perversion of the reserve because it has never been used. A reserve is a reserve; it is there when it is needed. We feel that the

ground rules that were set up allow for the reserve to be accessed when the time is right. So, in our view, the mandatory minimun tonnage and the Food Security Reserve, including the 300,000 ton feature, are both steps in the direction of a more rational U.S. food aid policy.

Coming to the question of whether we would support a higher manadatory minimum tonnage, I would have to say on behalf of my two agencies at this point that we are still agnostic. We believe that we do need greater emergency responsiveness capabilities and would like to see more commodities available for that purpose. However, we would point out that we can contribute to the International Emergency Food Reserve which is run by the World Food Program as a different way or a supplemental way of creating commodities that are on call. We don't have to raise the mandatory minimum tonnage of our own program -- of our own policy.

Furthermore, we're concerned about the abuses that U.S. food aid has been and continues to be subjected to. We are equally concerned about the political use of food given to Egypt, for example, on concessional and grant terms annually -- twice the amount of our total food contribution annually to the World Food Program. To us this is a political use of food which is not supportable. Similarly, witholding food from Ethiopia in the period from March to August, 1983 in our view was not good public policy. So, it gives us pause as we contemplate higher mandatory minimum tonnages to look at some of the abuses of the program as we've seen them over the past years.

There were some other problems that were mentioned regarding a higher tonnage level. As Bob mentioned, one problem is that if you raise the tonnage level but not the dollar amount that is available for Title II, you essentially thin the stew so that some of the more valuable and nutritious commodities are not able to be included. You also have the problem that the mandatory minimum tonnage does not have universal support on the hill. So to the extent that you open up the issue and try to raise it, you may lose the mandatory minimum tonnage that we all support that's in the Act. My own recommendation here -- and at this point we haven't

really talked it through and in very much detail with Church World Service and LWR boards and staff -- is that we need to look before we leap up to a higher mandatory minimum tonnage even though we support food aid's availability for emergency and development programs.

So let me leave it at that. I would like to send these two documents around. We also have a third document which I was hoping would be hand carried into the room before I finished, but it hasn't arrived. This is a publication that Interfaith Action for Economic Justice has done, and it's available today for the first time. It reviews Congressional action on P.L. 480 issues in 1983. If it doesn't arrive before we leave, we can circulate it to you.

SUMMARY

At the conclusion of Mr. Minear's testimony, the Acting Chairperson summarized major points and recommendations made during the meeting. She stated that there is not a policy position on the tonnage issue, and that the issue of multi-year funding needed to be addressed, as well as the many questions regarding emergencies. She suggested that a position be declared on the two issues, and background information organized for examining the emergency question. Additionally, the Subcommittee should decide how to proceed with commemoration of the 30th anniversary of PL 480. Another item was the request for quarterly reports on the status of the allocations, not only for the March meeting, but for each of the quarterly meetings.

Mrs. Taft indicated that the Subcommittee had been asked to make recommendations regarding the Presidential Task Force proposal. She proposed that the Chair of the Subcommittee, Philip Johnston, be the Subcommittee's representative. A motion to that affect was moved and seconded. She noted that another area of testimony to be considered dealt with the Sub-Saharan drought. The testimony was prepared by Julia Chang Bloch. Bill Pearson announced that there would be a press conference the following week concerning greater responsiveness to the worsening African drought and food shortages.

Following this announcement, the meeting was adjourned.

SUBCOMMITTEE ON PL 480: FOOD FOR PEACE
DECEMBER 16, 1983

ATTENDEES

Robert J. Marshall, ACVFA Member
Glen Leet, Trickle Up Program
Daniel E. Shaughnessy, TCR Services, Inc.
Mary-Lou Rayball, The Newman & Hermanson Company
Sandra Collier, New TransCentury Foundation
Carole Millikan, AID/FVA/PVC
Peggy Sheehan, AID/FVA/FFP
Bill Pearson, AID/FVA/FFP
Barry Sidman, FVA/AID/PPE
Beryl Levinger, Save the Children
Lori Forman, AID/FVA/AA
Suzanne McLees, World Bank
Mr. E. V. Bighinatti, American Red Cross, ACVFA Member
Julia Taft, ACVFA Member
Martin Sorkin, ACVFA Member
Fred R. Zimmerman, U.S. Feed Grains Council
Robert J. Berg, Overseas Development Council
Robert S. McCloskey, Catholic Relief Service
Beverly Tangri, The Hunger Project
John F. Guerre, Peace Corps
Robert M. Sadler, Wald, Harkrader & Ross
Robert D. Fondahn, Protein Grain Products International
Larry Minear, Church World Service/Lutheran World Relief
Charles Sykes, CARE
Roger Claassen, Interfaith Action for Economic Justice
Sherry Grossman, ACVFA Executive Director

SUMMARY OF THE BUSINESS MEETING
ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
DECEMBER 16, 1983

The meeting was called to order at 11:00 a.m. by the Chairman of the Advisory Committee, E. Morgan Williams. After a few brief introductory remarks, he proceeded with the agenda.

I. CONFLICT OF INTEREST ISSUE

The Chairman introduced Nancy Frame of the General Counsel's Office of AID who had been invited to give the Committee an update on the issue of conflict of interest. Ms. Frame reported that over the past year the Office of Government Ethics had been discussing the status of Advisory Committee members in relation to this question. The Office had issued the legal opinion that most Advisory Committee members are special government employees, and as such are subject to the conflict of interest rules that apply to all government employees. An exception can be made only if it can be demonstrated that a Committee member is serving in a representative rather than an individual capacity.

Ms. Frame concluded that most Committee members are chosen to serve as individuals, because of their particular expertise and eminence in the field, and therefore must act within conflict of interest laws. A case might be made, though, that members from the PVO community represent the interests of that community rather than their own, so that the rules would not apply to them. A memorandum is being sent to the Office of Government Ethics to this effect.

Several questions were raised to clarify certain points. It was explained that the rules would apply for the whole term of the member's service on the Committee, not just when the Committee is in session, whenever the situation involves both an issue discussed in the Advisory

Committee and an organization in which a member has a financial interest. Factors involved in deciding whether the member is acting in a representative or an individual capacity include:

- o Whether he receives expenses only or a salary;
- o Whether he was appointed through an organization or personally and directly; and
- o Whether the Committee's charter specifies that members will serve in a representative capacity.

The participants agreed that since the Committee usually handles policy recommendations rather than specific matters, problems may not often arise; but conflict of interest situations are complicated and seldom clear-cut, so that personal judgement must decide for individuals in specific circumstances. It was felt that AID should take some responsibility, when appointing Committee members, in preventing conflicts in the first place. Finally, Chairman Williams suggested that in addition to the memorandum regarding PVO representatives, the possibility of amending the Committee's charter to exempt all Committee members from the rules should be explored.

II. BRIEF REPORTS FROM THE SUBCOMMITTEES

Report from the Subcommittee on Development Education

Chairman John Sewell reported on the Subcommittee's discussion of the document entitled Framework for Development Education in the United States, prepared by a Joint Working Group comprised of representatives from ACVA and PAID, and representing the collaborative efforts of some 130 PVOs. The Subcommittee's discussion focused mainly on the question of funding. Participants agreed that while initial funding should come from the U.S. Government, long-term funding should come from the non-goverment sector. At the recommendation of the Subcommittee, Chairman Sewell raised the following motions, which were passed by the Committee:

- That the Committee enthusiastically endorse the PAID/ACVA report
- That the Committee recommend to the AID Administrator that priority be given to providing financial support for the programs outlined in the report, and for the working group
- That AID do all possible to encourage non-governmental support for development education.

Report from the Subcommittee on PVO-University Relations

The first item reported by Subcommittee Chairman Carl Taylor for action involved plans for a survey, modeled on the one conducted by the Newman and Hermanson Company for the PVO-Corporate Relations Subcommittee, to study the existing PVO-university relationship in order to define patterns, analyze successes and problems, and suggest future directions. A motion was made and passed to provide a purchase order authorization to conduct the survey, subject to cost figures and the availability of funds. Other items presented to the Advisory Committee by Chairman Taylor for information included:

- Discussion of possible projects to be sponsored by AID which arose from the Howard University conference revealed the need for a statement to guide prospective funding applicants in locating and approaching funding sources. Such a statement may follow from the survey described above.

- The Subcommittee has received a report from the Office of Private Sector Initiatives of the Small Business Administration on ways in which universities are acting as incubators for small businesses. The effort to expand these activities overseas is being encouraged and considered for AID support.

- A suggestion has come from the National Association of State Universities and Land Grant Colleges that the Subcommittee make a formal presentation to the BIFAD board concerning the potential of the PVO relationship.

- The Subcommittee is experiencing a problem providing linkages between PVOs and universities, and expressed the need for a mechanism which would allow representatives from these groups to serve on the Subcommittee as formal members.

Report from the Subcommittee on PVO-AID Policy

Chairman Mark Ball reported on the following issues that were discussed in the Subcommittee meeting:

- The Subcommittee endorsed the plan to make the Carlucci Commission report a principal subject of the March meeting, and suggested a hearing format for discussion. It was added that the Kissinger Commission report on Central America could perhaps be discussed in a similar way.

- The following activities were reported regarding the implementation of the PVO Policy Paper:

  - The Task Force for Simplification of Grant Procedures has produced a new set of procedures for implementation on a trial basis, and sent them out to PVOs for comment. These procedures may or may not call for action by the Committee.

  - A task force working on the comprehensive grant program should be sending a report to the PVO community in January. This issue might be a timely discussion topic for the March meeting.

- Chairman Ball reported that the problem of lack of knowledge of AID procedures among PVOs was brought up at the Subcommittee meeting, but received little response. There followed some discussion as to whether this indeed was a problem. It was acknowledged that, while handbooks and other materials on the grant and contracts have adequately informed the Advisory Committee, its constituency may not be as well informed. The Committee agreed to encourage the continuation of existing AID workshops to inform PVOs interested in the grant and contracting processes.

- The Subcommittee is following the implementation of the Percy-Pell Amendment to the Foreign Assistance Act, which states that no less than 12% of AID programs will go through non-profit organizations. A target of 16% has been set. PPC and PVC will provide further information to the Subcommittee on this matter.

- The Subcommittee will hear information on the status of the PVC budget, and will offer as much support as possible.

Chairman Ball concluded by reporting that in response to a motion passed at the last meeting, a letter was sent to the AID Administrator asking for his consideration of certain points, including the idea that the evaluations of Mission Directors should consider their relationships with and interest in dealing with PVOs. A response to the letter should be available by the next meeting.

Chairman Williams mentioned that the AID Administrator is in the process of preparing his strategic plan for AID policy in the coming years. The Committee briefly discussed the Subcommittee's role with regard to the plan and recommended that the status of the plan should be determined and whether ACVFA's response to it was necessary.

Report from the Subcommittee on Food for Peace

In the absence of Chairman Philip Johnston, Julia Taft reported that the Subcommittee meeting focused on two issues: minimum tonnage and disincentives to local agricultural production in relation to the Title II program. A major portion of the meeting was devoted to testimony on these two issues presented by representatives from six PVOs. While there was no concensus on minimum tonnage, it was concluded that Title II has no disincentive effect on local production. Before the March meeting, the Subcommittee hopes to come up with recommendations on these two issues, and to circulate them to all participants for comment. Also at the March meeting the Subcommittee will discuss emergency relief mechanisms, the relationship between Title II and wheat reserves, and an appropriate commemoration for the 30th Anniversary of the Food for Peace Program.

Ms. Taft then presented an item for action by the Committee. Senator Dole has asked the Reagan Administration to establish a Presidential Task Force on U.S. food policy which would address, in addition to other things, Food for Peace. On behalf of the subcommittee, Ms. Taft moved to recommend to the AID Administrator that, should the task force be established, the Chairman of the ACVFA Food for Peace Subcommittee be designated a member.

In the discussion which ensued, the Committee decided that it was premature to recommend a specific representative, since the Administration has not yet issued a response to Senator Dole's request, details on the task force are as yet unknown, and the Committee has not yet voted on whether to support the project. The Committee therefore revised the motion to the effect that it is aware that a task force has been called for, has not yet decided to endorse it, but wishes to be represented should it be established. This revised motion was subsequently passed by the Committee.

Report from the Subcommittee on PVO-Corporate Relations

Chairman Kenneth Smith reported that the Newman and Hermanson Company's report on PVO-corporate relations had been extensively reviewed and was well received by the Subcommittee. The motion was passed to adopt both the report and its recommendations. The report will be published and circulated as part of the minutes of the meeting, but not as a separate AID publication, since that would require separate approval by the Communications Review Board. A second motion was passed that the Subcommittee be continued for the purpose of carrying out the recommendations of the report.

III. REPORT OF THE PLANNING AND OPERATIONS SUBCOMMITTEE

The Committee passed a motion that the following recommendations from the Subcommittee be adopted:

- That the theme of the March meeting be a discussion of the Carlucci Commission report, and possibly also of the Kissinger And Private Enterprise (Andreas) Commission reports

- That the June meeting take place overseas and that its theme focus on AID and PVO work in the country and region where the meeting will be located

- That the Women in Development Subcommittee be in charge of the September meeting, and that it focus on capital formation and small business development.

In addition, the subject of the health sector and development, or health and population, was suggested as a possible theme for the December meeting.

IV. DATES AND PLACES OF UPCOMING ACVFA MEETINGS

The Committee discussed the dates for all four 1984 meetings, as well as the location of the overseas meeting in June, for which both Haiti and Senegal had been suggested. Cost, facilities, transportation and the quality of AID and PVO projects were determined to be equal, however, the following advantages to meeting in Senegal were brought up:

- The university capacity there would provide valuable local input into the understanding of the West Africa region
- There is a growing concern with Africa in AID policy
- Since the 1983 overseas meeting was held in Jamaica, it would be useful to meet somewhere besides the Caribbean Basin
- The level of PVO activity in Africa is low, and needs to be encouraged.

On the basis of these advantages, the motion was passed to hold the meeting in Senegal.*

After some discussion, the Committee also passed the motion to recommend the following dates for the 1984 meetings:

- March 15-16 (Washington)
- June 20-22 (Senegal, with side trips on June 23)*
- September 13-14 (Washington)
- December 3-4 (Washington).

Chairman Williams suggested that a memorandum be prepared providing suggestions on briefing material needed for the Senegal meeting.

*N.B. This has since changed to June 17-20 in Port-au-Prince, Haiti.

V. SUBCOMMITTEE GOAL DEVELOPMENT

The Committee urged all Subcommittee Chairpersons to discuss and submit their plans and budget needs for 1984. Subcommittees were also called upon to provide in early January brief sketches of their activities, and schedules and outlines of their meetings, to circulate this information among their PVO constituents in order to inform them and thereby counteract the recent drop in ACVFA meeting attendance. To this end it was also suggested that the meetings receive more publicity.

VI. NEW BUSINESS

The Committee briefly discussed the possibility of calling off the briefing to be held that afternoon on the Carlucci Commission report. Although the Committee had requested the briefing at the September meeting, the report had not been circulated and there were likely to be few questions. However, the Committee decided that since the briefing had been publicized, it could not be called off, but it was suggested that it be moved to a smaller room. Following this discussion, the meeting was adjourned.

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
PRESENTATION OF JOHN WILHELM, EXECUTIVE DIRECTOR OF THE
COMMISSION ON SECURITY AND ECONOMIC ASSISTANCE (CARLUCCI COMMISSION)
DECEMBER 16, 1984

Mr. Wilhelm began by describing the composition of the Commission on Security and Economic Assistance. Under the Chairmanship of Frank Carlucci, it consisted of forty-two members, including twenty-six members of Congress, representing a wide spectrum of political views. He observed that the Commissions' report has been accused of being "bland" and observed that any report reflecting the views of a group of personalities with such a wide diversity of political backgrounds was bound to be "bland." Nevertheless, be pointed out that the Commission accomplished a great deal in formulating new directions for U.S. foreign assistance efforts.

The principal task of the Commission was to consider how to revitalize the interest of the American people in foreign assistance and enhance congressional support for expanded programs.

In order to provide an indication of current public attitudes toward foreign aid efforts, Mr. Wilhelm cited the funding of a recent survey by the Chicago Council on Foreign Relations. The survey, conducted in November of last year, found that, while there was widespread recognition by members of the U.S. foreign policy "elite" that foreign assistance was integral to the foreign policy of the United States, there was strong opposition to foreign aid on the part of the public at large. The survey indicated that the public considered the two most important issues of foreign policy to be 1) peace in the Middle East and 2) reduction in U.S. foreign assistance. Mr. Wilhelm pointed out that the latter issue was widely regarded as more important than maintenance of the international economy, avoidance of nuclear warfare, and other matters of that nature.

A videotape was made of all of the Commission's meetings and public hearings, and edited versions of 30 minutes and 60 minutes are to be produced. Mr. Wilhelm indicated that the videotapes would be available for distribution to encourage a renewed interest in foreign assistance and, possibly, renewed support for it.

Mr. Wilhelm observed that one of the key features of the Commission's approach was that it regards the various types of foreign assistance as parts of an integrated program. It suggests that each recipient country should be regarded as having a complex of economic, political, security and humanitarian requirements -- all of which should be addressed in a comprehensive manner. He noted, however, that the United States has not been providing aid in this way.

He pointed out, for example, that the United States has engaged in a major diplomatic effort throughout the world in order to get international support to help the Sudan overcome its economic problems, and the U.S. aid program for that country is one of the largest in Africa. At the same time, the United States responded to the military crisis in the Sudan by selling it arms at 16 percent interest. Mr. Wilhelm pointed out that this is a country which has a 150 percent debt service ratio, meaning that its debt service is one and a half its total earnings on exports.

The military assistance to the Sudan was necessary in order to meet the threat from Libya, but it was obvious that America was dealing with the country in a piecemeal fashion. The end result was that U.S. aid and military officials were not integrating their efforts in such a way as to obtain the maximum possible benefit.

The Commission argued therefore that all assistance programs should be individualized by country. The needs of each recipient country and U.S. interests in that country should be assessed and an integrated aid package devised to maximize the effectiveness of support.

Mr. Wilhelm noted that the Commission took a very broad view of U.S. interests and U.S. foreign policy and it was, as far as he knew, the first major public commission to state candidly that development and humanitarian interests are an integral part of the foreign policy of the United States and should be viewed as such in both the short and long term.

He noted that this approach does not mean that decisions relating to all types of foreign aid should be politicized or subordinated to political considerations. He pointed out that the Commission accepted the current U.S. strategy of channeling one-third of all U.S. development resources through multilateral development banks and international organizations, and that it cannot be argued that such a strategy is based on a narrow view of U.S. political interests.

Consistent with the view that the United States is not integrating its programs so that they support one another, the Commission concluded that most of the evaluations of U.S. foreign aid deprive the observer of adequate insights into the full impact of aid activities. They tend to be technical evaluations which do not assess the secondary and long-term impacts of what is being done. The Commission argued that we should have a much broader capacity to evaluate the impact of the activities we undertake.

As an illustration of the value of looking at the broader impact of foreign aid activites within a given country, Mr. Wilhelm cited an exchange between Commission member, U.S. Representative Henry Hyde and AID Administrator Peter McPherson. Representative Hyde complained that U.S. aid was being provided to Communist government of Mozambique, and Administrator McPherson replied that the aid was not going to the government, but was being used to feed hungry refugee women and children. The Congressman conceded that such aid was justified if viewed in terms of the recipients.

Mr. Wilhelm noted that other congressional opponents of foreign aid also modified their positions when they looked at the numbers, the nature of the problem, and what had been done. They agreed very reluctantly that the resources currently available for foreign assistance are not adequate to meet the goals and objectives of the United States.

The Commission was particularly concerned about the serious economic problems of Africa, particularly those of Sub-Saharan Africa where there has been declining agricultural output and declining per capita income for the past 14 years. It was resolved that greater attention be given to a coordinated effort to promote the continent's economic growth.

Mr. Wilhelm observed that the Commission did not consider the issue of what should be the proper "balance" between economic and military aid in a given country. He noted that the Commission deliberately ignored this question in order to avoid the difficulties which the Peterson Commission and previous study groups had encountered in dealing with this very controversial issue. He pointed out that nobody has been able to determine adequately what constitutes this "balance" because the economic and security conditions of a country do not exist in vacuo. The Commission insisted that instead of considering types of aid in terms of "global aggregates," each country should be studied in order to determine the "mix" of aid which is appropriate for meeting its singular needs.

The Commission acknowledged the importance of the private sector in promoting economic development and encouraged AID to continue its policy dialogue with other aid donors in order to better coordinate their respective programs. It endorsed continued support for science and technological research, particularly along the lines of the efforts behind the Green Revolution, the abolition of smallpox, and the oral rehydration therapy technique.

Mr. Wilhelm noted that there was little discussion by the Commission of the role of international banking institutions in development. The banks were neither roundly criticized nor praised. Their legitimate

function was recognized, and therefore, the legitimacy of their claims for resources was accepted. Argument on the subject was avoided, and there was a stand-off of sorts between opponents and proponents of the banks.

The Commissioners decided that their final report would include a chapter entitled "Other Observations and Reservations" in order to present dissenting opinions in a manner most conducive to effective deliberations. Substantive reservations were to be recorded in the same manner as other remarks, but they were not to be attributed to their proponents so there would be no "soap box" from which to engage in partisan bickering. The result was that dissention tended to evaporate and the final report was far more concise and comprehensible than it might otherwise have been.

Mr. Wilhelm pointed out that a recommendation for the reorganization of the Executive Branch flowed from the Commission's work. This recommendation, it was felt is supported by their contentions, namely, 1) that it is important to establish the "mix" of aid programs on an individual country basis, 2) that there is a need for integrated programs which look at the country as a whole, and 3) that evaluations must take into account secondary and long-term impacts. They proceeded to state that an administrative structure should be established which can perform these functions.

The Commission recommended, therefore, that a new super-agency be created, at Executive level two. The proposed agency would report to the Secretary of State, in much the same manner that the FBI reports to the Attorney General. This would ensure that the new organization would be within the foreign policy network, but allow it to avoid the hazard of being influenced by competition between short-term interests within the State Department.

The proposed agency would assume the current functions of AID, the functions of the Under Secretary for Security Assistance, and various economic functions of the State Department's Bureau for International

Organizations. In addition, it would be responsible for ensuring much closer collaboration with the Treasury Department and multilateral development banks, as well as closer coordination of P.L. 480 allocations, while recognizing that the Department of Agriculture will appropriately determine the quantity and kinds of commodities which will be made available.

One of the Congressional members of the Commission noted that one of the reasons there is still widespread public support in the United States for the United Nations and its specialized agencies, notwithstanding serious public criticism of many of their policies, is that there is a private organization of U.N. supporters in every population center in the country which is prepared to engage in a factual dialogue in response to any criticism of the organization or its affiliates. The Congressman suggested that an attempt be made to organize a similar network of public support for the U.S. foreign assistance effort in order to sustain a positive dialogue about this aspect of U.S. foreign policy and give appropriate "cover" to legislators who are working to pass appropriate foreign aid legislation.

The Commission also recommended that Congress establish a special small group of legislators to engage in regular consultations with the administrator of the new agency. Mr. Wilhelm noted that at present nobody can go up on the Hill and give assurances across the board as to how a given foreign assistance program will be implemented. Peter McPherson can give assurances on development assistance, but he cannot bind the Secretary of Agriculture or the Director of the Defense Security Assistance Agency. Each of these administrators can make commitments in good faith pertaining to their respective areas of responsibility, but no one can commit all of the players."

The result is that Congress earmarks money and places all sorts of restrictions on what can and cannot be done, while realizing that the diffusion of authority substantially derogates from the efficiency of the total program. Mr. Wilhelm contends that if meaningful advance

consultations could be held prior to the formulation of legislation, conducted by a party with adequate authority to make commitments, there would be less of a propensity on the part of Congress to earmark funds and impose policy and administrative restrictions on aid operations.

Mr. Wilhelm stated that the Secretary of State had requested that the President schedule a reception at the White House for the Commission members, at which time the Commission's final report would be presented to the President, prior to its distribution during early 1984.

Mr. Wilhelm expressed the hope that the report would encourage a reaffirmation of support from the leadership of both Houses of Congress for foreign assistance and a reaffirmation of the fact that such assistance comprises an integral and necessary part of the foreign policy of the United States. He concluded by noting that a complete collection of the papers of the Commission, including its hearings, testimony and requested studies, is to be deposited in the archives of Georgetown University for the use of scholars.

In response to questions following his address, Mr. Wilhelm remarked that enabling legislation would be required to initiate the proposed reorganization of the foreign assistance community and to increase the amount of available funds. He also pointed out that it would be necessary to build into the "legislative history" the new concepts of coordination which have been stressed by the Commission.

He observed that a new foreign assistance act was not really necessary. Since the current act regulates all forms of economic, military and humanitarian assistance, appropriate amendments might be all that is required. Some types of foreign assistance activities have very few legislative restrictions. On the other hand, an AID project has to meet 75 different requirements in order to be approved. He contended that the new legislation might rid the procedures of unnecessary precautions in the interest of greater effectiveness.

Mr. Wilhelm also noted that AID has become a permanent hostage to interests not directly related to foreign assistance concerns. He indicated that the new organizational structure proposed by the Commission would make it less likely that foreign aid policy would be hampered by extraneous influences.

The proposed integrated administration and coordinated programming of foreign assistance induces the constituency for each type of aid program to give due consideration to the programs of each other member of the aid community. The hope is that this will cause new coalitions to form among the various constituencies in order to promote more effective programs.

Mr. Wilhelm explained that the task force which first recommended the proposed changes was chaired by Ambassador Lawrence Silberman and included Michael Samuels from the Chamber of Commerce, Dean Brown from the Near East Institute, Amos Jordan from the Center for Strategic International Studies, Congressman Jones of the House Budget Committee, and Congressman Kasten of the Senate Appropriations Committee. Testimony was taken from all agencies and departments of the Executive Branch.

Mr. Wilhelm observed that the members of the task force were well aware at the beginning of their deliberations that if the President wanted these changes they would be implemented. The decision is likely to be based in part on whether or not the administration wants to emphasize the assistance issue during this election year.

The new agency would have "line-item" budgetary authority not merely authority to coordinate programs. It would also be responsible for the budgets of U.S. international financial institutions and for the evaluation of their programs prior to consideration by the Executive Branch and the Treasury Department.

The Defense Security Assistance Agency would still have direct responsibility for the implementation of military assistance programs, but the integrated budgeting for and evaluation of the programs would be the

responsibility of the new agency. Disputes regarding policy and programs would be resolved by the National Security Council and ultimately, the President, as they are now.

Mr. Wilhelm noted that the Peace Corps would not be brought into the administrative structure of the new agency, but would still be expected to coordinate its programs with AID. The Commission endorsed the mission of the Peace Corps, but did not involve itself with Peace Corps' programs as such. Several commissioners expressed regret during the hearing that the budget of the Peace Corps had been cut back.

One participant indicated that there is a danger that the new agency might give greater priorty to military assistance projects than economic and humanitarian projects, given the apparent predilections of the White House. Mr. Wilhelm conceded that such a problem may arise. On the other hand, he pointed out that there is no guarantee that adequate priorities would be given to economic and humanitarian assistance in the absence of a new agency.

He noted, for example, that funding for bilateral development assistance has eroded the most in real terms during the past 14 years. This suggests that the current legislative and administrative structure is not achieving the goals we would like to achieve on the development accounts. The factors influencing the status quo simply have not been in favor of development assistance.

Mr. Wilhelm indicated that he personally believes that the new agency would succeed only if it were closely integrated with the Treasury Department and the multinational development banks. If this were not the case, he feared that there would be a real danger of assymmetry of authority within the new decision-making structure.

He also noted that the success or failure of the proposed new approach to foreign assistance is likely to depend largely on the personnel selected to implement it. The agency must attract quality

personnel who are able to think in larger terms and articulate U.S. policy to foreign leaders in a realistic manner and in a spirit of friendly cooperation.

While the United States is a major aid donor in Africa, for example, its contribution makes up only 7 percent of the total value of development assistance provided to the nations of the continent. If the U.S. contribution is doubled, it would amount to about 10 percent. The implication of this is that the influence of U.S. development assistance directors is circumscribed somewhat in relation to that of other aid donors.

Host country policy makers realize that the U.S. directors have less influence and, consequently, they have less of an inclination to consult with these directors about policy matters.

Mr. Wilhelm insisted that the way to turn this situation around is to confer on the U.S. director in each recipient country authority over an "integrated package" of development assistance -- P.L. 480, supporting assistance, military assistance and humanitarian aid. Such authority is far more likely to enhance the position of U.S. aid directors in the formation of host country policy.

Under the present system, host country officials must consult with six different U.S. officials, each with a distinct area of responsiblility. It is only natural that the foreign leaders would try to play one against another -- not because they are malevolent, but because by so doing they can most easily sidestep their domestic political problems. The new approach doesn't permit them to to do this.

Mr. Wilhelm concluded his remarks by noting that, regardless of the structure of U.S. foreign assistance institutions, an effective aid effort is ultimately the result of "creative tension" between the U.S. Ambassador and the director of the AID mission in each country and the establishment of close working relations with the leadership of each country.

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Appendix D

A Framework for Development Education in the United States

A FRAMEWORK
for
DEVELOPMENT EDUCATION
in
THE UNITED STATES

Prepared by

The Joint Working Group on Development Education

PAID:
Private Agencies
in International
Development

and

ACVA:
American Council
of Voluntary
Agencies

November 1983

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A FRAMEWORK FOR DEVELOPMENT EDUCATION IN THE UNITED STATES

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PREFACE

AN HISTORIC TURNING POINT

Most private and voluntary organizations (PVOs) in the United States concerned with helping poor people in other countries have focused on providing material and technical resources to needy communities in those countries. Beginning with relief and welfare aid in the immediate aftermath of World War II (even earlier in some cases), and continuing through the recent emphasis on development assistance, the assumption has been that the surest way to alleviate poverty is to help those most in need to help themselves -- to achieve self-reliance.

Recognition of a Need. In recent years we have seen increasing frustration among Americans with the limitations and contradictions of foreign aid in this process. Building self-reliance at the grass roots is difficult and complex, particularly given the often negative effects of outside policies and events over which the poor -- and those who work with them -- have no control. Examples of these include the introduction of government trade barriers, promotion of consumer products injurious to health, foreign aid cutoffs for purely political reasons, the use of food as a political and economic weapon, and emphasis on military build-ups over economic development. Consequently, the central role of larger economic and political policies has come to the fore, and with it the need for an informed U.S. public that understands development concerns and can influence the enactment of policies favorable to development.

We have come to believe that PVOs can and should play an important role in assisting our constituencies and the American public at large to understand and act on issues related to development and global interdependence. Several factors combined to make this the strategic time for PVOs to take such initiatives:

* PVOs themselves are increasingly aware of the causes of world poverty and the appropriate responses to it;

* the impact of global interdependence on both our own and the Third World peoples' daily lives has become more evident;

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* European and Canadian development education efforts have shown us by example that PVOs can be an effective force.

Organizational Initiatives. A sign of the new importance attached by our private and voluntary organizations to development education was the decision in 1980 of PAID (Private Agencies in International Development) to make development education one of its three major areas of organizational concern, along with federal relations and private funding. The PAID concern parallels that of the American Council of Voluntary Agencies (ACVA) which had already formed a sub-committee on development education.

Initially, the separate and collective activities of the two focused largely on sharing information about approaches to development education, and on differentiating between development education and the quite different kinds of information that are propagated through fundraising and public relations activities.

In an attempt to reach a clear common understanding of the purposes and action potential of development education, the PAID Task Force on Development Education sponsored a retreat in June 1983 at The Experiment in International Living in Brattleboro, Vermont. Participants included twenty U.S. and Canadian specialists in this field. The retreat followed an earlier workshop on media and communications techniques for development education which brought together members of the PVO community and public information and media experts. In August 1983 the PAID Task Force and the ACVA Sub-committee came together to form a Joint Working Group on Development Education.

The document that follows, while in no way able to convey all the depth and nuance of the thinking, summarizes major conclusions of the Vermont retreat and the Joint Working Group. It presents a framework for planning and implementation of development education by the U.S. PVO community in the months and years ahead.

A Critical Prerequisite. No one pretends that the task is small. But if the goal of private and voluntary organizations is to help eliminate poverty and achieve justice and equity, then development education is a critical prerequisite to achieving the quality and scale of response required to meet that goal. Notwithstanding the human tendency to elevate the importance of one's concern of the moment by declaring it the subject of an "historic turning point," many of us believe that we are indeed at such a point. In both the United States and

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around the world, there is a growing feeling that public policies, and understanding of policy implications, are as essential in eliminating poverty as development assistance programs themselves. There is an increasing willingness of private and voluntary agencies to come together as a community and to cooperate in broader ways. And there seems to be an emerging interest in establishing partnerships with broader affinity groups who share our overall concerns for a better world and who may have important connections going beyond our relatively limited constituencies.

Development Education: A Statement, Program Guidelines, and an Action Plan. What follows is in three major parts. First is a statement of what is meant by development education. The statement is intended to clarify and spur discussion within private and voluntary organizations concerned with development. Second are guidelines on the content and methodology of development education. And third is a program of action in development education for the U.S. PVO community as a whole. The ACVA/PAID Joint Working Group is prepared to take the lead in implementing the program, but the proposal also contains ideas on which individual agencies can draw for their own programs.

Two tactical points that appear in this Framework are sufficiently new and critical to warrant special attention. First is the need in our education efforts to start with the issues on our constituencies' minds, rather than with what we may think they should know. This will mean increasing our effort to link global issues and local concerns. Second, because development specialists represent a relatively small group -- though with millions of potential allies -- we should, if we want to place development issues on the national agenda, make common cause with broader, like-minded groups, especially those that have mastered the techniques of public education and action. As one of the participants in the Vermont retreat noted, we should learn from the nuclear freeze movement. Our cause, it can be argued, is no less important. Ending poverty and achieving equity and justice, like controlling the weapons of nuclear destruction, are critical to human survival.

John G. Sommer
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PART I

DEVELOPMENT EDUCATION:

A STATEMENT FOR PRIVATE AND VOLUNTARY ORGANIZATIONS

Development education has as a primary goal the building of a committed constituency for development both at home and abroad. It begins with a recognition of global interdependence and the continuing need for justice and equity in the world. Its programs and processes convey information, promote humanitarian values, and stimulate individual and community action aimed at improving the quality of life and eliminating the root causes of world poverty.

A. <u>INFORMATION</u> Development education conveys knowledge:

1. by disseminating analyses of impediments to genuine development, particularly conditions of poverty and hunger in the Third World and their relationship to First World affluence;

2. by reporting on people and nations struggling for a better life, and the social, political, and economic context within which development efforts are being made;

3. by presenting the facts that document the reality of global interdependence, mutual interest, and common threats and concerns; and the inextricable link between local and global problems and their solutions;

4. by familiarizing the public with transnational inequities and conflicts that inhibit people's capacity to achieve their own goals for a decent quality of life;

5. by making known the wide variety of structures and models through which development, in all its diversity, occurs.

B. <u>VALUES AND ATTITUDES</u> Development education promotes a concern for justice and equity:

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1. by instilling respect for women and men of all cultures and their differing traditions, skills, beliefs, and expressed needs;

2. by encouraging a sense of personal responsibility for assisting development;

3. by helping people to clarify the relevance of their values in relation to world hunger and poverty;

4. by promoting an acceptance of global interdependence as an irrefutable fact of life upon which action must be based;

5. by fostering the understanding that sharing and cooperation are not only the most efficient but the most desirable means to improving the prospects for global security.

C. **ACTION** Development education stimulates change:

1. by seeking collaboration between rich and poor people at all levels of problem solving;

2. by motivating citizens to address both short-term and long-term development problems;

3. by encouraging the personal and structural changes needed to meet both local and global needs;

4. by developing the competence to influence public policy;

5. by coalition-building among groups that share similar values.

Development education thus provides a framework within which individuals and groups of all ages can become informed about and contribute to the development process on the local, national, and international levels. Development education has the responsibility of bringing about behavioral change as it addresses the critical problems and unique opportunities of our global society. It emphasizes individual and group commitment and action in building personal and political will to eliminate poverty and injustice through social and economic development.

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PART II

PROGRAM GUIDELINES FOR DEVELOPMENT EDUCATION

The program guidelines which follow constitute the foundation for the Framework's Action Plan. They are also designed to be used by PVOs that are planning their own development education programs.

A. GOALS AND OBJECTIVES

1. The overall goal of development education is to create a level of public understanding, promote values, and stimulate actions that:

   * recognize the interdependence of the world's people and particularly the commonality of interests between the United States and the developing world;

   * contribute concretely to eliminating root causes of world poverty and inequity and to removing obstacles to development.

2. The objectives of development education programs are:

   * to place development on the national agenda for the general public;

   * to raise the awareness, commitment, and competence of PVOs in development education.

B. GUIDING PRINCIPLES

1. Development education, like any education, is a learning process and takes into account both the feelings and the knowledge of those who participate in the process. It provides access to information and creates a climate conducive to the following:

   * identifying a problem, its implication for the person or group, obstacles to the solution, and the elements that can be solved through individual or group initiative;

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* examining a wide range of possible solutions, using available resources and anticipating possible consequences;

* deciding to act, or not to act, on the basis of analysis;

* organizing to take action;

* assessing the results.

2. Development education programs must utilize and build upon the concept of pluralism -- a special experience and strength of the United States. Considering the variety and differences that exist among segments of the public and within the PVO community, a wide spectrum of activities must be encouraged and used.

C. KEY ELEMENTS OF A STRATEGY

1. PVO experience with people who suffer from poverty and hunger confirms that all development-related activities -- including education -- should be based on the principle of equal partnership. This principle emphasizes both what the U.S. can learn from the Third World in relation to our own development problems and what the Third World can learn from the U.S. The sharing of perspectives and mutual learning should pervade every aspect of development education.

2. Effective selection of particular target audiences for development education will depend on the application of such established criteria as the following:

   * the degree to which the audience is organized, accessible and responsive;

   * the potential multiplier effect of the audience;

   * the degree to which the audience is open to consideration of international issues;

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* the degree to which it can influence change.

Based on these criteria, religious leaders, government officials, educators, media-based opinion makers and, of course, prominent members of PVO constituencies, are strategically important target audiences. Others include corporation executives, labor leaders, professional associations, grass roots organizers, special interest groups. These leaders must be reached through the communication channels they regularly use and should be encouraged to educate their constituencies about development.

3. Formulation and selection of clear and powerful themes and messages can reinforce development education programs. They will vary from time to time and from place to place but should be examined in terms of basic components:

   * the significance and timeliness of the issue addressed;

   * the accuracy of the information given;

   * the relevance to the particular audience or group;

   * the values conveyed;

   * the action steps suggested.

   Some examples of development education messages:

   * Poverty in a world of plenty is unnecessary and unacceptable. Its causes are multiple and interlinked, and its many symptoms (hunger, malnutrition, illiteracy) cannot be eliminated without addressing these causes (e.g., maldistribution of resources; international and national inequities).

   * America's well-being is dependent on global well-being. National security depends on international security. Resource allocations must take this into account.

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* Individuals can make a difference even where basic societal changes are needed. Individuals working together can make a bigger difference.

* The world has the resources and the human capability to eliminate poverty. Much has been accomplished already.

* Many paths lead to development. There is no one model.

Themes and messages must relate to the learners' concerns rather than to the PVO community's special interests. What PVOs believe to be important about development may be remote and have little meaning for others. It is better, therefore, to focus on issues of immediate and local concern (unemployment, for instance, or food prices or immigration), and relate these to development and international issues.

4. Effective development education requires use of appropriate means and media, with attention to the following:

   * natural settings (where target audiences can be found; e.g., in the halls of Congress, in meetings of special interest groups, in gatherings of religious leaders, in supermarkets and video arcades, in corporate offices);

   * natural idioms (the language used and understood by these audiences);

   * appropriate media (the means by which they can be reached).

5. Working in coalition with affinity groups is essential for effective PVO development education activities. The general public often view PVO concerns as precious, even arcane. To reach beyond such barriers and to achieve outreach, impact, and consensus, PVOs should make common cause with related movements: human rights, peace, environment, women's rights, nuclear control. Collaboration on hunger and poverty issues should of course continue. To be effective coalitions

among affinity groups must be issue-specific and action-oriented. PVOs should seek to piggy-back issues on related movements and to tie PVO concerns to current public problems.

6. In order to assess the effectiveness of development education activities, evaluation tools and strategies should be used by participating agencies. Evaluation will enable the development education community to measure response and to chart future directions wisely.

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PART III

ACTION PLAN AND IMPLEMENTATION

The program activities which follow are based upon the preceding parts of this Framework, and have been planned by the PAID/ACVA Joint Working Group on Development Education. Members are listed in Attachment A.

Section A -- Program Activities -- lists the five program areas, groups responsible for implementation with the names of their convenors, and target dates. The names of the participants in each of the five Program Groups can be found in Attachment B.

Section B -- Operational Procedures -- describes the operational procedures for the Action Plan as established by the Joint Working Group.

A. PROGRAM ACTIVITIES

ACTIVITY	RESPONSIBLE	TARGET DATES
1. Plan and Conduct Market Survey.	Market Survey Group: Marty Rogol, Convenor	
Purpose: to determine what perceptions of development exist; what audiences are most strategic; what messages and media work; and what affinity groups are most appropriate for PVO development education programs.		
Plan:		
a. Complete "mapping exercises" of PVOs using ACVA and PAID membership files and other appropriate sources.		9/30/83
b. Review and analyze TAICH/ ACVA survey of agencies engaged in development education.		11/30/83

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c. Seek pro-bono help from public information analysis firm. — 11/30/83

d. Analyze existing resources and program information to determine if there are gaps; fill the gaps; develop themes, messages, targets; test. — 1/84-6/84

2. Develop Strategies Around Critical Issues and Work With Coalitions and Affinity Groups. — Coalitions and Critical Issues Group: Martin McLaughlin, Gene Thiemann, and Robert Wilson, Convenors

Purpose: To bring national and international issues critical to development to the forefront of public concern; in this process, to establish common ground for cooperative efforts with coalitions and affinity groups.

Plan:

a. Identify critical issues and formulate appropriate strategies for each. Examples of such issues are: — 10/83 on

* up-coming food shortages in Africa and Latin America
* Third World connections to U.S. unemployment
* Central America
* drought in the Sahel
* domestic hunger and U.S. agricultural policies
* impact of U.S. policies (e.g., food aid, export/import, military assistance) on the development of other countries

b. Collaborate on education and action programs with groups such as: **on-going**

* education leaders
* citizen exchange programs
* labor and corporate leaders
* U.S. community-based groups
* women's groups
* religious groups
* environmentalists
* nuclear control movement
* world affairs organizations

c. Draft first critical-issue campaign strategy, including coalition-building and local education and action. **11/30/83**

d. Plan for discussion of development issues in national elections. **1/15/84**

e. Plan and participate with coalitions and affinity groups in joint conferences. **ongoing**

3. <u>Facilitate Communications and Resource Sharing</u>.

<u>Communications and Resource Sharing Group:</u>
Carrol Joy and Helen Seidler, Convenors

<u>Purpose</u>: To design communications vehicles that will assist PVOs in improving their development education skills and in educating the broader public on development issues; and facilitate the sharing of educational resources and experience among PVOs in the United States, and between American PVOs and their counterparts abroad.

<u>Plan</u>:

a. Initiate communications activities. Under consideration are: **on-going**

* newsletter/journal

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* development news service

* use of electronic mass media

* dissemination of development education materials

* media alerts

* exchange of articles

* "yellow pages" for development educators

* development education "how-to" handbook

* white paper on development education

b.	Plan computerized data system and other information sharing for exchange of development education information.	1/84
c.	Plan and conduct roundtables on Biden-Pell projects and PVO relationships with educational institutions.	9/26/83 and 12/13/83
d.	Promote and implement programs with elementary and secondary schools and higher education.	
e.	Promote and implement international cooperative ventures in development education such as:	on-going

* international meetings under United Nations and other aegis

* joint projects with PVOs from other countries

f.	Promote and implement U.S. regional activities sponsored by the International Development Conference, UNICEF, etc.	on-going

g.	Set up development education consultant pool.	1/84
h.	plan one-day media workshop for PVO executive directors in early 1984.	12/83
i.	plan training workshop in improving writing and interviewing skills for effective use of the media.	Spring 1984
j.	Follow up on Advertizing Council campaign on development.	Spring 1984

4. <u>Review and Formulate Evaluation Strategies for Development Education</u>.

<u>Evaluation Group</u>: Nate VanderWerf, Convenor

<u>Purpose</u>: To recommend and, where necessary, to design evaluation tools and strategies that will measure effectiveness in carrying out development education programs.

<u>Plan</u>:

To be determined. — 1/30/84

5. <u>Develop Organizational and Financial Resources</u>.

<u>Organizational and Financial Resources Group</u>: John Sommer, Convenor

<u>Purpose</u>: To support the PVO community in its efforts to carry out development education in the United States by helping to mobilize the necessary organizational and financial resources.

<u>Plan</u>:

a.	Consult with other key members in PVO development education movement to gain support for the Framework for Development Education	9/83-11/83
b.	Stimulate the development of resources from within the PVO community:	

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	* develop plan whereby ACVA/ PAID and PVOs will be encouraged, as a necessary step toward seeking outside funding, to specify their goals for allocating program resources to development education;	on-going
	* complete audit guidelines on development education, in cooperation with PVO Financial Managers Association;	11/15/83
	* provide proposal writing workshops for PVOs.	Spring 1984
c.	Encourage private sector support:	
	* plan and conduct seminar on private philanthropic and corporate support for development education in the next decade, in cooperation with the Committee on International Grantmaking of the Council on Foundations and in consultation with the Advisory Committee on Voluntary and Foreign Aid.	11/83-3/84
d.	Review and make recommendations on public support for development education:	
	* establish task force to consider structures and level of public support for development education;	9/83-10/83
	* meet with AID and leaders on Capital Hill for briefing on PVO development education plans.	10/83-12/83
e.	Plan retreat #2 to review progress, undertake intensive future planning, and determine new initiatives.	1/83-3/84

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B. OPERATIONAL PROCEDURES

Implementation of the foregoing Action Plan is guided by the PAID/ACVA Joint Working Group which consists of twenty-two members of the Development Education Committee who are most active in the field. The Committee is made up of approximately 70 individuals associated with PAID and ACVA who have demonstrated an interest in development education, and who advise the joint working group as needed.

The Joint Working Group meets quarterly at which time it reviews, approves and coordinates specific implementation proposals from the five Program Groups appointed by it. The Program Groups are accountable to the Joint Working Group for timely completion and evaluation of their activities.

Each Program Group is made up of the following:

a. a convenor or convenors appointed by the Joint Working Group;

b. advisors from the Joint Working Group, the Development Education Committee, or from other appropriate PVO entities;

c. members from the PVO community;

d. ACVA/PAID staff support.

Each Program Group determines the most appropriate style for its operations and establishes sub-groups as needed. If funding is required beyond existing resources, these needs are submitted to the Joint Working Group for consideration and action.

PAID and ACVA are commited to implementing this development education initiative in concert with a number of additional groups and networks from within the PVO community. Of special importance are the Federal Relations Joint Working Group, the Financial Managers Association, the Private Funding Task Force, TAICH, and the Information Services Task Force.

So ambitious and comprehensive a program as this requires, in addition to the groups and organizations mentioned, the active participation of all those who consider development education a significant priority for our time.

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Attachment B

PROGRAM PLANNERS AND IMPLEMENTORS

1. MARKET SURVEY GROUP

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Appendix E

A Report on PVO-Corporate Collaboration

NHC Working Paper

Report on PVO-Corporate Collaboration

Prepared for:

The Agency for International Development
Advisory Committee on Voluntary Foreign Aid
Subcommittee on PVO-Corporate Relations

By: The Newman & Hermanson Company
Contract No.: PDC-0000-C-00-3119-00

November 10, 1983

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ACKNOWLEDGEMENTS

This report prepared by the Newman & Hermanson Company (NHC) represents a cooperative effort between NHC and AID's Advisory Committee on Voluntary Foreign Aid (ACVFA) Subcommittee on PVO-Corporate Relations. Dr. Toye Brown-Byrd, former ACVFA Executive Director, served as the COTR for the project. Kenneth M. Smith, Subcommittee Chairman, contributed greatly to the project design.

The project was directed by Wilhelmina Bell-Taylor who was assisted by Dr. Judith Hermanson in preparing this report. Mary Lou Rayball and Carmen Davila served as research assistants on the project team.

PREFACE

This paper presents a summary of the major findings and conclusions drawn by The Newman & Hermanson Company (NHC) based on a year-long study it conducted to determine ways to stimulate the collaboration of private voluntary organizations (PVOs) and corporations in Third World social and economic development projects. The study was carried out under the direction of the Advisory Committee on Voluntary Foreign Aid (ACVFA) Subcommittee on PVO-Corporate Relations, which was established to encourage new collaborative projects and, in so doing, to help AID define and clarify roles that PVOs might play in its private development initiatives.

The major purpose of this study was to provide information about PVO/corporate collaboration that could be used by the Subcommittee and by ACVFA to formulate recommendations for AID policy or other appropriate action. NHC attempted to answer the general questions of what elements are necessary to a successful collaboration between PVOs and U.S. businesses (both multinational coporations and small enterprises) and what purposes such collaboration can serve. To these ends, NHC carried out various activities to gather information for the Subcommittee's deliberations including:

- Interviewing representatives of PVOs, other non-profit corporations, major corporations, small business organizations/associations, and Federal Government agencies /programs

- Planning and managing the presentation of a series of papers and statements delivered to the Subcommittee by representatives of U.S. and indigenous public and private sector organizations involved in private sector development related to the potential for PVO-small business collaboration efforts

- Reviewing relevant literature and research.

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In order to ascertain the extent of the potential for PVO collaborations with profit-making enterprises, our investigations focused primarily on gathering the following types of information:

- Examples of successful and unsuccessful projects in which PVOs and businesses worked together
- Benefits arising from collaboration
- Barriers that might impede collaboration efforts
- Appropriate roles for PVOs and AID to play in encouraging partnership initiatives
- Vehicles for collaborative efforts.

As is frequently the case in exploratory research, the actual dimensions of the study were dictated by resources, time, and the flow of referrals and new information gained through planned contacts rather than a rigorous research design. Nonetheless, the information gathering process was carried out systematically (see appendices A and C for a description of research methodology and list of participating organizations/firms). In this report, we have made an effort to organize and contain what we have learned about PVO-corporate collaboration in a manner which will be useful to the Subcommittee and which will also assist PVOs and business enterprises in developing mutually beneficial working relationships. The final chapters of the paper present suggestions for consideration by Subcommittee members in developing their formal recommendations to the Advisory Committee.

1. INTRODUCTION

In combatting hunger, poverty and related problems in less developed countries (LDCs), as authorized by the Foreign Assistance Act, the Agency for International Development (AID) has historically drawn on private sector resources. Through direct assistance, intermediaries and partnerships, AID strives to stimulate the economies of these less developed countries to reduce their financial dependency and provide appropriate solutions to many of their economic and social problems. Historically, AID has relied on Private and Voluntary Organizations (PVOs) to assist it in many of its development activities -- particularly in areas of humanitarian concern. In addition, AID has worked extensively with the private sector -- universities, consulting firms, and private contractors to assist in the implementation of specific projects. The involvement of major US corporations and other private enterprises in economic and social development, however, is a new initiative for AID launched in 1981, aimed principally at developing the private sectors of AID-assisted countries.

This paper is concerned with the relationship between PVOs and private enterprises and with ascertaining the ways in which they can work together. From AID's point of view, the fostering of collaborative relationships between these two private sector groups could play an important role in the development process -- insuring complementary business/PVO efforts and private enterprise development activities and at the same time ensuring the responsiveness and acceptability of corporate efforts. The merger of U.S. resources to address the highly interrelated development needs of developing countries makes eminent sense from this broad development perspective. Moreover, the harnessing of the U.S. private sector energies, resources and perspectives (capitalism and voluntarism) to assist in the strengthening of private sectors in LDCs seems a practical course of action. However, the advantages of such collaboration may seem more problematic from the point of view of PVOs and the business enterprises themselves. Indeed, in the past, these two

private sector groups have regarded themselves and been regarded by others as fundamentally different and having incompatible motives and objectives. However, we have found that changing conditions and circumstances have prompted serious re-examination of past relations between private enterprise and private voluntary organizations:

- U.S. corporations have demonstrated increasingly a tendency to gravitate toward Third World Countries, making them more likely partners in the development process.

- AID has adopted a policy that will place greater emphasis on a PVO's "privateness" -- that is, its ability to match a substantial portion of AID grants with monies from private sources -- in order to lessen their dependence on government and to lower their administrative costs. Thus, the need for PVOs to identify new, reliable sources of revenue has intensified.

- High costs involved with establishing overseas business operations are forcing all organizations doing business or wishing to do business in the Third World to find ways to minimize risk and safeguard investments.

Aware of these developments, the AID Advisory Committee on Voluntary Foriegn Aid (ACVFA) established as the major topic for discussion at its meeting in March 1982 the need for increased cooperation between PVOs and corporations involved in social investment or development activities and the exploration of various ways in which mutually advantageous collaborative efforts could be developed. As a result of these discussions, ACVFA resolved that a Subcommittee on PVO-Corporate Collaboration be established to:

- Review issues associated with PVO-corporate collaboration,

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- Determine what process(es), would most likely result in constructive, carefully planned linkages between profit-making and voluntary private sector organizations that would most likely achieve mutual objectives as well as those of the U.S. and host country governments, and

- Develop specific recommendations that the Agency can act upon to stimulate viable PVO-corporate initiatives.

In the succeeding chapters of this paper, we will discuss the major dimensions of PVO-corporate collaboration in terms of these three major objectives of the Subcommittee.

2. AMERICAN BUSINESS OVERSEAS

In an age of global interdependence and interaction, American industry is continuing to seek new markets, new sources of labor and supply, new business ventures, and new trade relationships to support individual corporate goals and objectives. A company's primary motivation for investment in developing nations of the world is earnings, whether generated by increased sales, by decreased manufacturing and assembly costs, cheaper sources of raw materials, tax advantages or a combination of these factors; however, such investments often also have a substantial positive impact on the host country's economy. Indeed, the positive effects often travel in two directions, as Landrum R. Bolling points out in his recent study of private foreign aid:

> "The simple fact is that U.S. firms doing their regular business for profit, can be significant agents of development in the developing world. Moreover, from the U.S. veiwpoint, business conducted with the developing world in recent years has become increasingly important to American farmers, manufacturers and merchants. Recent estimates indicate that business with the developing world now accounts for about 40 percent of U.S. export trade, considerably more than the total U.S. trade with Europe. Many U.S. business firms derive a high percentage of their profits from their operations abroad particularly from their overseas subsidiaries. They are dependent upon various kinds of foreign raw materials and other imports and in some cases, are substantial beneficiaries of expenditures for foriegn assistance." [1]

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[1] Landrum R. Bolling, with Craig Smith, Private Foreign Aid, U.S. Philanthropy for Relief and Development (Westview Press, Boulder, Colorado: 1982), p. 100.

Some American businesses have become involved in philanthropic activities which, beyond the impact of the business activities themselves, also contribute to the economic and social development of the country. This type of corporate activity has received relatively little publicity from the corporations themselves, in part because they are accountable to stockholders for profits and contributions of this sort cannot be directly translated to the bottom line. In addition, many corporations fear controversy that might arise from philanthropic projects, and so the ones that they do fund generally tend to emphasize the community interests of their employees -- so-called "safe" projects. Nonetheless, PVOs have themselves benefited from philanthropic contributions of corporations to such projects.

A variation of this type of philanthropic activity, in which business and PVOs have cooperated, has come about as a result of pressure placed on foreign businesses by host governments to link their activities in some way with the country's development efforts. In partial response to such pressure, PVOs have assisted corporations to take part in rural development. The linkages established have included not only services and resources directly related to agricultural production, but also socially focused initiatives which are "...far afield from the normal corporate operating mode and seemingly threaten profit making capabilities."[1] Such projects include constructing worker housing, establishing health and social services, building schools and preserving local cultures. As one respondent in the NHC study put it, "Profit-making in the long-term is consistent with some investment in certain types of development projects--for example, infrastructure." Those who argue in favor of this type of activity see it as an "insurance policy," of sorts, by means of which the corporations are able "...to sustain their franchise to operate in developing countries."[2] Some PVOs have played a role in this type of activity as brokers or "intermediaries," who facilitate "the provision of

1 Conference Report, Multinationals: New Approaches to Agricultural and Rural Development, ed., George A. Truitt, 1981, pp. vii-viii.

2 Ibid, p. viii

additional services which are not customarily needed in the operation of a business or a form of limited resources, but which are necessary to make the linkage between the two economically productive, financially less burdensome, and socially constructive."[3]

Yet another mode of cooperation established between corporations and PVOs is that of a donor/beneficiary relationship, in which PVOs receive direct contributions from business. Indeed, this type of relationship has been the major mode of interaction between the two groups to date. However, many of the corporate contributions to PVOs are made to indigenous PVOs, with estimates ranging as high as 80% of the corporate PVO dollar.

In addition to the two modes of collaboration described, NHC's research points to a third mode of collaboration, based not so much on philanthropy as on business need. Basic foreign investment decisions rest on the organization's readiness to predict that those investments will increase the company's overall earnings in moving out into the world marketplace, however, American businesses, both large and small, encounter risks and variables not present in the United States. Investment decisions are complicated by considerations of economic and political stability of the host country, of the firm's own ability to work effectively in foreign languages, cultures, bureaucracies, and markets. Further complications arise from lack of familiarity with the local technology base, worker skills and host country infrastructure.

The competition and high risk which characterize international markets mean that American business, small firms and large multinational corporations alike, need information on host country conditions to minimize their risks and maximize the profitability and stability of their investments and operations in Third World countries. Moreover, once the necessary information is in hand, and the decision is made to set up

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[3] Ibid, p. ix

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operations in a given country, the business may need additional assistance to assure the success of its enterprise. For example, it may need assistance in the following areas:

- In gaining host country confidence and in overcoming the often pervasive suspicion of U.S. business motives that often exists in less developed countries;

- In coming to understand and to be able to work through the complexities of establishing a business in an unfamiliar culture and surmounting the numerous barriers that may present themselves (e.g., language and cultural difference, frozen currency, taxation and zoning restrictions or incentives);

- In building the social, physical, and economic infrastructures necessary to support its business activity;

- In developing a trained, productive workforce.

In all of these areas many PVOs are particularly well-equipped to offer assistance. The quesion that poses itself, however, is how to link up the two.

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3. PVOS: IDENTITY AND FUNCTION

PVOs operate in general on a non-profit basis deriving most of their operating capital from philanthropic contributions, including corporate grants, federal grants and contributions in-kind. In many cases the similiarities of PVOs are overgeneralized. Some very basic differences exist among these organizations that should be acknowledged. PVOs may be religious or secular, large or small, perform a single or a variety of services, be based in the U.S. or in the host country. Although they are diverse in nature, what follows is a listing of important characteristics common to most:

- Organization. PVOs normally represent a particular organized constituency or they have the capacity to organize particular communities. This capacity provides economies of scale in reaching dispersed and individual populations

- Local Institution Building. PVOs excel at developing permanent local institutions with the capacity to represent community interests, perform community development functions, and serve as equitable, two-way delivery systems for goods, services or information

- Delivery Systems. Many PVOs are particularly specialized in the logistics of transporting, storing, and delivering products to developing countries and in the distribution accounting and control process

- Non-Governmental. PVOs can operate with considerable flexibility and provide for continuity of humanitarian activities when other assistance sources (AID or corporate) are temporarily or permanently shut off.[1]

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[1] Unpublished working paper of the Agency for International Development.

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Traditionally, they have provided relief aid and other humanitarian services; however, in recent years, many PVOs have expanded their activities to cope not only with the symptoms of the underlying problem of poverty but to find long-term solutions to these problems by focusing on economic self-sufficiency and private enterprise development (Exhibit 1). As a result of these concerns, the strengthening of the private sector becomes a priority of these organizations as well. Indeed, many PVOs carry out small loan programs for entrepreneurs in developing countries, either without interest or at lower-than-market interest rates, the earnings from which are generally reinvested in expanded programs. PVOs frequently work not through national governments in developing nations, but through their state/local governments and private sectors.

However, the PVOs orientation is toward the "micro" level, and their month-to-month success depends on a network of close working relationships with social, economic, and governmental authorities in the host nations. PVO staffs assigned to field work situations are generally well qualified, not only technically in one or more subject areas, but also in network-building, communicating, and mobilizing infrastructure support for self-help and development initiatives. PVO program successes have been based in large part on the level of trust achieved with local and national populations and opinion leaders.

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EXHIBIT 1

CLASSIFICATION OF PVOS BY THEIR SERVICES*

CATEGORY	NO. OF PVOS
Education	42
Medicine & Public Health	57
Social Welfare	31
Food Production and Agriculture	39
Community Development	23
Maternal Aid	26
Construction, Housing & Planning	22
Co-operatives, Credit Unions & Loans	27
Communications	13
Industrial Development & Management	22
Population & Family Services	15
Economic Development & Development Planning	12
Public Administration	2

*A PVO may appear in more than one category
TAICH Directory, 1978

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4. PVO/BUSINESS COLLABORATION

Collaborative efforts between PVOs and U.S. business fall into three categories: (Exhibit 2)

Category 1:

Philanthropic contributions in which cash contributions are made, providing tax advantages and positive public relations impact for corporations and providing either project or general institutional support for PVOs.

Category 2:

Partnerships on specific projects in which a PVO and a corporation work together on a specific development project. Generally the corporation provides the funding and gains tax advantages, positive public relations impact, improved relations with the host government, and, sometimes, indirect economic benefit. The PVO provides the personnel, carries out the major implementation role or serves as a facilitator to implementation and gains support to carry out its development mission. This category includes the "intermediation" model.

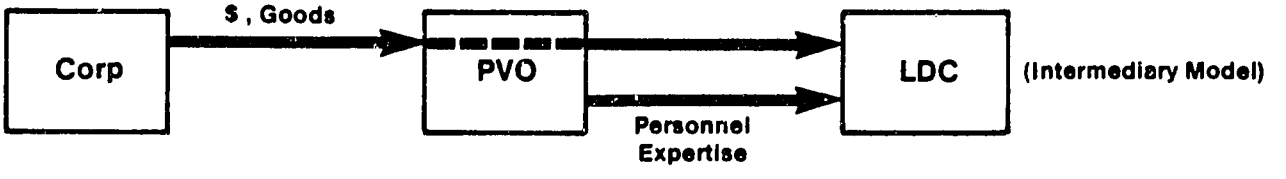
Category 3:

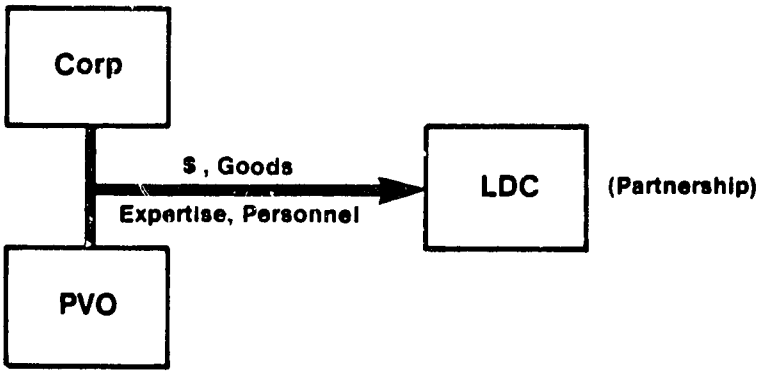
Business relationships in which a PVO provides an agreed upon set of services and/or a specified product which assists the business directly in its operations and for which the PVO is recompensed a negotiated amount. This category may include projects which have direct economic or social development impact provided they relate directly to the business operations.

PVO - CORPORATE RELATIONSHIPS

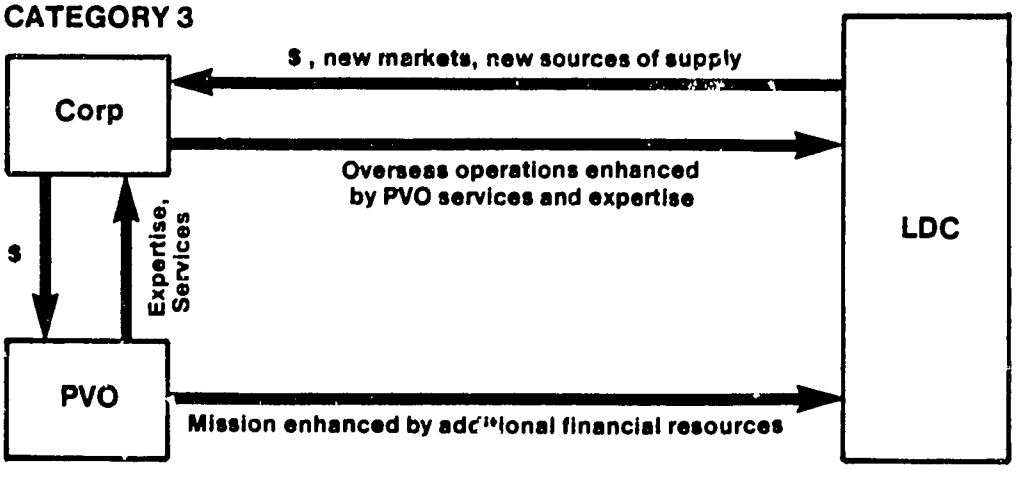
CATEGORY 1

CATEGORY 2





CATEGORY 3



NHC found that the majority of the collaborative efforts that have taken place to date have been in the first two categories. The third category, that of a business relationship between the business and the PVO, is a relatively recent concept and one without much of a track record. It is on this third type of collaborative effort that this discussion will focus, since the mechanisms and experience for the first two have been documented by several "case study" reports.[1]

A. ADVANTAGES

This third type of collaborative effort, the establishment of a business relationship between PVOs and businesses, seems to hold promise for all parties concerned -- there are advantages for the corporations, the PVOs, and AID and the developing countries. To illustrate the potential, some of the possible advantages are listed below.

Potential Advantages to Business

- Improved corporate capability and credibility in developing nations (public relations, productivity, etc.)

- Reduced infrastructure development costs in support of corporate business activity

- Assistance in dealing with cultural and economic dislocations resulting from corporate activity in LDCs and so minimizing any potential negative fallout from the activity

- Appropriate and cost-effective models and strategies for training workers to meet corporate requirements

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1 See for example, "Special Development Programs of U.S. Business in the Third World," A. T. International, Washington, D.C., n.d.

- Maintenance of good working relations between corporation and LDC through PVO intermediary services

- Improved corporate decisionmaking on foreign investments based on PVO research, information, and advice (minimizing risk)

Potential Advantages to PVOs

- Increased revenue and expanded revenue generation base by means of which to carry out its development mission

- Additional mode of participating in development, particularly with regard to those development initiatives that require a strengthened private sector base and with regard to those development missions that have been expanded to include combatting of the causes of poverty

- Increased credibility in eyes of host governments and other donors (e.g., AID) with regard to PVO ability to carry out economic development projects

- Transfer of business management practices to streamline operations and improve cost effectiveness ratios.

Potential Advantages to AID

- Advancement of AID policy goals and programs for development in Third World nations, strengthening the private sector, alleviating poverty, and lessening dependence of LDCs on external foreign assistance

- Increased understanding and cooperation between host governments, the U.S government and American business on overseas operations for American companies, etc.

- Increased credibility of foreign assistance efforts
- Cost-effective use of Federal assistance dollar, leveraging private resources
- Transfer of corporate management expertise to host country governments and enterprises, spinning off to enhance management efficiency (and thus effectiveness) of other AID-financed development projects.
- Positive U.S. image.

B. BARRIERS

Even with a significant number of potential advantages to U.S. businesses, PVOs and AID and with no widespread antipathy to the idea, NHC's research found that significant barriers must be overcome for there to be use of this type of collaborative vehicle. Traditionally, PVOs and businesses have eyed each other with mutual suspicion. Moreover, they generally do not share a common vocabulary or philosophical orientation, which sometimes may make even the finding of a starting point difficult. The major barriers identified during NHC's research are as follows:

Image Perception

Many corporations have an image of PVOs as altruistic "do-gooders" with limited capability to operate efficiently and professionally in support of business objectives. They feel that PVOs cannot relate to the "bottom-line" and profit motives. On the other hand many PVOs view corporations as insensitive, irresponsible profiteers with myopic, self-enrichment motives. These negative perceptions, however extreme, may correctly characterize some PVOs and some businesses, but probably not the majority in either case. For either a business or a PVO wishing to collaborate with the other, however, the negative images are a two-hurdle barrier to cooperation -- even for mutually advantageous purposes. First,

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the stereotypical image that the one group holds of the other must be recognized, examined and modified. Second, and more important, perhaps, the stereotypical image that the other group holds must be understood, anticipated and counteracted to the extent possible in initial contacts.

Communications

One point made consistently in our discussions with PVO and corporate representatives was the inability of both groups to communicate in the same language. The measures of success used by one group are generally quite different from those used by the other. Our research also found a corollary difficulty stems from the PVO reluctance (or perceived reluctance) to quantify results, compounding the communications problem, by reinforcing certain aspects of the generally held image of the PVO as "amateurish." The potential impact of PVO services is not stated clearly and concisely in terms of impact on business operations. The result is unclear goals and objectives, misinterpretation of capabilities and resources, and misunderstanding of expectations and desired outcomes. The messages that "PVOs can help," and "Corporations desire PVO expertise" become trapped in organizational culture "screens" which block communication. As a result, PVOs and corporations are talking to each other in very different success vocabularies. What a corporation might mean by "substantial press coverage" of a project it funds a PVO to carry out, for example, may be quite different from the local human interest stories generated by the project and considered "substantial" by the PVO. Although this example, drawn from a composite experience of those interviewed, applies to the second category of PVO/corporation partnership, it is easy to generalize to include a business relationship as well. Thus, in order to overcome the communications barriers, more care than is usual must be exercised to ensure that expected results are clearly defined and that the vocabulary with which the agreement is documented holds the same meaning for all parties.

Also, falling under the general category of communications, we found that the way that PVOs have approached business in the past has not

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inspired the interest and confidence of corporate decision makers; many PVOs, for example have based their approach on "emotional" appeals rather than on the basis of expected results. Although corporations may be willing to give PVOs philanthropic contributions for the tax write-off PVO marketing approaches to date have not resulted in the award or the disposition to award significant sums from their operating budgets for cooperative development activities. Again, if a business relationship is a PVO objective, vocabularies and the "marketing strategy" must be targeted to the business world.

Similarly, if a business believes that a PVO can assist it in some aspect of its operations in the Third World, it must understand the frame of reference of that PVO, for if the activity is in any way inimical to the PVO mission, then it will not participate, even if it would be well rewarded financially for its efforts. Thus, a business wishing a collaborative effort with a PVO must communicate its own efforts not only in terms of the narrow task at hand, but also in terms of a broader, development perspective and demonstrate, to the extent possible, its own sense of corporate social responsibility with regard to the host peoples.

Accountability

We found in our research that a generally held image of PVOs is one of non-accountability for funds expenditures, which undermines efforts to promote collaboration. Most PVOs depend to a considerable extent on financing their operations through contributions and grants, rather than through contracts. The requirements for management of costs incurred against contract budgets are more rigorous than traditional PVO grants funds management. Although this gap in financial management is being bridged successfully in some current collaborations, there remains some concern on the part of business for the fiscal responsibility of PVOs.

The accountability issue extends beyond financial management to financial productivity. While PVOs are not committed to profit, they need to be able to demonstrate measurable, quantifiable results for investments

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made in their development activities. Results, while not expressed as profit, can be shown in positive benefit-cost ratios, monetary gains, increased trade ratios and the employment levels among the local poor in host countries.[1]

Building evaluability into PVO/business project designs is essential in this regard and is related to the communications problem concerning consensus on expected results, discussed above. Where conventional quantitative evaluation techniques and measures may be judged inappropriate for certain situations or target groups, qualitative techniques can be substituted (e.g., case study, ethnography). Appropriate measures of success should be defined and agreed upon at the outset of the effort, and a plan for monitoring developed and implemented consistently. Both formative and summative evaluations should be performed and the results formally reported to corporate sponsors. We do not suggest that evaluation should become an end in itself, or dictate the project design, but it is a major element of accountability which should not be overlooked in planning. Collaborative efforts should be demonstrably effective and documented to provide specific evidence of PVO capability. Moreover, emphasis on these techniques prior to entering a collaborative effort may serve as a vauable "marketing tool" with businesses.

Lack of Information

Closely related to the problems of image and communications, is that of lack of information. The missions, capabilities, services, and countries of activity of PVOs are not well-known in the corporate community. Thus, even if a business would like to consider the possibility of entering into a business relationship with a PVO in a

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[1] Although we stated earlier that our discussion of PVOs encompasses cooperatives, here the two must be distinguished in that cooperatives must be profitable.

particular instance, it is likely that the idea would be put aside for lack of information on whom to approach for what type of service. Moreover, as is frequently the case in many aspects of this research, we found that the "lack of information" problem cuts two ways: the majority of PVOs with whom we talked during the course of the study did not have adequate information about corporate interests, objectives and plans upon which to base either a general marketing strategy to business or to approach specific businesses for specific purposes.

There are some exceptions, however, in that a handful of PVOs were always quickly mentioned during our conversations with business representatives. These PVOs are generally associated with small enterprise development and income generation activities in developing countries and, by and large, they have developed fairly sophisticated marketing strategies. (In certain instances they are closely associated with prestigious colleges and universities, international financial institutions, accounting firms, major consulting firms, and prominent professional associations.) Their marketing strategies include strategic board appointments and business council memberships. These PVOs have established vehicles (e.g., annual reports, audio-visual programs) for communications with their corporate sponsors which convey clear messages about progress, results, and leveraging corporate dollars. These enterprise-oriented PVOs understand that information is key and that it must be focused in a manner that will generate corporate interest.

Access and Marketing

Many cooperative efforts are the result of initiatives taken by corporations rather than PVO marketing campaigns. Among those NHC talked with, there was a common belief expressed that philanthropic relationships enable PVOs and corporations to build a foundation of trust and mutual respect, which can lead to business relationships of various types -- such as, contracted assignments, service agreements, and joint ventures.

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However, if a PVO has an expertise -- be it technical or geographic -- to sell to businesses, then marketing can have results if properly targeted. Corporate representatives indicated during our study that PVOs generally lack prepared presentations and materials necessary to support their efforts to promote the cooperative concept and/or to use as reliable references for selection of PVOs as a business partner. A consensus was that PVOs should do their "homework" before approaching corporations and should be able to develop strategies that take into account corporate goals and motivations.

PVOs, on the other hand, felt that information about corporate investment plans, objectives, needs and priorities is not easily obtained, suggesting that the lack of information creates something of an impasse. Nonetheless, once it has developed a sound concept of what it can do for a business, the PVO should be able to market effectively without access to proprietary information. Our research also shows that talking to the right people within corporations is another major factor in marketing that is all too often underestimated by PVOs. In many cases, the information that exists is not directed to individuals in corporations who could make serious determinations about the company's involvement with PVOs. In many cases, however, it is difficult for PVOs to identify the decision-maker and then to gain access to him/her. Corporate executives interviewed suggest that PVOs should contact directly regional and local corporate managers rather than relying on corporate CEOs and top executives to disseminate their materials or to make contacts/referrals for them.

Absence of Focused Effort

Another major deterrent to PVO-corporate collaboration is the absence of either a coordinated effort or designated resources to promote such relationships. Looking at the problem first in terms of Federal Government support, one finds immediately that, outside of AID, the concept of PVO-corporate collaboration is unknown and promotional activities non-existent in agencies that are involved in international

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enterprise development, investment, commerce and industry. In conjunction with this study, NHC conducted a telephone survey of Federal programs/agencies that provide assistance to American firms interested in establishing or expanding overseas business operations. Appendix D presents a brief report prepared by NHC on the survey. These organizations' representatives admitted readily that they rarely or never think of PVOs as sources of assistance and as intermediaries for American businesses. They indicated that they are not familiar with many PVOs, their capabilities or potential role(s) they could play in cooperative relationships. None had plans or procedures for matching PVOs with corporate investors.

Even within AID there are two separate organizational units which have major responsibility for private voluntary and private enterprise organizations. These are the Bureau for Food for Peace and Voluntary Assistance and the Bureau for Private Enterprise, respectively. Additionally, other initiatives involving PVOs are underway within other Bureaus. However, our contacts with a cross-section of AID bureaus and offices suggest that within the Agency the concept of PVO-corporate collaboration is not a priority, even though awareness and interest exists. Beyond the ACVFA and the FVA Office of Private and Voluntary Cooperation, there appears to be no major effort or resources directed to promoting this form of cooperation.

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5. INCREASING COOPERATION

A majority of the PVO representatives participating in this study expressed great interest in an expanded role for PVOs in corporate Third World development activities, particularly with regard to developing a business relationship. There were some notable exceptions, with PVOs believing that their missions could be jeopardized by their visible association with corporations in countries where they are serving and that their philosophies and values preclude such involvement. Cooperative ventures are being pursued mainly on an individual basis by interested PVOs rather than through a network, consortium, or coalition of organizations.

A similar situation exists within the business community in that there is major interest in collaboration on the part of some firms and absolutely none on the part of others. Interest was not especially keen among large multinational corporations which have extensive experience in international development. However, small business organizations and associations contacted by NHC during another telephone survey were extremely receptive to the concept of collaboration and felt that such relationships could be extemely beneficial to their members. Nonetheless, there is no coordinated effort to increase cooperation underway in the corporate community at this time. Moreover, interested businesses that do not have established relationships with PVOs but are interested in working with them, would find it very difficult if not impossible, to get information, referrals, etc., from Federal Government agencies that routinely provide businesses assistance (e.g., Department of Commerce, Small Business Administration).

Clearly both PVOs and corporations must be willing to acknowledge that each have valuable contributions to make to the development process and that both can play valuable roles. Even more important perhaps, especially with regard to the development of business relationships between

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the two, is a willingness to accept that each has something to gain by the collaboration. Growth in the number of collaborations will depend largely on improving communication between PVOs and corporations, improving the effectiveness of the cooperative process and providing information and support necessary to promote such relationships. In each of these areas there are specific steps that can be taken by PVOs, businesses and AID to stimulate cooperation.

This chapter presents specific steps that can be taken by PVOs and corporations that are based on comments we received from persons interviewed during the study. Recommendations to AID are presented in the following chapter.

A. SUGGESTIONS FOR PVOS

The first step for any specific private voluntary organization is to re-examine its own charter, mission, and capabilities to determine whether they are congruent with making available certain of its services to assist business or industry objectives and operations.

If such congruence exists, the PVO leadership must then examine and deal with potential problems caused by contractual relationships with profit-making corporations: threats to the legal and tax status of the PVO, and threats, both perceived and real, to the PVO's trust relationship with government and people of the developing countries in which it works.

Having overcome these problems, or having determined that they don't exist, the PVO leadership can proceed to the following steps:

- Develop a statement of PVO functional capabilities in terms of services supporting and expertise (e.g., knowledge of a specific country and/or culture) that could be useful to businesses operating or investing in developing countries

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- Identify a group of major corporations engaging or considering investing in business operations in the developing nations in which the PVO is already established

- Develop a service offerings package describing the PVO resources and capabilities, and suggesting forms of contractual relationship as a supplement to, or independent of, philanthropic donations and sponsorships already received from corporations

- Develop and implement a marketing plan which brings PVO leaders into direct contact with potential corporate clients/ partners in discussion focused on PVO ideas for projects in which it can provide relevant services to the corporation.

B. SUGGESTIONS FOR BUSINESS

Corporate managers involved in overseas investment planning can take greater advantage of the resources available in PVO capabilities. The following are a few steps that might help:

- Early in the feasibility analysis phase of overseas investment planning, identify specific information requirements pertaining to local/national conditions in the developing countries under consideration

- Determine which PVOs have programs at work in the developing countries under consideration. Make direct contact with those PVOs to explore their capabilities/interests in helping develop the required information/perform specific services

- Before establishing overseas operations, define support services which PVOs might provide to improve the performance of the project. Consider such services as:

Community organization, training of indigenous labor force; cross-cultural training of corporation staff moving to the developing nation, development of infrastructure (community health, food production/distribution, transportation links, small business development, housing, appropriate technologies, etc.); engineering support in building design; power systems; transportation; logistics management, etc.

- For overseas operations already in place examine PVOs as alternative sources of services required to improve worker performance, build long-term viability, finance local entrepreneurship, and improve corporate/project image in the country.

6. RECOMMENDATIONS TO AID

Increased collaboration between PVOs and American business can be fostered in a number of ways. Keeping in mind the requests of PVO and corporate representatives for no additional regulations or cumbersome procedures, we have attempted to recommend solutions and alternatives that will, to the greatest extent possible, utilize existing resources and build on the objectives and needs of each. Thus, although cooperation between the two can be structured in at least three different ways, the study focused on fostering mutually advantageous business relationships between the two groups.

RECOMMENDATION 1:

A formal determination to promote PVO-corporate collaboration should be made by the Agency and widely publicized. Once this has been done, steps should be taken to plan a coordinated Agency approach that would be spearheaded jointly by PRE and FVA to achieve the objective. A task force or working group composed of staff from AID and members of the ACVFA Subcommittee on PVO-Corporate Relations could be formed to carry out a planning process for increasing PVO-corporate collaboration. The plan/planning process should address:

- Who will serve as Chief resource person(s) for the initiative
- Related projects, research, and other efforts underway, completed or planned
- Strategies for promoting the concept internally
- Specific short and long term objectives and activities
- Required resources.

RECOMMENDATION 2:

A major external promotional effort should be launched to provide information and materials aimed at stimulating cooperation to diverse audiences. Such materials could include:

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- Brochures targeted to specific groups, e.g., PVOs, corporations, small businesses, associations, other Government agencies
- Audio-visual presentation
- News releases, articles
- Directory of PVOs and their capabilities
- Special report(s) on business assistance needs, major awards and plans for economic development, export promotion, agriculture, investment and commerce.

These materials should be developed in self-contained formats so that they can be easily used by PVOs and corporations in their own internal and external promotional efforts.

Dialogue and information exchange between PVOs and corporations can be encouraged through conferences and seminars. Special training programs for corporate and PVO executives can be sponsored by AID or co-sponsored with associations.

Another major suggestion by interview and meeting participants was that AID establish a clearinghouse for information on PVO capabilities and other subjects pertinent to collaboration.

RECOMMENDATION 3:

A demonstration program should be mounted, with an American business working in an AID-assisted country where AID is emphasizing private sector development. That business, with the assistance of AID (to identify the organization), should negotiate and contract with a PVO working in the country to assist with a specific set of services for a negotiated fee. The process by which this occurs, the benefits to the business enterprise and the PVO, and the development impacts should be monitored and disseminated at key points throughout the project life to the organizations (PVOs, business and other donor agencies) identified under Recommendation 2 above as having interest in PVO/corporate collaborations.

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RECOMMENDATION 4:

Information on the advantages of PVO-corporate collaboration should be made available to Government agencies and Government-related agencies outide of AID that are involved with business/industrial development, commerce, foreign investment, and banking. Current efforts on the part of these Federal agenices to increase exporting and overseas investment, particularly by smaller businesses, present a major venue for cooperative projects involving PVOs. These agencies should be provided with information and material to encourage matching or referral of their grantees and clients who have specific business needs to PVOs that can provide assistance.

RECOMMENDATION 5:

A document should be developed which describes specific services that PVOs could offer to large and small businesses. PVOs interested in being identified in such a directory or "catalogue" could submit profiles or information about their business-related services to AID for review/assessment. Once prepared, the catalogue of services should be distributed broadly to the business community, particularly to businesses that are currently operating overseas.

RECOMMENDATION 6:

Linkages should be established with major business organizations to extend external promotional efforts. AID should serve as a catalyst for encouraging private sector business organizations to promote collaboration and match PVOs with corporations.

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APPENDIX A

DESCRIPTION OF THE STUDY

The Report on PVO - Corporate Collaboration is based on a study conducted by the Newman & Hermanson Company (NHC) on behalf of the AID Advisory Committee on Voluntary Foreign Aid Subcommittee on PVO - Corporate Relations during the period of November, 1982, through October, 1983. NHC staff and Subcommittee members made a concerted effort to gather information and views on PVO-corporate collaboration to inform the Subcommittee's deliberations in formulating recommendations to the Advisory Committee and subsequently to the Agency for International Development concerning how such cooperative relationships can be increased.

An exploratory approach was employed to gather information that involved:

- Meetings and telephone conferences with representatives from over 77 public and private sector organizations
- Testimony and presentations made at Advisory Committee and Subcommittee meetings
- Review of related literature, research and reports.

At the outset of the study, NHC staff conferred with the ACVFA Executive Director, the Subcommittee Chairman and members to define the major objectives and perameters of the study and to develop a list of initial contacts. It was determined that a cross-section of organizations should be contacted in order to examine issues and obtain information and views from many different perspectives. The organizations and agencies that contributed to the study are listed in Appendix C. Other sources of information are presented in Appendix D.

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The first stage of the study focused on the following points:

- Examples of PVO-corporate collaboration
- Advantages and benefits of collaboration
- Barriers that might impede collaborative efforts
- Expanded roles for PVOs and AID in stimulating cooperative efforts.

As the study progressed it became increasingly clear that while there were many examples of corporations and PVOs working together in development and relief projects (Categories 1&2), few of the projects identified were truly non-philanthropic business relationships (category 3), through which business operations were strengthened. Moreover, it was determined that other dimensions of such prospective collaborations should be investigated; namely,

- Collaboration between PVOs and small and medium-sized businesses
- Indigenous private sector support and involvement
- Vehicles of support for collaborative projects.

The second stage of the study was devoted to gathering information in these areas using techniques similar to those employed in Phase I. The preliminary analysis of information obtained from these various sources was completed at the end of the first phase, and the categorical construct which is described in Chapter 4 was developed. The interview data was aggregated by computer and analyzed to determine trends and major points of divergence in the responses of PVO and corporate study participants. Additionally, a slide-tape program was produced which presents a summary of the major findings and conclusions of Phase I.

The overseas meeting of the Advisory Committee which was conducted in Kingston, Jamaica in March, 1983 provided an opportunity to obtain testimony from representatives of local private sector organizations and to consider roles that PVOs could play in assisting Caribbean businesses and U.S. businesses that are currently operating or interested in establishing operations in the Caribbean.

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During the final months of the study, efforts were devoted to determining the feasibility of cooperative projects with smaller businesses and sources of funding and other assistance available to support collaborative projects from Government agencies other that AID. A working paper was developed on the latter subject. Finally, the information gathered in phases I and II was compiled, interpreted and summarized in this report.

Following is the discussion guide that was used during the initial round of contacts. Since several staff members were involved in the data collection process, the guide served mainly as a checklist of key points which should be covered to provide a greater degree of consistency to our documentation of the meetings and teleconferences which were conducted.

IDENTIFICATION OF EXEMPLARY PROJECTS
DISCUSSION GUIDE

Submitted to: Subcommittee on PVO-Corporate Relations
ACVFA-AID

Submitted by: The Newman & Hermanson Company
Re: Work Order 3
AID/OTR-000-I-00-1022-00

November 22, 1982

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5. Future PVO-Corporate Relationships (Issues and Questions)

A. OVERVIEW

Purpose of the Project

A major objective of the PVO-Corporate Relations Subcommittee of the AID Committee on Voluntary Foreign Aid is to develop a strategy for increasing the collaboration between private voluntary organizations and U.S. Corporations in activities that foster the growth of the private sector in developing countries. One step in the process of developing the strategy is the identification and documentation of exemplary PVO - Corporate projects. AID has contracted with the Newman & Hermanson Company, a subsidiary of International Business Services, Inc., to provide technical and management services to the Subcommittee. Among the N&H responsibilitieis is providing the Subcommittee with background information on the exemplary projects.

Purpose of the Discussion Guide

In order to obtain the most comprehensive, accurate, relevant and comparable information on colloborative projects, a discussion guide is necessary. The guide is not to be a structured format found in survey questionnaires--strictly sequenced questions, followed by alternative probes depending on the answers to the primary questions. Rather, the guide is a list of key issues and suggested wording of the questions. The guide is intended to serve as a quick reference during the discussions. The guide will also provide the assurance that the same topics will be covered consistently in the numerous meetings that are planned.

Structure of the Guide

The guide will be divided into three sections. The first section is a grid which will provide the following information on development activity categories:

- development priorities (rank ordered);
- actual development activities - past/present; and
- activities planned for the future.

The second section of the guide will suggest questions which will provide comprehensive information on actual PVO-Corporate projects. The third section of the guide will contain a grid which should provide information on:

- the elements of effective development projects;
- information on planned future projects; and
- general information on the future nature of PVO/Corporate relations.

Sources of Information

The final section of the document contains a listing of people representing key organizations or having special expertise who were selected as potential candidates for the interviews that will be conducted by N&H staff. Final selections will be based on recommendations of the Subcommittee Chairman and the ACVFA Executive Director.

B. DISCUSSION GUIDE

B.1

DEVELOPMENT ACTIVITY GRID

DEVELOPMENT ACTIVITY CATEGORIES	DEVELOPMENT PRIORITIES (rank: (1) most important	ACTIVITIES	
		Past/Present	Future (planned)
Activities Within Host Country Introduction of new technology to stimulate economic development			
Creation of jobs			
Stimulation of Entrepreneurship			
Provision of education and training - basic skills			
- technical skills			
- OJT			
Financing - seed money			
- lines of credit			
- other (specify)			

B.1

DEVELOPMENT ACTIVITY GRID
(continued)

DEVELOPMENT ACTIVITY CATEGORIES	DEVELOPMENT PRIORITIES (rank: (1) most important)	ACTIVITIES	
		Past/Present	Future (planned)
Provision of equipment & supplies			
**********	**********	**********	**********
ACTIVITIES BETWEEN PVO-CORPORATIONS			
Provision of technical assistance			
Support of PVO activities - contributions - loans dollars - personnel			
Communication with the host country			
Others			

B. 2

PVO/CORPORATE DEVELOPMENT PROJECTS (Existing or Past)
(Guide to be used in the discussion of each project)

PROJECT TITLE

PROJECT LOCATION

SHORT DESCRIPTION

Goal

Activities

PROJECT HISTORY
(Below are suggested questions for developing
a complete history of the project)

When was the project begun? Where?

What organizations started the project? Discuss the participants in the development of the project (the role each played, the previous experience of the participants in development activities in LDS's (relief, disaster assistance, other)

What were the problems the project was established to address?

What were the objectives of the initial project?

What were the funding sources for the project? Provide by funding source the level of funding.

Describe in detail the project activities

What geographic area was the program designed to serve?

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*Guide for both successful and unsuccessful projects

Trace the evolution of the project, giving information by periods in the history on the:

- o changes in objectives/problems addressed
- o problems and successes
- o participants in the process
- o sources and level of funding

Provide information on the environment in which the project operated. In particular discuss the economic environment and host country attitudes about the project.

PROJECT IMPACT

Give detailed information on the project activities for each period in its history. For each activity, provide the number and characteristics of the people served. To the extent possible identify the impact (positive and negative) of each activity to the individuals served. Specifically, in identifying the positive impact, provide findings and documentation on:

- o the number and percentage of people served by relevant characteristics such as economic level
- o number and nature of geographic locations served by the project
- o amount of resources mobilized through the project
- o extent to which there was institutional change brought about by the project, with specific examples of the causal relationship.

B.3

PVO-CORPORATE DEVELOPMENT PROJECTS (Planned for the Future)
(Guide to be used in the discussion of each project)

PROJECT TITLE

PROJECT LOCATION

SHORT DESCRIPTION

Goal

Activities

PROJECT DESIGN

(Below are suggested questions for developing a complete description of the project)

What organizations are initiating the project? What role will each play? What has been the previous experience of the participants in development activities in the LDCs?

What are the problems the project will address?

What will be the objectives of the project?

What will be the funding sources for the project? Provide information by funding source of the level of funding

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Describe in detail the project activities.

What geographic area will the project serve?

Provide information on the environment within which the project will operate. In particular discuss the economic environment and potential host country attitudes about the project.

ELEMENTS IN EFFECTIVE PVO-CORPORATE DEVELOPMENT PROJECTS

ELEMENTS	PERSEPCTIVE		
	PVO	CORPORATIONS	HOST COUNTRY
Project addresses a perceived need of the developing country			
Mutual respect PVO acceptance of the viability of profit-motive and concern about LDC co-existing			
Corporate recognition of PVO strength and skills			
Effective monitoring and evaluation system			
Low risk			
Participant flexibility and willingness to compromise			
Comprehensive planning by those with authority to commit from the host country, PVO, and corporation			
Neutral forum must exist			
Others (specify)			

(Prioritize the elements, giving the most important the rank of 1)

FUTURE PVO-CORPORATE RELATIONSHIPS/PROJECTS
(Issues and Questions to consider)

What will be/should be the motivations of PVOs and corporations in entering joint development projects? Will the motivations differ? Can differing motivations be reconciled? How?

How can the communication between PVOs and corporations be imporved? Recognizing the corporations will not disclose proprietary information, is there some level of information exchange that will contribute to better PVO-corporate relations but yet not breach corporate competitive edge?

What are the best ways to exchange information on effective PVO-corporate project.

How can PVOs and corporations determine and select the most effective partners?

What should be the role of AID in fostering effective PVO-corporate relationships

APPENDIX B
EXAMPLES OF PVO-CORPORATE COLLABORATION

The list of examples of non-philanthropic PVO-corporate collaboration that are illustrative of the business relationships which were discussed in Chapter 4 (category 3) is indeed short and the rate of increase of these relationships is slow. Despite the existence of the barriers discussed in Chapter 4, certain corporations and PVOs and non-profit organizations have cooperated successfully on individual projects. Immediately following are brief descriptions of some of the cooperative efforts identified during the course of our study.

PARTNERSHIP FOR PRODUCTIVITY - LAMCO

Beginning in 1974, the Liberian-American Mining Company (LAMCO) has been working under contract with the Partnership for Productivity (PfP) to develop self-sustaining community amenities and services in Yekepa, a town literally given birth by LAMCO to support its iron mining operation in Liberia. PfP mobilized Liberian national and other private sector funding sources to finance the development of local businesses, train Liberian entrepreneurs and managers, create employment, and stimulate agricultural development in areas surrounding Yekepa.

This project succeeded substantially in eliminating the community's total dependence on LAMCO for development financing, employment, and community housing, health care, and imported food.

Since its inception, this PfP-LAMCO collaboration has resulted in significant reductions in LAMCO's funding of community services, though its potential for doing so was limited by LAMCO's long delay in requesting and obtaining help from a third party.

PARTNERS OF THE AMERICAS-AMERICAN EXPRESS COMPANY

In 1982 the American Express Company (AmEx) negotiated a contract with Partners of the Americas (PoA) to design and provide training to hotel, sales and other employees of establishments in Latin American and Caribbean countries which are American Express representatives.

PoA's counterpart structure involved its Michigan Partner teaming with the Dominican Republic Partner to design and produce pilot materials and training of 200-300 personnel.

It was deemed important by American Express that the training be conducted in the AmEx representatives' home country, in their native language, and that training be performed as much as possible by their countrymen and women. PoA's organizational structure and networking capabilities made it a unique organization for just such assignments, by enabling it to offer the needed training at costs significantly less than AmEx would have encountered on its own.

VOLUNTEERS IN TECHNICAL ASSISTANCE (VITA)

VITA was founded twenty-two years ago by a group of science and engineering specialists at General Electric to offer technical expertise to businesses and individuals in Third World countries. VITA has provided assistance to many U.S. businesses, particularly in the renewal energy and appropriate technologies areas which have, as a result, improved the capacity of the corporations to operate in developing countries. Examples of VITA-corporate collaborations include:

Dow Corning, Inc.

Vita technical experts worked with Dow Corning to identify entrepreneurs in developing countries who might be able to start a business using a flexible new fiber made from resin produced by Dow Corning. The fiber has applicability in solar energy devices, construction, and other uses as well.

Control Data Corporation (CDC)

VITA developed an appropriate technology data base for CDC. CDC knew of VITA's extensive documentation center which included information covering eight hundred technologies of particular significance to the Third World. CDC engaged VITA to collaborate in a three-year, $112,000 effort to produce abstracts and bibliographic information for CDC.

Various Small Business Projects

VITA specialists have worked with many small businesses to test and promote commercialization and their products in many countries. For example:

- VITA provided information on marketing contacts in Africa to Western Solar Refrigeration

- A VITA volunteer has been approved as an authorized representative of the Waterford Corporation and will market their solar (photovoltaic) fences in Zimbabwe

- Another VITA representative provided assistance to Clark's International Solar Products Corporation which involved

  - Serving as an intermediary for delivery/distribution of photovoltaic battery chargers
  - Demonstrating how photovoltaic panels might be assembled locally
  - Identifying a local businessman who is interested in marketing a photovoltaic refrigeratior.

- VITA field tested a woodburning stove in several countries for a small business, evaluated designs for corporations and US AID, and provided advice regarding purchase.

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THE INSTITUTE FOR CULTURAL AFFAIRS (ICA)

ICA has developed the Leadership Effectiveness and New Strategies (LENS) program which is a management decision making process presented in five, four-hour training sessions aimed at team building through the development of a consensus-based action plan. The LENS process is designed to maximize the utilization of the human resource among the participant group and consequently in the company or organization as a whole.

ICA, a Chicago-based PVO, has conducted LENS seminars for many corporations and their subsidiaries in developing countries. ICA LENS clients include:

AMOCO - Cairo, Egypt
Bata Shoe Company - Calcutta, India
CONOCO - Cairo, Egypt
INCO - Jakarta, Indonesia
Mobil Oil - Acek, Indonesia
National Small Industries Corporation - Kingston, Jamaica
Philip Morris - Lagos, Nigeria
Rank Xerox - Lagos, Nigeria
Shell BP - Lusaka, Zambia

LA FRAGUA - MCILHENNY COMPANY

The McIlhenny Commany, which produces Tabasco Sauce, needed help in orgnaizing local farmers to provide a new supply source for its food processing operations in Honduras. Through cooperation with an order of Jesuit priests who operated a local training center, McIlhenny has substantially increased its sources for obtaining the peppers and recognized a profit from this project which had previously incurred a considerable loss.

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APPENDIX C

PARTICIPATING ORGANIZATIONS

The Newman & Hermanson Company wishes to acknowledge the following organizations which participated in the study of PVO-corporate collaboration. We express our appreciation for their time, materials, information and advice which were extremely beneficial to this effort. Readers are advised that no endorsement for the study or the report by the groups identified should be inferred.

Private Voluntary and Cooperative Organizations*

Africare
American Bureau for Medical Advancement in China
Brother's Brother Foundation
Cooperative League of the USA
Cooperative Housing Foundation
Institute for Cultural Affairs
Institute for International Development, Inc.
National Council of Negro Women, Inc.
Pan American Development Foundation
Partnership for Productivity
Salvation Army World Services
Save the Children Federation
Volunteers in Technical Assistance
YMCA (Center for International Management Studies)

Non-Profit Organizations

Appropriate Technologies, Inc.
Caribbean/Central American Action
Grantmakers International

* PVOs registered with AID

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Non-Profit Organizations (Continued)

Jamaica-America Assistance Committee
Partners of the Americas
Project Hope
Rockefeller Brother's Fund
Witherspoon International, Inc.
World Development Corporation

Corporations

American Express Corporation
American Can
Control Data Corporation
Delmonte
Ford Motor Company
Gulf & Western
Hobart Brothers
Levi-Strauss
Morgan Guaranty Trust
Port of Oakland
Standard Fruit
Union Carbide

Indigenous Business Organizations (Caribbean)

Jamaica Cooperative Credit Union League
Jamaica National Investment Promotions, Inc.
Kingston Free Zone/Port Authority
National Development Foundation
Private Sector Organization of Jamaica
Small Business Association of Jamaica
Small Business Marketing Agency, Ltd.

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U.S. Business Organizations/Associations

The Agribusiness Council
American Soybean Association
The Business Council
The Business Roundtable
Cotton Council International
Council of the Americas
Dairy and Food Industry Supply Association
Independent Sector
International Technology Investment
National Association of Black Consulting Engineers
National Alliance of Small Businesses
National Association of Small Business Investment Companies
National Candle Association
National Federation of Independent Business
National Food Processors Association
National Forest Products Association
National Wool Growers Association
Pharmaceutical Manufacturers Association
Tanners Council of America
U.S. Agricultural Export Development Council
U.S. Business Committee on Jamaica
U.S. Chamber of Commerce
U.S. Wheat Associates

U.S. Government Agencies/Programs

Agency for International Development
- Bureau for Food for Peace and Voluntary Assistance
- Bureau for Private Enterprise
- Bureau for Science and Technology
- PVO Coordinators of Various Bureaus
- Trade and Development Program

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U.S. Government Agencies/Programs (Continued)

Department of Agriculture
- Foreign Agricultural Service

Department of Commerce
- International Trade Administration
- U.S. and Foreign Commercial Service

Small Business Administration
- Office of International Trade

Overseas Private Investment Corporation (OPIC)
Export-Import Bank of the United States (Eximbank)*

Other
- (PRE) President's Task Force on International Private Enterprise
- U.S. Business Committee on Jamaica

*The Eximbank is an independent U.S. Government Agency

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APPENDIX D

REPORT TO THE ACVFA SUBCOMMITTEE ON PVO-CORPORATE RELATIONS ON FEDERAL PROGRAMS AND ASSISTANCE FOR SMALL BUSINESS DEVELOPMENT OVERSEAS

Prepared by: The Newman & Hermanson Company
September 15, 1983

The Agency for International Development (AID) Advisory Committee on Voluntary Foreign Aid (ACVFA) Subcommittee on PVO-Corporate Relations, at the June, 1983 ACVFA meeting, determined that information should be collected relating to the Subcommittee's interest in facilitating small business participation in joint ventures with private voluntary organizations (PVOs). Subsequent to the June (1983) meeting, The Newman and Hermanson Company (NHC), on behalf of the Subcommittee, conducted numerous telephone and personal interviews with representatives of federal agencies providing assistance to American firms interested in business development overseas. Program personnel of varying levels (including Analysts, Staff and Division Directors, and Deputy Assistant Secretaries) from numerous Federal Government and Government-related agencies were queried regarding:

- Types of assistance or services available to businesses interested in initiating or expanding operations overseas
- Small business assistance needs
- Agency experience (if any) with PVOs
- Potential role(s) of the PVO
- Resources available to stimulate relationships between PVOs and small businesses
- Referrals for additional sources of information.

Additionally, relevant resource materials were gathered and reviewed and information on upcoming events related to the Subcommittee's interests was obtained. Appendix A lists the agencies, and in some instances, individuals who were contacted during the survey.

The proceeding sections of the paper present a summary of major findings. Although the procedures used were largely informal and unstructured, there were notable similarities among the comments presented. The paper presents the consensus of those polled, however, in some cases, divergent views which we felt would be of interest to the Subcommittee, have also been incorporated.

PVO ROLES AND CAPABILITIES

PVOs are not perceived generally as potential vehicles for facilitating U.S. small business overseas investment/development for the following reasons:

- Lack of familiarity with the concept of PVO-Business partnerships. Respondents indicated that they are not opposed to the concept, but lack information and experience with joint ventures of this nature. Representatives of private organizations (one PVO and two intermediary/brokering organizations) active in enterprise development overseas provided the same response. AID staff, notwithstanding the Agency's extensive experience with PVOs and increasing body of knowledge regarding the involvement of non-profit organizations in indigenous enterprise development, discussed the Agency's lack of familiarity with the concept of PVO-assisted American business development overseas. The AID Office of Private and Voluntary Cooperation (PVC) noted that the Agency's concentration has been on promoting commercially oriented enterprises as intermediaries for development overseas. This concept, it was explained, neither excludes or encourages involvement of PVOs. PVC staff expressed interest in the potential of AID involvement in promoting collaboration between PVOs and small and medium sized American businesses.

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- Lack of experience with PVOs and knowledge of PVO capability. With the exception of AID, the Overseas Private Investment Corporation (OPIC) was the only agency contacted that readily provided information on its experience with PVOs. OPIC has engaged the services of the Institute for International Development, Inc. (IIDI) and Witherspoon Development Corporation for the channeling of funds to entrepreneurs to assist in business development. The Small Business Administration (SBA) and the Departments of Agriculture and Commerce reported no experience with PVOs. SBA's Office of International Trade has developed a matrix of international trade business needs and public and private sector sources of assistance including universities, consulting firms, trade associations, commercial banks, Chambers of Commerce, and other organizations viewed as having the capacity to provide technical assistance to small businesses. However, PVOs are not included among the recommended resource organizations. It was suggested that a PVO services catalog be developed for a corporate audience to address the need for information on PVO capability. An AID respondent suggested that general information regarding the utility of a joint venture of the nature under consideration, be made available to the public and private sectors. The respondent noted that the determination has yet to be made that there is an appropriate role for PVOs to assume in the commercial arena. Any informational materials developed should clearly delineate those specific business needs for which the PVO response is most appropriate. In-place product testing was the example provided.

- Federal business assistance currently available overseas. The potential for extensive utilization of PVOs to provide technical assistance is uncertain in view of the availability of other commercial and government services. Department of Commerce representatives noted that small businesses

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generally make use of the Embassies' Commercial Officers for assistance with local business networks and market development. One Department of Commerce respondent stated that he felt that the existing business resources, in the form of government posts and personnel overseas, sufficiently meet the needs of small business.

- Assumptions regarding conflicting objectives of PVOs and for-profit enterprises, and their inability to work together. Respondents expressed concern that the differences between the two groups may preclude effective partnerships. An AID respondent noted that "PVOs are usually not attuned to trimming the business sail to ensure profit." She also expressed concern regarding the differing motivations of the two groups.

INTER-AGENCY COORDINATION OF INFORMATION

At best, agencies are coincidentally apprised of one another's activities in the subject area and there is virtually no coordination of information. Essentially, this situation precludes "one stop shopping" by small businesses looking for aid and eliminates the likelihood of referrals to PVOs that may have field staff in the target countries and relevant capabilities.

One response to this problem might be the establishment of a central point (in the form of an office or designee) for maintaining and communicating information regarding federal activities, services, and assistance available for business development overseas to the appropriate offices and businesses. The need for inter-agency cooperation and increased understanding of the potential role of PVOs in American business development overseas may both be served by periodic meetings of federal technical and program staff.

PRIMARY SMALL BUSINESS ASSISTANCE NEEDS

During the course of many interviews, specific services were identified which would provide major benefits to prospective small business, overseas investors and operators.

- Market research and analysis - Overseas market assessments must be conducted on an industry-by-industry basis. Some small businesses have no interest in developing markets overseas, while others have indicated that business development overseas is essential for strengthening domestic markets, and in some cases, is crucial to the industry's survival. Market research could provide the prospective investors with information relating to the firm's product/market potential in the geographic areas under consideration, as well as the availability of foreign sources of supply and foreign buyers and representatives.

- Market development - Many "front-end" activities must be undertaken to prepare a market for the goods or services that will be provided by the small business. Positive receptivity of the business community, government, and consumers in the country where the business will be established can lead to major savings in time and costs. Moreover, local intermediaries could reduce considerably the time and effort required to identify and build relationships with local business partners, banks, suppliers, etc. which can otherwise be an arduous and extended process. Some sources suggested that PVOs seeking to become involved in U.S. overseas private enterprise development should give serious consideration to engaging in product sales promotions and brokering in the establishment of franchises and distributorships involving indigenous entrepreneurs and U.S. small businessmen.

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- Risk insurance - Respondents indicated that small businesses, due to their relative lack of resources, are particularly sensitive to the risks involved in overseas ventures. Small businesses require assurance of the availability of risk insurance for serious consideration of an overseas venture.

In conclusion, there was interest in and great speculation about relationships that could exist between PVOs and American small businesses. However, there must be clearly defined benefits to both for such collaboration to be considered feasible and effective. As a first step, the specific roles, services and capabilities of PVOs should be defined in terms that businesses can relate to their specific assistance needs. The outlook for promotion and stimulation of PVO-small business collaboration as a major private sector initiative is seriously clouded by the lack of information exchange and coordination among government agencies that are concerned with either group. Even if such relationships are given only minimal consideration and support, the benefits to both communities could be significant.

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THE FOLLOWING IS A SUMMARY OF SERVICES/ASSISTANCE AVAILABLE BY AGENCY

DEPARTMENT OF COMMERCE

The International Trade Administration (ITA) sponsors the following activities to promote U.S. exports of manufactured goods and services:

- International Trade Fairs - Thousands of firms display their products and meet with foreign buyers and sellers through International Trade Fairs.

- Specialized Trade Missions - U.S. businesses come into direct contact with potential foreign buyers, agents and distributors through specialized trade missions.

- Seminar Missions - Sales of technologically sophisticated products are promoted via technical seminars.

- Industry-Organized Government-Approved Trade Missions - ITA provides support to trade missions organized by trade associations, chambers of commerce, State development agencies and other groups.

- Catalog and Video/Catalog Exhibitions - Exhibitions provide effective, low cost product exposure overseas. The catalog exhibitions consist of graphic sales aids such as sales brochures and product catalogs. The video catalog exhibitions are video tape presentations developed for use when live demonstrations are not possible.

- Business Sponsored Promotions - The Overseas Export Development Office facilities are available to associations and firms for sales meetings, conferences and seminars.

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- Various Publications - ITA collects and publishes commercial and marketing information to assist U.S. firms in penetrating overseas markets. In addition to the "how to" manual, entitled "A Basic Guide to Exporting," ITA provides several aids designed to assist U.S. firms in finding overseas buyers.

ITA's Small Business Export Development Assistance Grants Program provided one million dollars in 'FY 83 to encourage the development of local entities to provide export assistance and counseling to small businesses interested in export sales. Funding for 'FY 84 is pending consideration by the Congress.

The U.S. and Foreign Commercial Service administers foreign commercial posts througout the world and 48 U.S. Commercial Service district offices, which in addition to ITA and the (Department of Commerce's) District Export Councils, provide export education and counseling services. The overseas posts track trade and investment opportunities for U.S. businesses and carry out trade promotion activities.

DEPARTMENT OF AGRICULTURE

The Foreign Agricultural Service (FAS) provides a broad range of export services. It administers commodity export programs (including PL-480), and provides financing (commercial and concessional) and guarantee programs. FAS maintains a small business recruiting service to ensure small business participation in its programs.

The Commodity and Marketing Programs area of FAS provides commodity-specific information on consumption, trade, and stocks, as well as marketing information concerning opportunities, competition and export financing. The Trade Opportunity and Referral Service (TORS), also of FAS, produces "Export Briefs", a weekly compilation of trade leads from foreign buyers interested in purchasing U.S. agricultural products. In

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addition to the leads, the publication contains foreign trade development information. "Contacts for U.S. Farm Products," also a TORS publication is designed to assist American firms in introducing agricultural products to markets overseas. The monthly newsletter announces U.S. trade shows, identifies U.S. suppliers, and provides a brief description of the products they offer.

The network of FAS Agricultural Counselors, Attaches, Agricultural Trade Officers and other officers assigned to U.S. Embassies and Consulates collect agricultural and trade information, in addition to providing export development assistance to U.S. firms such as promotional assistance in the form of product evaluation or support for product exhibitions.

AGENCY FOR INTERNATIONAL DEVELOPMENT

The Agency for International Development (AID) Bureau for Private Enterprise (PRE) provides loan financing to for-profit indigenous private business activities. The PRE focus is not on American small business development.

OVERSEAS PRIVATE INVESTMENT CORPORATION

OPIC operates two principal programs to meet its mandate to facilitate the participation of U.S. private capital and technology in developing economies, the investment finance and insurance programs. Loans and loan guarantees are provided through the Finance Program and political risk insurance through the Insurance Program. OPIC insures against loss due to inconvertability of currency, nationalization or expropriation, and physical damage resulting from war, insurrection, or civil strike, assurances which are particularly important to the small investor.

OPIC acknowledges that smaller businesses often lack experience in overseas investment, and therefore, OPIC officers provide special assistance to smaller investors, including exemptions from certain policy constraints. OPIC will also pay a limited brokerage commission for smaller investors using the services of insurance brokers.

EXPORT-IMPORT BANK

The Export-Import Bank offers a wide range of loan, guarantee and insurance programs for export assistance to U.S. companies. The Bank operates a toll-free Small Business Hot Line and provides added commercial risk protection as special services for small businesses. Additionally, several of the Bank's programs are particularly helpful to smaller firms and those new to exporting.

The Export Trading Company Loan Guarantee Program, guarantees export related working capital loans to export trading companies and other exporters. It is expected that small, medium, and minority businesses will benefit from this loan guarantee program.

The Bank's Small Manufacturing Discount Loan Program enables commercial banks, which are often reluctant to provide fixed interest rates on medium term loans because of fluctuations in the cost of such funds, to offer fixed-rate, medium-term export loans. The Medium Term Credit Program provides a fixed interest rate for medium-term export sales that are in competition with foreign subsidized export credit. The Bank's Export Credit Insurance Program also encourages U.S. exporters to become competitive internationally. The program provides coverage against political and commercial risks encountered by U.S. exporters such as failure to receive payments from the buyer.

Finally, under the Commercial Bank Guarantee Program, the Export-Import Bank guarantees terms competitive with foreign export credit

agencies and assumes commercial and political risks that U.S. exporters and private financial institutions will not undertake, thereby facilitating the export of U.S. capital.

SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) provides international trade counseling to small businesses interested in developing markets overseas, including referrals for free legal assistance from attorneys with the International Law Council of the Federal Bar Association. SBA's management and financial assistance programs are administered by SBA District Offices.

The Export Revolving Line of Credit program is available for use by export management companies, manufacturers and others for the purchase of materials, or the provision of working capital necessary for establishing operations or marketing products overseas. Additional sources of federal assistance are identified in SBA's free publication - "Market Overseas with U.S. Government Help."

OTHER SOURCES OF ASSISTANCE

Operation Opportunity, a joint effort of eight U.S. Government agencies and numerous private firms and non-profit organizations, is a special program designed to provide the U.S. business community with information on federal sources of assistance available to firms interested in doing business abroad.

The program officially begins with a two-hour television video conference to be presented November 16th, to sites in 50 U.S. cities. A detailed reference book, entitled "Washington's Best-Kept Secrets: A U.S. Government Guide to International Business" will be available to everyone attending the video conference and will later be sold through retail outlets.

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(FEDERAL OFFICES PARTICIPATING IN THE SURVEY)

DEPARTMENT OF COMMERCE

International Trade Administration
- Office of the Assistant Secretary for Trade Development
  - Deputy Assistant Secretary for Export Development
  - Deputy Assistant Secretary for Trade Information and Analysis

U.S. and Foreign Commercial Service
- Office of the Secretary
  - Office of Business Liaison

AGENCY FOR INTERNATIONAL DEVELOPMENT

Bureau for Private Enterprise
- Office of Policy and Program Review
- Small Business Office

Bureau For Food For Peace and Voluntary Assistance
- Office of Private and Voluntary Cooperation

Bureau for Africa
- PVO Liaison Officer
- Private Sector Officer

Bureau for Asia
- PVO Liaison Officer

TRADE AND DEVELOPMENT PROGRAM

Office of the Deputy Director

(FEDERAL OFFICES PARTICIPATING IN THE SURVEY)
(Continued)

DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service
    Export Promotion Division

SMALL BUSINESS ADMINISTRATION

Office of International Trade

OVERSEAS PRIVATE INVESTMENT CORPORATION

Marketing Department
Finance Department
    Managing Director of Small Business

EXPORT-IMPORT BANK

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