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# **PRIVATE AGENCIES IN INTERNATIONAL DEVELOPMENT**

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an association of non-profit U.S.-based private voluntary  
organizations and cooperatives engaged in  
international development

**Third Annual P.A.I.D. Forum Proceedings**  
“Urgent Challenges for International Development Assistance:  
Roles for PVOs in the 1980s”

**May 4 - 6, 1983**  
Ramada Renaissance Hotel  
1143 New Hampshire Avenue, N.W.  
Washington, D.C. 20037

PN-AAV-511

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APPENDIX: Forum Participant List

ACKNOWLEDGEMENTS

The P.A.I.D. Annual Forum on May 4-6, 1983 was attended by approximately 235 individuals representing over 125 organizations (See Appendix). The structure of the program encouraged a high level of participation on a number of pertinent topics. Credit for the program design and implementation goes to the Forum Planning Committee consisting of:

- Joseph W. Short (chairperson),  
Executive Director, Oxfam America
- Ton de Wilde, Executive Director  
Appropriate Technology International,
- Charles L. Sykes, Assistant Executive Director  
and Director of Washington Liaison Office, CARE
- Dick W. Lougis, Program Assistant, CARE
- Susan Overman, Director,  
Resource Development, CARE
- Daniel L. & Loretta Force  
Church World Service
- Rev. Boyd B. Lowry, Executive Director,  
CODEL, Inc.
- Robert B. Ransom, Director, International  
Department, Goodwill Industries of America, Inc.
- Josia Holmes, Executive Director,  
The Hunger Project
- Peggy Streit, Editor, "World Development Forum",  
The Hunger Project
- Marina Fanning-Firfer, President,  
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- Janet D. Tuthill, Senior Associate,  
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- Martin M. McLaughlin, Vice President,  
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- Elise Fiber Smith, Executive Director Overseas  
Education Fund and President, P.A.I.D.
- Laurence R. Simon, Director, Policy Analysis  
Oxfam America
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PACT, Inc.
- Frank C. Kiehne, Executive Director, P.A.I.D.
- Christine Burbach, Program Director, P.A.I.D.
- Thomas B. Keehn, Senior Consultant, P.A.I.D.
- Jonathan Deull, Director, Washington Office,  
Save the Children Federation
- James O. Morgan, President,  
World Neighbors

The Forum Proceedings herewith are the product of a number of individuals who deserve special thanks for their contributions: New TransCentury, for providing support and technical assistance on the notetaking and production of the final report; Marina Fanning-Firfer (Inter-American Development Institute), who helped manage the production of the proceedings at its various stages; Tom Harper (New TransCentury), who coordinated the taping of the Forum sessions; Leni Berliner (Consultant for Inter-American Development Institute), Nelda Kimrey (P.A.I.D.), and Christine Burbach (P.A.I.D.), who took major responsibility for transcribing and editing the proceedings; Allison Noble (Center for Development Policy), who assisted with the recording and transcribing; and Lucy Wenneker (Consultant for Inter-American Development Institute), who helped transcribe and had sole responsibility for typing the proceedings.

May 4, 1983 Opening Session

C. Payne Lucas (AFRICARE) made the Welcoming Program Statement, which was both humorous and frank. He lauded the creation of P.A.I.D. without any money, and expounded on the importance of PVOs.

Several years ago, Mr. Lucas testified before Congress regarding the role of PVOs in development. Today the problem is one of (government) people not taking PVOs seriously. Foreign Assistance is not very popular to begin with, in spite of the fact that one out of every seven jobs in America is dependent on foreign trade and foreign assistance. People in "podunk" don't really understand it. The real constituency for foreign assistance in this country is this group (of PVOs). We need to recognize our power (as a constituency), no matter who is in the White House, and not be ashamed of our work or our existence.

The only thing lacking in our capacity to get the money we want from Congress, and the respect we need from the various administrations, is unity. The simple truth of the matter is: we lack unity. The various PVO coalitions with their separate agendas cannot survive. There are jobs involved, and different "turfs" involved, but we ought to be intelligent enough to solve that problem (of unity necessary for survival) this week. The problem needs to be solved, not because we need more money from AID or foundations, but simply because the people in the Third World are truly hurting.\*

Zimbabwe, Cambodia, Laos and Brazil are as close to American soil as El Salvador. There are countries in the Third World that do not have any foreign exchange left. The fact that Mexico could not pay its debt served a good purpose in that it changed the thinking about rescheduling debts.

Mr. Lucas' second point was that development dollars and deals are made in Washington, D.C., and not in New York. For this reason it is important for ACVA and PAID to get their acts together, for the sake of all PVOs and development.

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\* Mr. Lucas illustrated the difficulties of Third World countries by describing embassies not being able to pay their operating expenses, the enormous number of refugees (5 - 6 million) in Africa, etc.

Regarding questions of "turf", Mr. Lucas described the PVO community as made up of "the IBMs, the General Motors... the biggies... and then we have the little people, whose balance sheets are less than a quarter of a million dollars." But there can be no success for PAID or for the American Council unless we all come to realize that these institutions must not operate like the House of Representatives: we must in fact operate like the Senate. Each of us has one vote, regardless of size. Sooner or later, the big people in this business must realize that, unless they can influence the little guys, they may be going out of business. Every PVO that is represented in the community has one vote. We are so jealous of each other's turf, it borders on insanity; we have to solve this problem. The hidden agendas and the deals have to stop. Unless you are prepared to do that, as individual organizations, then we have no opportunity for success.

PAID and ACVA have qualified staffs that may make this opportunity possible. The work of the subcommittees needs to be taken very seriously: how we are going to finance the new organization; what specific steps will be taken to bring them together as one institution. Also, we individually must begin to share the turf, including: recruitment, funding sources, and programming. We need to create "communication machinery" that will make this sharing possible. The sharing of data (re: funding possibilities) has to be sought.

Mr. Lucas then discussed the Biden-Pell Amendment. The idea of offering half a million dollars to the entire PVO community to engage in development education is absolutely ridiculous.

Regarding the current 80-20% rule (test of "privateness" to which PVOs must adhere), and the possibility that this might shift to a 60-40% rule, Mr. Lucas advocated that there be no such rule. Rather, PVOs should be judged eligible on the basis of their ability to put together quality programs. Further, as taxpayers, PVOs should "get involved in administering the taxpayers' money."

We need some "cops" or "development auditors" in Washington, D.C., to make sure that legislation and program design are fair and just. People who manage private voluntary organizations "are qualified and possess as much integrity as anyone else who operates in this business. If we can pull ourselves together, then we've got a great future."

## FEDERAL RELATIONS BRIEFING

On Wednesday afternoon, the PAID Federal Relations Task Force was briefed on several issues about U.S. - PVO relations by experts in the field. The briefing was moderated by Markham Ball, of Wald, Harkrader and Ross, and the U.S. Advisory Committee on Voluntary Foreign Aid (ACVFA). The three presenters were: Kelly Kammerer, AID/Office of Legislative Affairs; Larry Minear, Church World Service/Lutheran World Relief; and Charles Sykes, Assistant Executive Director and Director of the Washington Liaison Office of C.A.R.E.

Mr. Kammerer spoke first, on "How to Get Involved in the Legislative Process: the 1983 Legislative Calendar." He described the FY84 budget request and authorizations procedures as only one aspect of the relevant legislative process. For FY84, the balance between the Development Assistance accounts and the Economic Support Fund is of importance. \$2.9 billion have been proposed for ESF, vs. \$1.89 billion in development assistance. Senate amendments offered to the FY84 bill require that the ESF be used for development purposes "to the maximum extent possible"; this is important because ESF monies are often used for balance of payments support, i.e., direct cash transfers.

Mr. Kammerer's colleague, David Merrill, then proceeded to explain the 1974 Budget Reform Act. Under the mechanisms established by this Act, the "international affairs line" in the May budget resolution is greatly affected by the AID request; this year the House set very high levels for this account (above the President's request), and the Senate recommendation falls somewhere in between. Regarding the May resolutions, Mr. Kammerer briefly described how to influence pending legislation through committee member sponsorship. He also characterized the House Foreign Affairs Committee as being more "liberal" than the House as a whole.

The next presenter was Larry Minear, who spoke on "PVOs and the Legislative Process". His three major points were that:

1. PVOs must participate with a high degree of professionalism;
2. They must work both individually and in coalition; and
3. PVOs must take a broader view of the issues with which they are identified, i.e., development and the foreign aid program in general.

Mr. Kammerer remarked that if PVOs want to have input into the FY85 bill, they must put together a legislative program in the summer and fall of 1983. He also emphasized that AID and PVOs must work and collaborate on issues before going to Congress: opposing each other in hearings hurts the process.

Mr. Sykes then briefly discussed the status of the Pell Amendment. The Pell Amendment would have AID earmark 15% of development assistance funds for PVO work. As Chairman Yablonski opposes the amendment, Mr. Sykes urged PVO representatives to contact House and Senate conferees before the midsummer conference.

FEDERAL RELATIONS TASK FORCE

Chair: Charles Sykes, Assistant Executive Director and Director of Washington Program Office, C.A.R.E.

Mr. Sykes opened the meeting with a short history of the PAID Federal Relations Task Force. The Task Force was founded about two and one-half years ago as part of PAID's effort to provide an open forum through which information is ferreted out and made available to the membership. Many non-PAID members from the Administration and Congress have been helpful to the Task Force by providing information important to the development community, and enabling members of that community to better grasp complicated issues that are injected into complicated processes. Mr. Sykes also acknowledged the efforts of Martha McCabe, Larry Minear, Ted Weihe, Paul Nelson and Dick Loudis for serving as leaders at the various issues tables, and for their other activities in support of the Task Force.

Mr. Sykes indicated that the Task Force has come a long way in its efforts now that it has a full-time professional staff, in the person of Christine Burbach. The fact that Ms. Burbach works exclusively with the Federal Relations Task Force has ensured the ability of the Task Force to operate on a continuing basis, something that is necessary given the constantly changing issues.

Topic Agenda

TOPIC	RESOURCE PERSONS	DISCUSSION LEADER
Targeted AID Amendment	Margaret Goodman Staff Consultant Foreign Affairs Comte.  Albert Printz Special Assistant AID/Policy Office	Paul Nelson Bread for the World

TOPIC	RESOURCE PERSONS	DISCUSSION LEADER
20% Privatness Rule	Marion Chambers Staff Consultant Foreign Afrs. Comte.	Martha MacCabe Cooperative League of the U.S.A.
Pell Amendment	Austin Heyman Deputy Director AID/Office of Priv. Voluntary Cooperation	Larry Minear Church World Service/ Lutheran World Relief
Development and Security Assistance: Trade-Offs	Gary Bombardier Associate Staff Memb. Cong. Matt McHugh (D-NY)	Ted Weihe ACOCD
P.L. 480	Lewis Gulick Senior Staff Consultant  Peggy Sheehan Chief of Title II Division AID/Office of Food for Peace	Richard Loudis C.A.R.E.

#### The 20% Privatness Rule\*

The discussion of the 20% privatness rule may be summarized as follows. It appears that most PVOs will be able to cope, in one way or another, with the 20% test. However, out of the approximately 150 PVOs registered with AID, as many as 25 will not be able to meet the test when it goes into effect in January, 1985.

There are efforts now underway in the Senate Appropriations Committee to increase the privatness test to 50%. This is part of the FY1984 Foreign Aid Appropriations package, and therefore is not likely to pass.

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\* The privatness rule is a regulation that requires organizations wishing to obtain certain government grants to receive at least 20% of their total annual financial support for international activities from private sources.

AID/PVC is developing specific, detailed criteria for meeting, and for waiving the 20% test. Members of the PVO community should continue their dialogue on their perceptions and the implications of the privateness rule. This will help in future AID-PVO community relations.

### Pell Amendment

The first part of the table discussion focused on the positive and negative implications of the Pell Amendment. It was welcomed for its explicit recognition of the value of the development work done by PVOs. It was also hoped that the increase in the amount of money available for grants to PVOs would force PVOs to adopt better financial and program management practices. Some concern was expressed about this latter point, and about tying PVOs too closely to AID policies, which reduces their freedom of action. Also, the challenge to PVOs to match Pell Amendment funds provides a good opportunity to leverage additional support, thereby increasing freedom of action and aiding in meeting the privateness test. Some hope was expressed that higher visibility of PVOs resulting from this new funding will enable PVOs and their constituencies to influence AID policy.

Following this general discussion, participants requested that PAID undertake several studies related to the implementation of the Pell Amendment. These are to:

- o do an assessment of the absorptive capacity of PVOs, in general and in light of AID grant terms of reference;
- o review recent history to establish whether more government funding has brought more PVO influence on AID's PVO policies; and
- o investigate whether ESF (Economic Support Fund) monies are included in the percentage share for PVOs.

### Targeted Aid Amendment

The proposed amendment to the Foreign Assistance Act was described and summarized. The ensuing discussion focused on three areas: program evaluation, role of PVOs, and PVO-host country government relations.

Regarding the first area, questions were raised as to whether AID's assessment of their programs' effectiveness is based on plans and intentions, or on actual impact evaluations. This depends in large part on whether the programs/projects were designed to be amenable to impact evaluation, from both a

design and a funding perspective.

It was noted that PVOs are especially qualified to implement the anti-poverty directive of the proposed Amendment, in that their structures and operations enable them to work directly with poor people. This direct mode of action can, however, pose problems in countries where the government is not fully committed to the needs of the poor. The Targeted Aid Amendment is intended to provide balance to the Administration's emphasis on certain types of private enterprise activities.

#### Development and Security Assistance Trade-Offs and Balance

Since all participants were provided with a background paper on the subject, the participants got right down to business. Gary Bombardier of Matt McHugh's office reviewed the numbers, which indicate that foreign aid has dramatically increased over the last two years with all of that increase in security and military programs. He said that the House Appropriations Subcommittee on Foreign Operations has been trying to hold the line, balancing development and security accounts, but with each request, the shift is occurring. He said it was getting to the stage at which the development community might want to consider opposing the overall foreign aid bill.

The group honed right in on the Commission on Security and Economic Assistance which was established by Secretary of State Shultz to look at these issues and try to build Congressional support for foreign aid. Participants felt that the Commission was stacked in favor of security/military programs, but that the situation was not hopeless. In any event, we must support our friends, such as Matt McHugh and Wallace Campbell on the Commission. In particular, the development community needs to comment on the security and military issues. The Commission will take a broad view, but increases or more conditionality in security accounts will heavily impact basic human needs programs.

Participants decided that the PVO and development community needed a mechanism to follow and impact the Commission. Frank Ballance, of Action for World Development, said he would take leadership in forming a task force, and possibly PAID can provide administrative support. The breakfast participants also decided to seek funding for someone to follow and help articulate concerns of the development community to the Commission. This action item was to be presented to the PAID conference for its endorsement (this session, however, was cancelled).

PL 480

The U.S. Department of Agriculture (USDA) is now in the process of transferring the "Overseas Dairy Donation Program" (known as Section 416 of the Agricultural Act of 1949) to the U.S. Agency for International Development (AID) so that this new program will be operated in a manner which is consistent with the P.L. 480 "Food for Peace Program" which also provides food assistance to developing countries. (A memo of understanding has since been signed on August 9, 1983 completing this transfer of authority). USDA will process all proposals now in its hands, but then USDA will end its role and all new proposals will go to AID. The format for proposals is expected to remain relatively simple (compared to PL 480 proposal format) and is expected to move on a "fast track". For FY84 the Commodity Credit Corporation (CCC) of USDA is expected to make available about \$400 million worth of dairy products (CCC value) available to AID together with ocean freight, packaging and reprocessing costs to carry out the 416 program. At present the Section 416 program is limited to include only non-fat dry-milk (NFDM), butter, cheese and butter oil, but there is an amendment to this year's Foreign Aid authorization bill that would expand 416 to include all surplus agricultural commodities.

A question of great importance to voluntary agencies has been whether or not they will be permitted to barter or sell these dairy products to generate local currencies for food aid distribution and development projects. USDA's policy has been that Section 416 dairy products could not be sold. However, with transfer to AID, AID's General Council has ruled that sales of 416 commodities will be permitted.

The State Department has reservations about PVO sales just the same. They have viewed the PVO use of commodities as being essentially for humanitarian purposes and involving only small amounts. Because of this, the State Department has not been involved in the approval process - leaving USDA and AID to pretty much approve project requests. The State Department said that if sales do come up, however, that the "Unified Marketing Regulations" (UMR) considerations will necessitate their participation in the approval process. State also expressed reservations about who would be paying for the reprocessing, packaging, and transportation under 416. (According to the memo of understanding, USDA is to pay, and this must be in addition to PL 480 levels of assistance).

With regard to long-term availability of Section 416 commodities, PVOs have also expressed their concern for multiyear agreements. They argued that one-time only agreements are inconsistent with longer term food aid and development strategies of their agencies and the host country governments. AID "Food for Peace" (FFP) suggested that

multiyear availability of NFDM might be possible given the size of the inventory. USDA agreed. As far as availability of other commodities is concerned, the participants representing government agencies were more skeptical about cheese and butter oil, as U.S. capacity to process is limited and expensive. They advised it would be best for PVOs to take NFDM and from the nearest port facilities - since cost to the USDA for processing and shipping will be a key factor.

Regarding the issue of barter or sales, State said that donations are easier to approve than sales, and proposals will not get State Department scrutiny unless sales come up. AID is not required to consult with the State Department's Committee on Surplus Disposal (CSD) if the transaction is a straight donation, but if Section 416 is used for sales, there will be problems with Unified Marketing Regulations and the CSD will have to be involved.

Section 416, though operationally subsumed under Title II of PL 480 once AID takes control, is seen as operating on a "fast track" compared with regular title II program requests, but only insofar as these requests conform to humanitarian donation-type activities rather than barter or sales, and utilize fortified or non-fortified NFDM presently in storage at U.S. ports. Deviations from such straightforward situations, according to Don Shaughnessy, are likely to complicate and lengthen the approval process.

A memo of understanding between USDA and AID will be prepared indicating the quantities of CCC held stocks that can be available under 416 transfers to Title II. In all likelihood, little more than NFDM will be assured, at least for multi-year programming. Other commodities will have to be viewed as one-time-only requests. (Peggy Kemper, consultant to AID on 416 has since recommended that AID accept proposals calling for up to 3-year agreements, and commodity availability include butter oil, cheese, butter and NFDM. There would be restrictions on the packaging of these commodities, however; and approval would be on a case-by-case basis).

There is no time-frame for acting on a request. The Administration may hold onto a 416 request for any length of time and then decide to submit it to the Committee on Surplus Disposal (CSD) should it involve barter or sale provisions - thus any proposal that affects the international market for dairy products must be presented to the international body that reviews normal marketings (the CSD) and could take a great deal of time. The State Department would prefer that any sales or barter be government-to-government, and not through PVOs. Also, there is as yet no established de-minimum for dairy sales under Section 416 (that is, an amount which, due to its small size, need not be reviewed by the international Committee on

Surplus Disposal). This would greatly expedite program approval. Such a de-minimum seems to exist for other commodities. For wheat it is up to \$1 million, and for rice up to about 5000 bushels.

Perhaps the most promising type of PVO/Cooperative projects involving Section 416 are the so called reconstitution/recombination projects. This involves reconstituting non-fat-dry milk (NFDM) in a clean, modern urban dairy type situation, and then marketing the whole milk. "Operation Flood" in India is an example of this type of activity. Another example is CARE's Philippines Dairy Proposal (since approved by AID) which will sell NFDM to Philippine commercial dairies for recombination whereupon CARE will use its proceeds to establish a small loan window for agriculture and rural development projects.

There were still some reservations expressed by Government participants about PVO sales under 416. Political issues could be raised in moving away from straight humanitarian purposes involving use of the food itself, to broader development purposes involving use of local currencies generated by selling the food. Moreover, Title I/III of PL 480 is a program that is already set up to sell food aid and use local currencies generated for development purposes. Given these reservations, the likelihood of PVO sales of 416 commodities moving quickly ahead on a "fast track" will be an issue the PVO community will have to closely monitor.

## PRIVATE FUNDING TASK FORCE

This meeting was chaired by James O. Morgan, President of World Neighbors, who laid out the five-point agenda for the breakfast meeting.

### 1. Review of Fundraising Workshops

PAID held two workshops on fundraising, one in October 1982 in Washington, D.C., and one in April 1983 in San Francisco, California. Mr. Morgan pointed out that these workshops generated income 20% above cost for PAID. After a brief overview of the activities at the San Francisco workshop (employee involvement in securing funds from corporations, tender loving care for donors, making a board into an advocacy group, and evaluating fundraising training programs), Mr. Morgan solicited comments from those present regarding their experiences at the workshops, and asked for specific suggestions for future PAID workshops. The October workshop was praised for being particularly helpful to those new in the field. The following suggestions were made regarding future workshops:

- o additional activities of this sort be offered on a regional basis, enabling the participation of locally-based organizations; and
- o attendance of future events should not be limited to persons directly charged with financial development. Other PVO staff members should be encouraged to attend, so that they and others realize that financial leverage depends on everyone's efforts.

### 2. Charitable Contributions Legislation

About half the people present were aware of this impending tax legislation. Mr. Morgan provided an overview of the different proposals now being examined on Capitol Hill. The issue is basically whether there should continue to be a separate deduction allowed for charitable contributions, apart from other deductions, and if so, what ceiling should be placed on this deduction. Before entertaining questions, Mr. Morgan encouraged everyone to make their views on the legislation known to Congress. The following points were raised in the ensuing discussion:

- o The Urban Institute and Independent Sector are trying

to determine what the impact of separate deductions has been on revenues to PVOs and others;

- o PVOs will need to educate their donors, particularly small givers about the benefits of itemizing deductions;

- o PVOs will need to be prepared for more extensive audits of gifts received; and

- o Advice is needed on tapping this new pool of funds (identifying new groups of givers).

### 3. Progress in Making the Case for International Development

"How can we make people aware of the value and significance of what is occurring in development assistance through private voluntary organizations?"

Various responses have been tried. Mr. Morgan related that PAID has published a brochure (aimed at foundations and corporations) promoting PAID and international development. The response has indicated that the case has not been made as strongly as it could. Mr. Morgan indicated that a two-stage process is necessary; first selling international development, and then selling individual organizations involved in that development. It is important to reduce the time between step 1 and step 2. After briefly discussing a filmed speech on development made by Peter Jennings, that is not being aired by ABC, Mr. Morgan asked participants where they had seen the best written case for the whole field of international development. The silence (in response) was eloquent.

John Wiggins (SAWSO) made reference to the success of many religious groups in presenting the case quite nicely to their constituencies, in their own language. The point was made that perhaps some materials could be borrowed and used successfully, with a little "translation." Mr. Morgan asked people to forward copies of anything they see that looks promising to Frank Kiehne at PAID.

Ron Largent (IIDI) described recent efforts at introducing development studies into the high school world history/current events curriculum. He cited a successful effort using videotape in McLean, Virginia. The comment was made that the Mary Knoll Order has been producing high school curriculum materials on development since 1960; copies are available through CODEL. Another comment was made to the effect that CARE is striving to educate not only about development, but also about giving, providing role models to young people.

#### 4. Development Assistance Philanthropy Awards

To increase giving, particularly large gifts, it is important that gifts to international development organizations come to be considered "safe" and popular. To address this requirement, Mr. Morgan and other members of the Private Funding Task Force have been working on the development of an annual award for support of development assistance.

The idea as developed so far has been presented to the Committee for International Grantmakers; the Committee has agreed to provide assistance in moving ahead with the award, but will not sponsor it directly.

The discussion centered around the need to recruit a very prestigious committee independent of PAID, to accept nominations and make the award decision. Since the focus would be on new or substantially increased giving, Marilyn Richards (Transcentury) suggested it might be advisable to put people from the Ford and Rockefeller Foundations on the committee to give the award "instant credibility." In this regard, the question was raised as to whether PAID had considered making this award part of an already recognized reward system. The answer was that no one knew of a system wherein a development assistance award would fit. Attention was paid to the World Hunger Media Awards, a successful new effort. One participant suggested "humble" awards for young people or small, local volunteer groups. Another recommended giving recognition to some of the steady-giving family foundations, as their pattern of philanthropy is replicable, but not widely known.

The next steps in establishing the award were agreed to be:

- o establish a timetable to be able to give first award in 1984;
- o establish within 2 weeks a subcommittee of the Task Force assigned to put together an award committee.

#### 5. Priorities

As time for the Task Force meeting was running out, Mr. Morgan summarized the four priorities of the Task Force to be as follows:

- o continue development of technical workshops for members of PAID organizations;

- o encourage members to make their views on the charitable contributions law known;
- o continue efforts to develop a case for supporting international development. It was agreed that this would be done in consultation with the Development Education Task Force; and
- o move forward on the establishment of an annual award for support of development assistance.

## DEVELOPMENT EDUCATION TASK FORCE

This meeting was chaired by John G. Sommer, Dean, Academic Studies Abroad, Experiment in International Living. The agenda of this Task Force meeting was as follows:

- o update of Task Force plans;
- o share results of analysis of media and communications workshop held in New York in April;
- o review possible uses of PAID publications for use in development education; and
- o plan for Tuesday's development education panel.

This agenda was met by discussing five topics, beginning with a brief history of the Task Force.

### 1. History of Development Education Task Force

After a slow start, the Development Education Task Force has begun to pick up steam. In mid 1982 a questionnaire was sent to PAID members to determine their interest in development education. Forty organizations responded. The most commonly requested topics for PAID development education activities were:

- o use of media for development education
- o audit and accounting issues for development education expenditures
- o Biden-Pell grants
- o sharing of articles for publication/establishing a resource materials center
- o promoting letter-to-the-editor campaigns

### 2. Use of the Media

The Task Force held a workshop in April 1983 on the use of the media in development education. The general thrust of the discussion at the breakfast table was that it is important to stop "sharing our ignorance" and get professional advice and involve local media professionals. Another point made was that

it is important to inform and provide the press with a "reliable source" of information on development issues.

### 3. Audit and Accounting Issues

A subcommittee of the Task Force was formed to summarize the experience different agencies have had in accounting and audit treatment of development education. The concern arises because development education activities expenditures have not always been considered a program expense, but might instead be considered by an auditor to be an overhead or fund-raising expense. It is important to draw a distinction between development education, public information, and fundraising that has a more narrow, organizational purpose.

Two representatives from the Association of PVO Financial Managers are active on this subcommittee and were present at the breakfast meeting. Their role has been to identify principal audit concerns, and then to develop a strategy for dealing with them. The lack of an agreed upon statement on development education causes problems in the interpretation of OMB Circular A-122.

A meeting will be held the third week in May with representatives from the AID Contracts Policy Office, AID Overhead and Special Costs section and the AID Auditor General's Office to review what the subcommittee has come up with. A suggestion was made that someone from the American Association of Auditors and Certified Public Accountants be invited to either that meeting or a separate meeting with the Task Force, without AID people present. There was concern expressed that an operational definition of development education and audit procedures arrived at be able to stand alone and not just in relation to AID.

The question was raised as to whether the definition and procedures would be binding on each private voluntary organization. Standardization will reduce flexibility somewhat; this is the reason behind the effort to arrive at a "best case" definition. Following the proposed meetings with AID and independent accounting experts, a usable statement and set of procedures will be prepared for discussion at PAID's fall meeting.

### 4. Biden-Pell Grants

Beth Hogan (AID/PVC) briefly summarized the status of FY1983 grant applications. Thirty-three proposals have been received,

with requests totaling \$2.2 million; \$650,000 is available to be granted. There is no minimum award specified in the grant regulations. There will be \$1 million available for grants in FY1984. Responsibility for the administration of grants has been moved from the Advisory Committee for Voluntary Foreign Aid to the AID Office for Private Voluntary Cooperation.

#### 5. Information Sharing

Early in the life of the Task Force, John Sommer had asked PAID members to place each other on their mailing lists. The response to date has indicated that "...either we're not doing anything in development education, or we're not sharing with each other." From the ensuing discussion, it was clear that participants preferred that PAID take the lead in receiving, sorting and disseminating information.

The meeting of the Task Force ended with an announcement that a retreat was planned for June. The purpose of the retreat would be to try to formulate a clear strategy on development education, identify effective strategies and prepare an action plan for the year ahead.

## THE PVO ROLE IN REAL DEVELOPMENT

The five-member panel was convened by Joseph Short, Executive Director of Oxfam America. The following persons made up the panel: Regina Taylor, Secretary General, Agency for Rural Transformation in Grenada; Robert C. Helander, Partner, Surrey & Morse, Chairman, Accion International; William S. Moody, Director of International Programs Rockefeller Brothers Fund; Brian Smith, Prof. of Political Science, Massachusetts Institute of Technology; and Elise Fiber Smith, Executive Director, Overseas Education Fund.

Mr. Short opened the panel by encouraging a linkage between anti-hunger campaigns and anti-nuclear weapons campaigns, and by asking "what is the role of the voluntary agency in relation to the horrendous state of affairs?" There is some feeling that we are at a watershed in the history of voluntary agencies, for the following reasons:

- o Many are asking "Are we really making any progress in working against world poverty? How can we know?" It may be that our myth of progress is being replaced by a myth that we can't make progress.
- o There are some new paradigms that are giving us all a lot of trouble: ... PVOs are moving from relief to development to "structuralist (policy) analysis". Can agencies operate on all these levels? We have gotten to the point where we must justify relief as development, and development as structural change.
- o Are we (voluntary agencies) "political"? Yes, we are. Development is a very political process. We are finding ways to express this within the parameters of 501(c)3, that will be acceptable to our donors, sponsors, and so forth. Each group is debating how to express its politics.
- o There is a sense in some quarters that voluntary agencies are irrelevant and powerless; that they are on the periphery, that individual commitment may not be strong enough.
- o Must or can we work together?
- o What is the role of "official" development assistance?

He then turned the floor over to the members of the panel. The role of the panel is not to provide definitive answers to these questions, but rather to generate a line of thought.

Regina Taylor began by proposing the concept of "popular development".

"Popular means that which benefits the broad and disadvantaged masses of the people, in terms of education, health, housing, jobs and food. The Agency for Rural Transformation is fortunate to be a member of a regional association of PVOs called Caribbean Peoples' Development Agency (CARIPEDA). CARIPEDA also subscribes to the concept of popular development. CARIPEDA priorities are as follows: popular education; social change; and strengthening of peoples' organizations.

How does the concept of popular development work in Grenada? In Grenada, we already have development structures in place, e.g., organizations of women, of youth, of farmers, of cooperatives, and even of children. These organizations work toward the benefit of the masses of the people in Grenada. Popular education is a reality in Grenada. We also like to talk of grassroots democracy. By this we mean structures organized throughout the country, from the smallest village up to the national level, through which people have a chance to feed into the system, and to get feedback from the leadership and the rest of the country. So there is a constant two-way flow of information and sharing of experience. This is what is known as popular education/grassroots democracy in Grenada.

There is also the concept of social change. In terms of jobs, Grenada has a National Cooperative Development Agency. Cooperatives mean a lot in Grenada. They have been a very positive means whereby the people of Grenada can form into groups and create jobs for themselves. There is also a youth employment program that concentrates mainly on agriculture. Education is now free at all levels in Grenada.

In view of the above, the PVO in Grenada has a very special role to play, in making the concept of popular development a reality. Their role is one of empowerment, and of coordination. Despite Grenada's smallness, coordination is not a given. There is also the question of organization.

This role has forced PVOs to bring into focus the needs of the popular groups. We need, for example, to train people in leadership and management. We need to assist them in building programs that respond to what the people say they need. We need to assist in monitoring progress toward achievement and assessment of group goals. We need to help identify weaknesses

in program operations. And we need to attract external assistance. Ms. Taylor noted at this point that the agency she represents is the only PVO in Grenada; thus it carries the full burden of the responsibilities/roles outlined above.

The next speaker, Bob Helander, began by trying to distinguish "real" from "false" development. He does not refer to the "macroeconomic numbers game" in thinking about development. He prefers to discuss individual people who collectively make up those macroeconomic statistics.

"Accion International got involved in community development twenty-two years ago assisting with the fundamentals of health, housing, and food. About ten years ago, in sessions between field operations and headquarters, attention focused on what it is that an individual needs to sustain development, to increase his or her own level of development. We came up with a very simple answer that sounds like the Massachusetts Democratic Caucus -- it's called jobs. That has been the touchstone for our programs over the last ten years. Not jobs in the traditionally perceived industrial sector, but rather in the informal sector, where lack of credit is a severe constraint to job formation. In Accion projects in nine countries, managed credit ,i.e., training plus credit, has resulted in the production of one job for every \$1,000 of loans (as contrasted with average cost of \$10,000 - \$50,000 in the industrial sector). Cumulatively, over 10 years, only about 1.5 percent of those loans have not been paid back. In the Dominican Republic the loans have been as low as \$300; incomes have risen as much as 40 - 50% in one year, and people now own means of production. This has not happened spontaneously. It has required education on how to use credit and how to value their own labor. In Maine, the size of loans has been larger, but results have been similar. Research suggests that it works in Africa and Asia as well. Other PVOs may want to consider this type of program when deciding on how best to allocate their resources and work with others."

The next speaker was William S. Moody who, after many years of trying to internationalize foundation giving, is now active in the Committee for International Grantmakers. He began by addressing the use of the term "real development."

The use of the word "real" suggests that development to date may not be right, perhaps not complete, nor equitable. The implication is that development in an ideal sense has more texture, more qualifiers. To me, real development is sustainable progress which eliminates dependency. This concept implies:

- o creative efforts to nurture skills and motivations in individuals and thus increase chances for effective self-reliance;
- o clear recognition of the need to utilize renewable and non-renewable natural resources in appropriate and sound ways;
- o full appreciation of the cultural heritage and community values in the setting under consideration;
- o practical initiatives for economic and social advancement that employ the strengths of the non-profit and commercial parts of the private sector, as well as the strengths of the public sector;
- o meaningful partnership between local and outside individuals and groups engaged in improvement activities;
- o special attention to areas, communities and individuals that are least well-off; and
- o honest willingness to revise objectives and strategies in keeping with the dictates of experience and new understandings of the future.

PVOs have an important role to play in this process. First, as independent non-governmental agencies, PVOs can challenge orthodoxy. As voluntary initiatives of people choosing to work together, they can bring to bear on any problem an extraordinary array of skills, talents, points of view and fresh ideas, that enrich the design and implementation of any program of action. As group efforts existing throughout the U.S. and around the world, PVOs represent a force of people power that should not be underestimated, and probably could be harnessed in future for greater impact in favor of real development.

With the inherent diversity of PVOs as a movement, and with the prospect of long-term continuous thought that they can have because they are not subject in a direct way to the political process, PVOs offer a special force for future planning and action in real development. Real development is not only needed in Africa, Asia and Latin America, it is also needed in many parts of the industrialized world, including the U.S. This planet has gone far beyond the we and they thinking. All of us now have common global problems and concerns in an interdependent world. Many PVOs are already in the forefront in educating Americans about world affairs and the implications

of an interdependent world.

But other challenges lie ahead for the entire PVO community, in the direction of real development. For example, if real development implies sustained progress which alleviates or eliminates dependency, that suggests the eventual end of concessionary aid. This could mean at some point in the future the end of government and foundation grants for development purposes. What would this mean to PVOs? Should they be thinking in the direction of no more concessional aid? If not, will dependency ever be ended? If they do work toward the end of concessionary aid, how will PVOs be funded? What do this and other scenarios mean for the programming and funding strategies of PVOs?

In terms of the immediate future, PVOs have a tremendously important role in development. The cost-effectiveness in favor of PVOs is starting, and I think it is an argument that will be made with even greater force and effectiveness to government agencies, foundations and private funders. Also, in the immediate future PVOs have an important role to play because they are already heading in the direction of fruitful and interesting cooperation with corporations.

Mr. Short then introduced Brian Smith, who is currently engaged in a research project, comparing the roles of voluntary agencies in several countries of Latin America.

Mr. Smith began by relating how his experiences working at the grassroots level in Chile in the mid-1970s in an oppressive environment convinced him of the importance and necessity of the private sector in development. Not only the private sector in developing countries, but the linkages transnationally with support groups in the North Atlantic region. Without this interchange and partnership, the types of things that have gone on in Chile over the past eight or nine years would have been impossible. Mr. Smith was thus led to look beyond church organizations to the whole private sector, especially the non-profit sector, for help in development.

His current research involves interviewing people, to discover how organizations in the North Atlantic region define their mission, and to discover how that mission is changing. How do these organizations evaluate what they're doing? Is there feedback into planning of knowledge resulting from experiences? How is the relationship to government defined, particularly when an organization receives government money? What are the strengths as well as the limitations of public funding? Finally, how do PVOs define their non-partisan position, particularly when they desire to effect genuine change in power

distributions in the Third World?

Following interviews along these lines, Mr. Smith will go to Nicaragua, Chile and Colombia for several months to interview people at the end of PVO-sponsored projects. The purpose of this will be to determine if local experience dovetails with what the home office people are trying to do. Real development is what is really going on. So far, interviews have been conducted with 20 agencies in the U.S. and Canada. How do the various agencies define development? Mr. Smith elaborated.

"There are three or four approaches to development, with agencies clustering around each. Many traditional, older relief agencies (e.g., CARE, Catholic Relief Services) are shifting to development, but trying to use traditional means, particularly food aid, in stimulating new activities in development. Some examples are food for work projects, organizing communities for irrigation and for cooperatives. Secondly, these agencies, along with others (e.g., Accion International) are also emphasizing very technical aspects of development, arguing that in order to develop you have to enable people to get very specific skills.

There is a third emphasis in development shared by many of the smaller agencies, such as Oxfam or Unitarian Universalist Service Committee, that focuses on institution building. The role is enabling new indigenous institutions to develop, and to assist them as partners, and to respond to their definitions of their needs. This holds not only for individual projects, but also enables people to deal with national institutions (e.g., credit institutions) on a more equitable basis. Most of the Canadian agencies have this approach to development. The Canadians also maintain a much more explicitly political definition of what they are doing -- namely, challenging the power structures of developing countries that do not allow creative participation of people in defining and meeting their own needs. The Canadians are also much more oriented toward education at home. This is aimed at donors and non-donors, and focuses on the international structural causes/reinforcers of underdevelopment (e.g., trade relations, capital-intensive investment, etc.)

There are, in the U.S. and Canada, agencies which still focus on relief and emergency services to alleviate immediate suffering. Such groups as World Vision, Foster Parents Plan, and Christian Childrens' Fund argue that immediate suffering has to be alleviated before you can even talk about technical training or community organization."

Neither in the U.S. or in Canada has Mr. Smith found PVOs that

are systematically facing the evaluation question. Effective impact-evaluation methods are not yet operational in PVO-sponsored projects. Thus, there is no way to select model projects. Frequently it is said that there is no time to do evaluation. Others claim "intangibles" such as self-reliance, or hope "cannot be measured", or that designs for public projects are not applicable to their work. Still others say it is up to their Third World partners to do evaluation. For whatever reason, there has not been adequate feedback of experience into planning. Evaluation must move to the top of the agenda for the future, in order to prove effectiveness, and in order to justify some of the innovative claims the PVOs are making.

Mr. Short then introduced the last speaker, Elise Smith, who talked about how changes in the role of women throughout the world can result in broader participation in development.

"Real development to OEF means thinking through the multiplier effect of pilot projects -- how can a project have an effect on larger numbers of people? Real development is consequential development. To have consequence, project designers have to think through how more people can be affected by things we do that work. To be consequential, people, particularly women, in developing countries must have access to resources. Getting access to resources is a political problem. By political problem, we meant a political process. Women want the kinds of skills and tools that will open up opportunities and resources for them to contribute to their families and their communities. Political tools needed vary according to who is in control of resources in a particular community.

Particular changes that are important include:

- o increases in the number of nuclear (rather than extended) families in the Third World
- o increasing need for two cash incomes
- o emigration of men leading to increased reliance on women's cash labor

Our experience has shown that as economic conditions have improved, women's own status increases, as does their role in decision-making. This opens the way for more creative problem-solving in their societies, as women are not locked into traditional political patterns and processes. PVOs should know that they can provide women with the tools to arrive at this point."

She gave an example of agribusiness cooperative development in Latin America, in which women tapped the credit resources of a major bank: this is consequential development. Furthermore, she stated, projects should be open-ended, to foster the development of leverage and to develop replicable models of development.

Mr. Short then closed the panel session by announcing discussion groups.

## THE PVO ROLE IN REAL DEVELOPMENT

### Discussion Group Number 1

Discussion group No. 1 was convened by Boyd Lowry (CODEL) and joined by panelist Robert Helander. Following brief introductions, Mr. Lowry reiterated the topic before the group as "What is Real Development? and How can PVOs contribute to this?"

Mr. Helander began by reference to two other panelists' remarks regarding the need to examine development programs to determine what elements might be adapted and adopted for use elsewhere. This is the "indigenous sustainability" of the program. Maybe the reverse of the coin is the mindset of the PVO, which is to get something started, develop local support for it, and then have the good grace and sense to know when to get out of the situation, rather than extending programs one year at a time, year after year. It is necessary sometimes to step back and say: "Either there is no need for this program or we have given it the wrong focus. Maybe it is not right for this time or this place." This is hard to do. It should be one of the roles of the PVO board, and something PVOs should be sensitive to in picking their board members. Boards should challenge PVO activities, not blindly go along with them. Development is the business of hard-headed romantics.

Jim Baird (SAWSO) commented on the importance of viewing development as process, and not to get fixated on the specific tasks that may be part of that process. It is this fixation that causes PVO support for projects to end with the completion of specific tasks (e.g., digging a well) before the project has had a chance to mobilize local resources effectively. This same process orientation should be maintained in our boardrooms, not just among the people in communities where we work.

A comment was made regarding the willingness of Canadian and European PVOs to attempt to change government policies in the countries where they work, and the contrast with U.S. PVOs, who are unwilling to do so. If they do not try to change policies that foster the problems they are trying to solve locally, doesn't that mean that they are also keeping the problems alive? Are PVOs willing to engage in controversy, and possibly work themselves out of a job? The answer appears to be no.

Paul Maguire (AID) stated that it was important to recognize when projects -- and the accompanying concessionary aid -- are no longer necessary, and to let go of them. One must have

faith in the ability of counterpart organizations to take over effectively.

The representative of Church World Service indicated that their partners in the Pacific have turned to CWS to act as their advocate to the American people. Education can become a larger part of the development process.

A general discussion ensued about how to test whether a local organization is really ready to take over from a PVO. The general conclusion seemed to be to not be paternalistic, to let them try, and then see what happens. A comment was also made regarding the difficulty of getting local financial support for good (e.g., public health) projects, unless government support is included. Mr. Helander responded by indicating that not all support needed to justify continuation of a project is financial. Local promotion is more important.

Roger Flather commented on the implications of ignoring human rights issues, or leaving them to specialized organizations such as Amnesty International. Recently the Inter-American Foundation has begun to recognize the complexity and risk in local institution-building, and how much "easier" it is to just "come in and do it yourself." How does a PVO help without hurting (putting people in jeopardy)?

A general discussion followed focusing on how PVO structures and dependency on grants forces continued activity at times and in places where activity should be stopped, for a variety of reasons. Does redefining one's role necessarily limit sources of support? Not if the public -- and AID -- can be convinced that "real development" is worthwhile.

Discussion Group Number 2

Discussion group No. 2 was convened by Starr Huffman (National Association of Social Workers) and joined by panelist Bill Moody. Ms. Huffman began by laying out four basic themes that arose out of the panel discussion:

- o movement of internal goals from relief, to development, to structural change;
- o coordination and the fiscal and program benefits of combining forces;
- o PVOs and empowerment/leadership development;
- o long-term effects: long range planning, and evaluation.

Mike Gerber (African Medical Research Foundation) started off the discussion by identifying the problem of working toward structural change. It is easier in the health field. Otherwise, other PVOs must recognize that in some areas it is necessary to work with government, no matter how much structural change may be needed. It is necessary to further define "bringing about structural change." Is it our goal to go in and change an existing system? Ms. Huffman wondered if group efforts in the political area might be advisable, to take pressure off individual organizations. Mr. Gerber replied by stating that one of the great strengths of non-governmental organizations is that they are perceived by governments to be non-political. As an example, he pointed to the fact that his organization is currently operating in Kenya, Tanzania, Somalia and Ethiopia: this would not be possible without a political orientation. Jim Morgan (World Neighbors) pointed out that working in Honduras and Nicaragua at the same time is a political statement. Indirect recognition of political reality is more advisable than direct political education (as part of development work), because the latter gets people killed.

Bill Burrus (Accion International) indicated that in working to develop indigenous institutions, PVOs have to recognize that, once formed, these organizations are going to have to take sides in the political arena. In the U.S., what do we do with our own government, if we are not in agreement with its policies in Central America? We have to educate the U.S. public, yet be careful not to jeopardize our 501(c)3 status.

Jim O'Brien (PACT) said that a funding or collaborating agency has to recognize that who you fund is really who you are. It

is naive to say "we're not going to fund political parties;" sometimes a peasant union is equivalent to a political party. John Sutton added that not only are terms such as empowerment and mass education "hot" terms to governments, they are equally "hot" to PVO donors. When we are not supportive of groups with which our donors agree, we do not receive checks for the following year.

A representative of a Canadian PVO pointed out that the myth that the Canadian public is more informed, or that agencies are more prepared to take risks is not necessarily true. They do operate in a different political culture which makes it more acceptable for private agencies to act as advocates, but PVOs are concerned about alienating their donors. The difference lies in Canadian PVOs' acceptance that they do play a political role, not only in countries where they operate, but also in Canada vis-a-vis foreign policy and development within Canada. It is also recognized that international development can only be understood in light of local concerns -- hence the emphasis on local development education and fostering of enlightened self-interest in Canada.

Bill Moody (Rockefeller Brothers Fund) pointed out that many mid-sized and smaller foundations are going through generational changes. The grandchildren of the people who made all the money often hold views and values different from their parents: Mr. Moody recommended that PVOs review foundations who did not fund them before, to see if changes have taken place that would make them more likely funders. It is also worthwhile spending some time educating foundations.

Ivan Kats (OBOR Foundation) gave several examples of how delivering the PVO/development message in the language of its target audience is crucial to success. It takes a little more effort, but is very rewarding. "To raise funds internationally is not so difficult -- just understand who it is you are talking to."

Tom Franklin (PACT) pointed out ideological aspects of things that are frequently understood to be universal. For instance, in the areas of health and credit, the institutions regarding which we have skills to transfer are not universal, based on his experience with African health models and credit systems. Promoting an institution that is not universal is by default political action.

Margot Zimmerman (PIACT/PATH) finds that getting private funders to collaborate on a project that uses knowledge gained from a publicly funded one, and vice versa, is extremely difficult. Leverage is not a given. Governments need to be

made to feel that small, local programs are theirs right from the start.

John Costello (Helen Keller International) described a primary eye care program in Peru. Where there are a limited number of practitioners, health is political. One of the major problems is that the small group of ophthalmologists control the manufacture and refraction of eyeglasses. It is the law in Peru that any refraction has to be done by an ophthalmologist, yet very few people have access to ophthalmologists (1 : 200,000). Helen Keller International's efforts to change distribution and access thus generate a lot of controversy.

John Watt (American Bureau for Medical Advancement in China) spoke about the difficulties engendered by being based in Taiwan, given the shifts in U.S. China policy over the last ten years. His group will work with whomever it can work with, no matter which China is in vogue at a given moment. The overwhelming politicization of American-Chinese relations has completely distracted attention away from the mission and activities his organization, which is to provide health services to "the Chinese people."

Jim Morgan pointed out that in dealing with the political winds, time is on the side of the PVOs. Credibility comes from sustained operations through periodic changes of government. PVOs to some extent have to trust the people with whom they work to tell them what they can and cannot get involved in during a particular regime. Our own persistence and willingness to stay builds a case that we must make very clearly, so that people we have supported through thick and thin will remember us when they are in a position to take action for development. He also pointed out that often people who become donors for one issue, are willing to give for work in other areas, once they see that the organization is effective. Time is on the side of PVOs in this regard as well.

Ron Largent (Institute for International Development) voiced his opinion that there is considerable misunderstanding about what development is. He explained that when PVOs document their successes, and they managed (i.e., financially) those successes, people are willing to listen and offer their time and money. We should be concerned with demonstrating the "uniqueness" of PVO activities. We are not doing a good job of explaining what we do, to each other, Congress, or, especially, to business.

Ms. Huffman then summarized much of the morning's discussions as having indicated that the political nature of development is viewed as a constraint on the actions of individual

organizations. Is there any way PVOs as a group (e.g., through PAID) can address political issues and thus create more freedom of action?

Tim Broadhead spoke of the experience of CCIC: CCIC has 90 members and has been in existence for 17 years. CCIC acts as an "umbrella", particularly in PVO-government relations. CCIC can and does take stands that individual agencies cannot. It can speak with more authority than any single agency can do. This requires a lot of building of consensus, so you cannot go too far ahead of your constituency, or you've lost them. But you can certainly be more articulate and consistently take a higher profile than any of the individual agencies to keep abreast of what's happening in Ottawa. CCIC monitors activities in CIDA and Parliament for the benefit of its member organizations; it has regular staff members who do this. CCIC also serves as a clearinghouse of development education materials, so that every small local group doesn't have to expend precious resources on reinventing the wheel. Agencies such as CCIC or PAID must be able to distinguish where a consensus or common mode of action exists, and where agencies are doing things differently because they want and should be doing things differently.

Dick Scobie (UUSC) distinguished three kinds of politics with which PVOs must deal, and which seem to have been lumped together thus far in the discussion. There are the politics of the host country, in which you have a partner agency or local project; there are the institutional politics of each of our organizations, and also the politics surrounding our nations' policies. He pointed out that PAID could easily handle the second type of politics, by making the case for development among Congress and our constituents. However, regarding "stopping bad things from happening" in or to your host country, political action should be taken by the individual organizations involved, because of the varying degrees of risk attendant on such action.

The ensuing discussion generated several suggestions for PAID activities:

- o pooling of "hard data" on the value of development efforts;
- o gather examples of fruitful collaboration with corporations, to foster teamwork; and
- o explore "points of convergence" where environmental groups, arms control and disarmament groups and international development groups can work together.

### Discussion Group Number 3

Discussion group No. 3 was convened by Tom Keehn (PAID), and was joined by panelist Brian Smith (MIT).

Tom Keehn opened the discussion group by asking how organizations felt about being characterized into one of the four categorical approaches to development, cited by Brian Smith in the panel discussion earlier. Mr. Smith commented that his purpose was to merely show the diversity in development approaches and show tendencies in evaluating groups. Hopefully, out of diversity will come a multifaceted attack on poverty. As agencies proceed, their scope will be broadened, and activities will be dropped as they learn from other agencies.

Neil Brenden (LWR) asked Brian Smith, "Do you see a common life cycle in the history of agencies?"

Brian Smith responded, "What I sense is a movement away from only direct relief assistance. Many of the more traditional agencies are moving into institution building. One typical dilemma is internal division within the agencies; board members who are still coming out of the post WWII experience and don't want to go too far, too fast. They are afraid of losing their more traditional supporters and public assistance."

Smith sees a careful groping towards including new areas. "Some of the smaller groups that are newer or those who don't take any government money seem to be doing microprojects, such as ACCION is doing. They are in partnership with Third World groups and they are saying, 'You set the agenda. We're not operational. We will try to assist you to do it.' The goals are vague, but it's people empowerment, popular education, or consciousness raising that are important. But when you ask them for in-depth meaning and evaluation the answers include, 'It's either too early to tell or it's none of our business. We're out to establish a partnership and it's up to them to decide.' For an outsider who is interested in the overall impact, there do not seem to be many clear answers. Maybe this question is too early to ask. Maybe we just don't have the evaluation tools at this time."

Peter Davies (Meals for Millions) suggested two things: 1) He is delighted that the study is going on; but the process must go on for a much longer time because the agencies Mr. Smith has named are the more traditional. "There is a history of the smaller agencies, like Meals for Millions, that have

evolved due to a flexibility that some of the larger agencies haven't had. There seem to be efforts underway to do evaluations on baseline surveys of exactly where the organizations come at the end of a five-year period and a measuring of both qualitative and quantitative results. One of the most exciting things happening is that those organizations moving from relief into development are continuing to wrestle with problems of how to measure the qualitative as well as the quantitative. One of the most useful things Mr. Smith could do is provide the community with case studies." However, Brian Smith noted that it is often difficult to convince funding agencies that he's doing something useful.

Eddie Perez (Intertect) inquired, "Have you raised the accountability question to those PVO groups who expand participatory involvement?"

Mr. Smith replied, "Normally groups respond that they are accountable to several groups at once, including the board of directors and a funding group. I sense, though, that there is not a full accountability to people giving money of what is actually going on in these new partnership programs. One reason is that they don't have enough information yet; another reason is that they don't want to scare people about the kinds of people being worked with. If you want to bring traditional benefactors along, you have to be open with them. The Canadians are doing a better job. We have to educate."

Mr. Smith was asked whether PVOs are moving in the direction of taking responsibility for their actions.

Said Smith, "Only one agency out of 20 that I have interviewed has admitted that some of the people they have sponsored have gotten killed or have disappeared. Most didn't seem to be facing the accountability question or the fact that PVO action in certain countries can ultimately lead to more suffering," Smith answered.

James MacCracken (Christian Childrens Fund) hopes there can be another dimension to Smith's study. "PVOs need to find a way to facilitate an "open dialogue" on the self-destructive forces and what we are being pressed into. The need to coordinate more and share experience is present."

Tom Keehn noted that PAID is a potential forum for doing more of this. Our broad umbrella includes many different groups, large and small, that serve different functions other than operating program overseas, e.g., the Hunger Project which is more concerned with education in the U.S. This function is

important to the community. The question is whether the agenda will be broadened to include activities such as this.

Joan Holmes (The Hunger Project) stated, "Our organization doesn't face these kinds of issues; our whole purpose is to create the willness and mobilization of enough people to create a climate of support for relief or development assistance. We felt there was an inadequate constituency for the support of development assistance. The purpose of development education is to put another piece into the pie to make development ultimately effective. We have articulated an objective around which the public can rally. The public wants to know that we are united; that we have a goal, that it's reachable, and that we'll do it by divergent ways. Real development means human development."

Brian Smith sensed the importance of development education: "What I hear from many regions is that they can't move faster because they don't have the constituencies."

John Guerre (Peace Corps) went back to one of Brian Smith's first points which was "defining the mission". "We all have difficulty doing this in a way that we can all agree. If even PVOs and Peace Corps could share what our missions are in an organized, consolidated way, it would be very helpful. We must once again look at Canadian progress."

Peter Davies (Meals for Millions) reflected on another topic, "A lot of debate is going on about indigenous PVOs. It would be unfortunate to put emphasis on diversity of indigenous versus U.S. PVOs because of the groups' interrelationship on projects overseas. What is really meant by indigenization and institutionalization? Aren't we really talking about empowerment starting with the community's needs and how they overcome those needs?"

Brian Smith shared his discovery that more groups are working with intermediary agencies overseas, at regional and national level. One of the problems is which ones should PVOs work with? How do they decide? This depends on the orientation and philosophy of U.S. group.

Sarah Burns de Ortega (Accion, Intl) asked, "What can we learn from Canada?"

Brian Smith explained that Canada seems to be more effective in its commitment to empowerment. In terms of an advocacy role, CIDA gives a substantial amount of money to private sector for development education; and is now considering giving 1% of development assistance money to development

education. Much more coordination among groups, which focus on a few issues at home, results in organizational campaigns that get people mobilized. Canadian Univ. Service Organization spearheads many of these projects.

Mary Ann Mann (Institute of Cultural Affairs) asked, "Who is evaluating the quality of PVOs? What instruments are being used to measure the qualitativensness of programs?"

Brian Smith answered that he hasn't seen too many examples of these instruments. People are not inclined to share this information. Also, a network of meetings is building. Some groups support meetings across national borders to share among themselves what is going on. They are assisting in this dialogue not only between themselves and the Third World but across the Third World. A wealth of information comes out in these meetings but unfortunately its not being digested back in the States by staffs. It is not systematized enough.

Richard Carr (World Vision) commented on Canada's situation. We must take pluralism more into account. Canadians are coming from a much smaller pluralistic environment and it is difficult to compare them with us.

Daniel Santo Pietro (ACVA) asked, "What would you say are key areas for groups to undertake in an evaluation?"

The largest complaint Smith received is that there's not enough time. With documentation piling up groups don't have time to evaluate it. Another problem is the question of how you evaluate people-to-people projects. Shouldn't they be the ones evaluating? Some groups are starting to work with Third World PVOs to share with them methods of evaluation and help them do it themselves. This is just beginning.

Peter Davies suggested that PAID could serve as a clearinghouse for evaluations that have been implemented by different groups.

Discussion Group Number 4

Discussion group No. 4 was convened by Lewis Townsend (PADF) and joined by panelist Elise F. Smith (OEF).

Elise Smith began by noting that it is important for us to figure out how we can connect some of our resources in the development field.

Paul Hebert (WCCU) picked-up on a point Elise made in the panel discussion. "It is highly important to move way from just working by ourselves on projects in the Third World, to reaching out to see what other countries are doing to maximize our abilities. We haven't done enough of this. Also, it is important to ask whether we have a development strategy. If not, it is incumbent upon us to start developing one. Linkages must be established between groups and into larger groups to effect change. We've put too much emphasis on individual projects. We're not using our resources productively or helping those people achieve what we've set out to do."

According to Lewis Townsend, Hebert touched on some things that are key for this Forum; one being the suggested and needed linkages between PVOs in the U.S. and the networking and linkages in the field.

Beverly Tangri (Hunger Project) noted, "Before you can start to think about expanding on a regional or national basis, you must consider what's transferable. Replication doesn't always work."

"Another problem with replication," stated Lili Hishmeh (AMIDEAST), "is that often groups that you would like to replicate projects with, are not always interested in same types of projects, e.g., empowering grassroots. Therefore, it is important to understand groups; this takes a lot of time and effort, especially when PVO doesn't have office and staff in that country."

Peter Loan (Sister Cities International) wondered if success of development projects isn't based on luck. "If so, we have to be careful about dealing with failure. Failure doesn't have to carry moral connotations; it just means that something didn't work. Projects are hard to replicate because they're dynamic just like the people who take part in them. So many factors contribute to the success or failure of a project that it would be hard to get that mix again even if the problem is the same."

Elise Smith (OEF) noted that underneath all of this we have

evaluation, which has the potential to let us see the ingredients for workable programs within cultural frames. "PVOs need to share this kind of information with each other; we'll all go further in the long run if we don't work alone."

There's another aspect, according to Paul Hebert. "We all have training components that go along with programs. We're developing human resource potential that remains to take those next steps. Therefore, PVOs need to place more emphasis on non-formal education, to build local leadership at generational levels as opposed to short-term three - five year projects."

"Would PAID be willing to take several countries and look specifically at who is doing what, length of time there, etc? It's difficult to develop strategy until we know more specifics about country. This would be a valuable service," Beverly Tangri concluded.

Lewis Townsend asked, "Isn't collaborating on projects threatening to individual organization projects? Information sharing seems to be more neutral ground. Where does PAID go from here? Should PAID facilitate more information sharing or should it facilitate organizations working together?"

Beverly Tangri didn't feel that the two were mutually exclusive.

Lewis Townsend continued, "Which groups are we talking about? How do we blend groups?"

Peter Loan felt project collaboration is good because it forces people to look at what they're doing together. And they're forced to learn some lessons.

Altherton Martin (Dominica) stated that there are three levels at which sharing would be useful:

- 1) Here in U.S. among PVOs in terms of what has been learned about development that is applicable to their own country;
- 2) Sharing of ground experiences, what has or has not worked in development; This could be done in U.S. or in other country;
- 3) In-country sharing among groups trying to do the same thing; there's a role for PVOs to facilitate through indigenous PVOs.

From these three levels a body starts to emerge.

Frank Ballance (Action for World Development) raised the issue about what the PVO relationship to government is. PVOs use their own development strategy; therefore a gap exists between

PVOs and the government. Canada is ahead of U.S. on two fronts: 1) questioning local power structures; and 2) more active role in development education. There will always be those differences. We can learn a lot from Canada but can't replicate. Some PVOs will be better enabled to do number one than others, but all PVOs should work harder on number two. Due to certain situations, the U.S. is becoming more insular than previously, e.g., less money available for international programs, exchange programs, etc. The impact of these programs in the past has been tremendous. With these programs being cut, the PVOs will have to fill the void and play a larger role in acquainting America with the rest of the world. We cannot be so shy about stating differences with the government, which has to articulate its own development policy.

One message throughout the morning summarized by Tim Casey (SCF), has been to develop organizational structures at the PVO and grassroots levels where projects are taking place. The two are similar. He came to the Forum with the preconceived notion (that has been reinforced at this Forum) of what "real development" is. "One can break this notion down into three areas: 1) organizational development, 2) non-formal education, 3) self-reliance (allowing people to make their own mistakes). If one uses the term "appropriate technology" within human sense, we are developing "thinking technology," problem-solving technology to make things sustainable.

A pre-requisite for developing a strategy for PVOs is to first come to an agreement on a common purpose. We must all be speaking a similar language. Events like this offer us an opportunity to do this."

Peter Loan wondered if empowerment isn't threatening to the government and whether this isn't a risk we take with the larger sums of money we accept. Groups must give up certain autonomy to meet the expectations of a government agency.

Lewis Townsend noted that the group keeps talking about empowerment. To say that you get more power if you give it away implies that you are reaching the present structure, and aiding them in releasing and giving opportunities for others to take power. During this process one transfers the notion that you don't necessarily lose power by allowing others to assume power.

Paul Hebert concluded that maybe it's not so much the idea of the government giving away power as government establishing a just means for broadening participatory base. Giving people an opportunity to be a part of development and to form a partnership is the ultimate goal.

Discussion Group Number 5

Discussion group No. 5 was convened by Peggy Curlin (CEDPA) and joined by panelist Regina Taylor.

Nick Danforth's (Management Sciences for Health) experience of working in Grenada after the revolution served as background for further comments. He found an exhilaration and true definition of development in the new structures emerging in Grenada. He was the only USAID assistant in the country; Canada, however, had a much stronger presence and interest in indigenous "institution building". This lack of U.S. support or sympathy for Grenada's new political orientation vs. the Canadian involvement was brought forth for reactions.

Regina Taylor, who has been working in Grenada at the grassroots level and is a native of the Caribbean, expanded on the outside world's reactions and perceptions of Grenada. She emphasized, through examples of health services, the decentralized institutions evolving in Grenada communities. A local health team makes home visits while the clinics are unused. But the point of basic services reaching the population through Grenada's new political system brought forth a question from Peggy Streit (The Hunger Project): "What is the formula, how did Grenada get to this point?" Also, the Canadian support during the building process of indigenous structures and the lack of U.S. assistance was questioned.

Perhaps the development education efforts in Canada are seeing results. Despite a revolutionary political stance on the surface, the "real development" issues buried beneath are understood in Canada due to the concentrated development education programs. The whole Canadian public policy perception is so different from the U.S. The international assistance programs become so intertwined within the overall U.S. public policy that exceptions, i.e., socialist government programs, cannot be promoted. Nick Danforth clearly stated, "Our aid program is a tool of our foreign policy and it is tied very closely to defense." He also asked, "How does that affect our support for grassroots institution-building?"

Christine Poff (AFSC) presented the need for the U.S. PVO community to voice their desire for a change towards more U.S. government acceptance of indigenous institution building as "real development".

Peggy Curlin followed up on this statement. "The relationship between the U.S. and its recipients overseas is a very dynamic and changing one. Recipients want to be participants. Third World countries have a voice and are speaking clearly to

developed countries stating their objectives and desires. U.S. PVOs are caught in the middle as they are often representatives of our government policies due to being recipients of government aid. Perhaps we (PVOs) can take a lesson from developing countries by beginning to articulate our needs to our government and participate more ourselves in the whole process of development rather than simply passing through development assistance."

Regina Taylor described the historical process in Grenada over the last three years, pointing out several misconceptions about the emerging systems and structures in the country. There have been no elections and this has been heavily criticized. First of all, the mechanism that Sir Gary used was so corrupt, the technique of continually splitting constituencies to maintain power, it could not serve as an immediate vehicle for elections. Everything was in chaos. She argued that Grenada has responded with a better system. Communities are organized from bottom to top and it is truly a people's democracy as there is always a chance to feed into the system. Two examples were given of input from the people through this organization. One was the question of whether Grenada should have an international airport and where it would be located. Second, in detail, the budget process was described. National consultations are held after the heads of ministries develop guidelines. These consultations are comprised of representatives of grassroots organizations. These representatives, at what is called the National Conference on the Economy, study, discuss, and note problems or support of the guidelines. The sum of these events are then sent to the local level of zonal councils where more input is allowed. An extraordinary amount of organization and participation exists.

Again Peggy Streit inquired about this activity and how it emerged? This situation is lacking in so many Third World countries.

Ms. Taylor explained that it began before 1979 as a response to the political oppression, similar to an underground movement. The prime ministers' dictatorship forced the people to organize tightly, "because at every point they could have been exposed and seen as a threat by Sir Gary and dealt with in the harshest way possible. Those first early lessons will be kept in terms of examples of communication and organization. Four major groups evolved: National Youth Group, National Women's Group, Productive Farmers' Union, and the Cooperative Movement. The New Jewel Movement or the official opposition used no army but it was truly a people's revolution. Approximately 15 - 20 leaders were at the core and the instructions from Sir Gary to assassinate this core opposition group in March, 1979 were the catalyst for the seizure of the Army barracks."

The New Jewel Movement always having had a broad-based, people-oriented approach and a popular democracy, is now in place. The small size (133 sq. miles) and population (110,000) reinforces this structure. "Size helps, but organization is more important. This new political system is alien to what we have been used to. But it is working well and better than in other Caribbean countries. The leadership in other Caribbean countries sees it as a threat because it is different. It all depends on how you look, whether you look at the traditional form of government, i.e., the Westminster model... which is what we have inherited, or you look at the system that Grenada calls a grassroots democracy." The perception of this political system is another misconception according to Regina Taylor.

Nick Danforth brought up the point that Grenada makes it very difficult for opposition groups to feed into this system by not allowing them to form political parties or publish newsletters. Taylor responded, "The philosophical question of opposition for what purpose must be asked. What ends are to be achieved? Can we see the development process as an end vs. the means? Regina supports the end of bringing benefits to the people. An impressive list of benefits are available. For instance, in the Housing Repair Program, 70,000 homes have been affected. Secondary education is now free and other adult education programs are evolving. Of course more funds are needed."

The topic of U.S. involvement was questioned by Nick Danforth, "Do you think the U.S. or U.S. PVOs are weak, say weaker than Canada for example, in supporting grassroots development and building local institutions. Do we have a problem with not building local institutions enough in your experience?"

Regina Taylor responded with, "I'm afraid the image is that the U.S. has the potential to give alot and people tend to go to them for that reason. But they also extract alot in return. PVOs tend to follow the government system so when I speak about one I speak about the other. Generally even with the Caribbean Basin Initiative only \$3 million, in real dollars, was earmarked. It sounds like a lot but to bring in U.S. dollars negates the amount. The jobs created will be low-paying comparatively. The U.S. brings in its own managers, the factories are not built with indigenous resources, those are also imported. The true value of the assistance must be realized. How much really stays in the U.S. or is sent back in the process must be noted. You see a beautiful facility going up and you see industrial parks and it looks as if you are making progress, but the reality is we aren't. They're bleeding us dry," Regina states.

"What about PVOs?" asks Nick Danforth. "The PVOs don't have that kind of physical presence," responds Regina. Taking

church-related groups as an example, she comments, "From my experience, they have been the best." Approximately ten years ago, which also reflects her length of involvement in development work, the church groups moved from the traditional charity approach to development. "They are doing a fantastic job in taking themselves from where they were to where they are now and where they want to be in terms of real development." She also generally evaluated U.S. churches as doing better than Caribbean churches which are still bound to the traditional system... "They cannot do the integration that is necessary in terms of seeing what development role a church can play."

"As the representative of the agency whose job it is to make that kind of link, we have deliberately been cautious. The whole environment has been so hostile .... we have not approached any PVOs. It does not mean there are any barriers. In fact, Grenada would welcome that kind of link. We have always said we don't believe it is the people of the U.S. but the government of the U.S. that is against Grenada."

She summed up her belief that the U.S. people are not getting a true picture due to the negative press. And she is beginning to understand how U.S. newspapers compete and the effect this has on the final story.

### SMORGASBORD OF TOPICS LUNCHEON

Twelve tables, each with a topic and discussion leader, were set up for the luncheon. Conference participants were able to choose where they wanted to sit. The topics for discussion were as follows: "Interlink Press Service"; "Government Policy Regarding Humanitarian Aid to Socialist Countries"; "Integrating Refugee Relief and Assistance Into Development Plans"; "Availability of Retired Business Professionals"; "Raising Funds for Field Projects from Expatriates in the U.S."; "Developing a Data Base for PVOs"; "Questions and Answers About the Los Angeles 'End Hunger Televent'"; "Recycled Drug Boats for Development"; "End Hunger Briefing -- Myths and Realities"; "Training of Staff to Solicit Major Gifts"; "Marketing the Medium and the Message: Promotion of Gandhi for the Benefit of UNICEF"; "Public Information and Development Education"; and "Reconstruction Elements and Future Development Issues in Lebanon". Notes were taken on discussions at each table. These are summarized briefly below.

#### Interlink Press Service

Interlink is an information system that can be accessed through wordprocessing equipment. It carries news stories written by Third World journalists. The information can be delivered by electronic mail. Fee structure is available from Brehnon Jones.

#### Grant Policy Regarding Humanitarian Aid to Socialist Countries

Several specific problem areas were discussed, including:

- o specific policies vis a vis Socialist countries;
- o legislative developments hindering or promoting humanitarian aid;
- o use of in-kind donations instead of cash; and
- o specific cases of Poland, Vietnam and Grenada.

The group concluded that in order to facilitate humanitarian aid to socialist countries, the PVOs working in such countries need to cooperate more closely.

### Integrating Refugee Relief and Assistance into Development Plans

The principal points discussed were:

- o voluntary repatriation in Africa;
- o shifting from relief to development;
- o problems of self-sufficiency;
- o cost of refugee programs; and
- o policies of hosts and donors re:refugees

No specific conclusions or recommendations were reached.

### Availability of Retired Business Professionals

The potential for use of IESC and SCORE members as volunteers in PVO activities was discussed.

### Raising Funds for Field Projects from Expatriates in the U.S.

A case study was presented which involved the tapping of Philippino communities in the U.S. by IIRR.

### Developing a Data Base for PVOs

The following were identified as necessary for such a data base:

- o identification of information needs of PVOs;
- o cataloguing of PVO activities;
- o qualitative evaluative information;
- o determination of AID's information needs and plans, vis a vis PVOs.

The group made four recommendations:

1. PAID should set up an information system,
2. This subject is of such importance that it should be discussed in plenary sessions;

3. Unity among PVOs and willingness to share ideas are crucial to the successful development and maintenance of a database/information system; and
4. Reporting on legislation and administrative policy regarding development should be incorporated into the new system.

### Questions and Answers About the Los Angeles 'End Hunger Televent'

The goals of the End Hunger Televent were to:

- o educate a mass audience about hunger and global interdependence;
- o generate resources for PVOs; and
- o create a constituency of actively involved citizens.

Approximately 200,000 people saw the event. It generated \$250,000 and 3,500 volunteers who started 150 projects around the community. The success of the "televent" demonstrated that:

- o coalitions (in this case, of community organizations and celebrities) are useful;
- o one does not need to play on guilt to raise money or generate citizen involvement; and
- o education and resource development are mutually reinforcing and can happen at the same time (the resultant accounting issue was not addressed).

The next step is to develop municipal PVO partnerships in other places.

### Recycled Drug Boats for Development

The Boats for Development program of the Pan American Development Foundation was discussed. Interest was expressed in starting work with other types of surplus property (aircraft; vehicles), and in designing project follow-on activities.

### Training of Staff to Solicit Major Gifts

The following points were discussed:

- o definition of a "major gift";
- o problem of moving beyond traditional religious constituency; and
- o training programs, and need to train broader spectrum of PVO staff.

Several "gimmicks" used to attract and keep major donors were discussed, among them, trips to project sites; samples of project products (in the case of crafts); regular updates on project status; and select parties/gatherings of important donors.

### Marketing the Medium and the Message: Promotion of 'Gandhi' for the Benefit of UNICEF

The UNICEF/Columbia Pictures collaboration has implications for other "special events" (e.g., sports, music, theatre, etc.) being considered, namely the need for PVOs to negotiate, promote, plan, and follow-up. There is the need to maintain the integrity of both the "profit-message" and the "non-profit organization message", and the need to negotiate collection of royalties over time. Note: Columbia Pictures approached UNICEF for help in promoting the picture; if provided \$100,000 in educational kits, materials, and \$400,000 in premier income; UNICEF provided "work and energy". At this point, tours to India are being organized, "In the Footsteps of Gandhi".

### Public Information and Development Education

The discussion focused on funding and accounting issues, and resulted in five recommendations:

1. PAID should develop a baseline definition of development education from the accounting point of view, and present it at the fall meeting;
2. In doing so, it should use some of the results of the TAICH development education survey;
3. PAID should review the recent Canadian (CCIC) report on development education to see what bearing their experience might have on the U.S. discussion;

4. PVOs should be encouraged to develop individual statements of their development education activities and policy, for use with Boards, auditors, etc.;
5. There should be a meeting with the AID auditor's office to seek opinion on interpretation of development education expenditures and to check on what parts of OMB circular A-122 are being rewritten.

#### Reconstruction Elements and Future Development Issues in Lebanon

The activities of SCF and ANERA in Lebanon were reviewed. The following conclusions were drawn:

- o little can be accomplished until all foreign troops are withdrawn (except the multinational force);
- o the U.S. Information Agency could play a better educational role through public education, scholarships, and exchange; and
- o successful long-term development in Lebanon depends on a political solution.

UNITED STATES CARIBBEAN BASIN POLICY: ALTERNATIVE APPROACHES  
AND RECOMMENDED PVO RESPONSES

This panel was convened by Doug Hellinger, Co-Director of the Development Group for Alternative Policies. Members of the panel were: James W. Fox, Senior Economist, USAID/LAC; Atherton Martin, Marketing Officer, Dominica Farmers' Union; Richard S. Newfarmer, Director, The Trade and Industrial Policy Project of the Overseas Development Council; and Jorge Sol, The New International Economic Order Project, Institute for Policy Studies.

Mr. Hellinger opened the panel by stating his view that one of the principal voids in the American PVO community has been the lack of meaningful dialogue on some principal topical and developmental issues, which make up the context in which PVOs work. It is hoped that PAID will provide a forum for discussion of these issues. This panel is a good place to start, as it is the only discussion (at the conference) that allows participants to discuss the relationship between U.S. PVOs and the American government policy, and the responsibilities of PVOs within the larger political context.

Before inviting members of the panel to speak, Mr. Hellinger gave a brief history of the Caribbean Basin Initiative, and a legislative up-date. Among other things, the Administration did not feel it was obligated to spend a recommended \$10 million on (U.S. and indigenous) PVO activities, however, by March 31, 1983, approximately \$10 million had indeed been authorized for this purpose. Plus \$25 million of local counterpart funds (leveraged through Economic Support Funds) were spent on development efforts involving PVOs. The Administration's 1984 budget includes a larger than normal request for the Caribbean region, thus continuing the CBI. Furthermore, there is also a supplemental request for this year.

The most important part of the CBI is the trade provisions. These did not make it through the 97th Congress, but are again up for consideration. Trade provisions could be the most beneficial or most detrimental part of the CBI for the countries in the region. The Senate Finance Committee has held hearings on the provisions. The House Ways and Means Committee passed them last year with an important amendment sponsored by Bread for the World and Rep. Downing. The Amendment seeks to protect local food production against overzealous export efforts by mandating that recipient countries have a Staple Crop Protection Plan. Organized labor is putting forward its own bill, as are some NGO groups. The investment provisions of the CBI haven't gone anywhere since they were proposed.

The reaction to the CBI has been three-fold. The immediate reaction was favorable. Others were skeptical, having seen that an economic approach to the problems of the region was nothing new (viz. the Alliance for Progress, etc.) Others were outright against the CBI, notably organized labor, but also local private organizations who felt that the interests of the poor were not being addressed by the CBI. Many in the Caribbean felt that this was a unilateral program (few Caribbean leaders were consulted). In general there has not been enough of a debate on the CBI, particularly within the U.S. PVO community, so that their programs and policies have been developed without much of a dialogue to determine the direction they should go. Even within the U.S. PVO community there is a difference of opinion. One of the reasons for having this panel is to hear that difference of opinion openly.

The first member of the panel to speak was Jim Fox, who began by focusing on the philosophy behind the CBI. It is very popular today to view Latin America as a region that is falling apart, with economic crises, civil wars and extreme class differences. AID's view is that that is too simple a view of the region. In fact, over the last 20 - 30 years there has been enormous progress in dealing with their economic and social problems. Thus, our premise is that while there is a financial crisis, the base for future progress does exist. Per capita incomes in the region went up by 85% between 1960 and 1981. The percentage of population living in rural areas has declined from over 50% to less than 33%; there has been a structural transformation of the region from mainly rural to a mainly urban area. Infant mortality fell from 120 (per 1000) in 1950 to 80 in 1960 to below 50 today. That is a level of infant mortality equivalent to that in the U.S. in the late 1930's. Primary school enrollments show the same kind of very favorable trend: in most countries in the region, primary school enrollments are close to 100%. The schools and teachers may not be good, but they're better than what was available 20 or 30 years ago. Although the data are limited, it appears that the proportion of the population in the region that is malnourished in most countries is significantly lower than it was 10 or 15 years ago. Clearly, some positive things have been happening.

While there has been general progress in the Region, it hasn't been uniform. The Caribbean Basin countries in general have tended to do less well than the region as a whole. Much of this is due to the economic problems of the last ten years -- the oil crisis, increased interest rates, falling commodity prices. In a period of economic downturn, it's worse to be a small country than a big country. Big countries can withstand poor global economic problems, and poor domestic economic policies, better than small ones.

What causes economic growth to be faster in one place than in another? Mr. Fox briefly summarized what he considers to be three important lessons:

- o countries that have invested heavily in human capital, to provide people the means by which to produce more, are countries that have done the best;
- o countries that have produced for the world market, rather than for an internal market, have tended to do better; reliance on import-substitution has tended to result in stagnation; and
- o countries that place the heaviest reliance on market forces, on prices indicating the relative scarcity or abundance of something, have been the countries that have done well. Countries that subsidize food prices have discovered that is a negative incentive to producers.

In our view, the CBI represents the embodiment of these basic principles. We want to push investment in human capital, upgrading the skills of the labor force; we want to push increased participation in the world economy along the lines of comparative advantage, particularly for small countries; and we want to increase reliance on market forces as the signal in the economy. Obviously a primary means of accomplishing the third objective is to emphasize the role of the private sector.

Regarding the structure of the CBI, we see the trade incentives as a challenge to the region to find ways to penetrate the U.S. market with products that will increase incomes and the level of productivity in the local economy. Our foreign assistance programs seek primarily to help governments overcome the financial crisis in the region, while encouraging policy and program shifts toward exports and reliance on market forces and the private sector. The level of assistance is anticipated to be around \$350 million/year for this year and next year. Thus for the 1982-84 period, somewhat over \$1 billion in additional resources above and beyond the average level of resources that were being provided to those countries.

The Administration sees the PVOs contributing to this process in working on projects that reinforce what it is trying to promote. Projects that emphasize increased employment, that emphasize replicability, and that are conservative in their use of resources and rely on private means of using PVO resources to leverage more money. Projects that build and upgrade indigenous institutions are also important.

The next speaker was Jorge Sol, who attempted in his remarks to assess the objectives of the CBI, as articulated by Mr. Fox, from the point of view of a development professional from a

developing country. First, the economic philosophy of the CBI is designed to create an industrial boom and agroindustries, based on imported (U.S.) investment by mainly multinational corporations. I believe the framers of the CBI had in mind what they consider to be success stories -- Taiwan, South Korea, etc. These are countries where multinational-financed industrial development was used to support the U.S. effort in Vietnam. The conditions for such an industrial boom are mainly two: a trade incentive (a one-way free-trade zone without reciprocity); and a tax incentive, by giving credit to investors. This, of course, can only work in countries that are peaceful. It may happen in Jamaica, Panama or Barbados.

Regarding social policy, it appears that the framers of the CBI have in mind the trickle-down theory of development. If there is an industrial boom, the GNP will increase and the benefits of growth will trickle-down to the masses, via money spent on schools, etc.

The CBI proposals seem to show no concern for environmental issues. Legally, the CBI is strictly a series of bilateral approaches: this creates a very unbalanced relationship. While at first glance the CBI seems feasible and has been welcomed by some governments in the region, it is well to point out that this approach has been tried in the past with little success in Central America and in Puerto Rico.

In Central America the approach was to create an industrial boom. The incentives were a little different in that the trade incentive was procured through the Common Market. The tax incentives were provided by exemptions granted each of the participating countries, in addition to certain provisions for foreign investment that came in certain U.S. tax legislation. The experiment took place in the 1950s as a regional effort, and in the 1960s under the aegis of the Alliance for Progress. Economically, the program was a success. For instance, intra-regional exports in Central America went from \$8 million to \$1 billion in 20 years, without reducing the level of exports to the rest of the world. Most of these were industrial exports.

From the social standpoint, most of the success described above was fomented by investment by multinationals. Every company had a branch there -- Abboth Laboratories of Central America, Alcoa of Central America, Firestone of Central America, General Electric, etc. The power of the elite which joined forces with the multinationals grew. They became richer, more sophisticated. The trickle-down effect produced improvements in education, and creation of new careers, and created a middle-class which benefited enormously from the experiment. The great mass of the people were not touched, because this was development by enclaves. It didn't touch living conditions,

but it did raise expectations. There was great movement from the rural areas to the towns, so much so that the urban population went from 25% to 50% during those twenty years. Unmet expectations generated resentment among the people against the injustice of the system.

The same experiment was tried in Puerto Rico, with very similar results. The economic indicators were great but trickle-down was minimal. Of course there is no revolution in Puerto Rico because it is supported by the federal budget and people can readily emigrate.

If this recipe is given to all of the Caribbean area, it is not difficult to make a certain negative prognosis. It will create an industrial boom in some countries, there is no denying that. It will make existing elites more powerful and richer. The economic benefits will not reach the great masses. Yet, the expectations of these people will rise. We saw in Central America how development destabilizes a society when you don't have appropriate social policies -- income distribution, health and educational policies.

The next panelist to speak was Richard Newfarmer, whose remarks were critical of the politicization of aid in Central America. The CBI is the first integrated attempt to deal with Latin America since the Alliance for Progress.

The economic strategy of the CBI is to some degree in conflict with the political strategy. The economic strategy relies very heavily on the private sector. The political strategy, however, has been to heighten tensions in the region. Increased tension is bound to scare away potential private investors. It is important to separate out the island countries from the Central American countries in the CBI. Until we begin to address U.S. - Cuban relationships, capital inflows to other Caribbean inflows will not be as great as they might otherwise be.

A further problem with the CBI is, as Mr. Sol mentioned, an "undercommitment" to multilateralism. The CBI has been a coordinated bilateralism rather than a truly multilateral situation. There has been a stark departure from the principals of non-discrimination in international trade and de-politicization of trade and investment, in favor of singling out certain countries for exclusion from the CBI -- Nicaragua, Grenada and Cuba. Those countries undoubtedly will be excluded from the CBI. Another example of the bilateral nature of the CBI has been the distinct lack of coordination with our hemispheric allies, particularly Mexico. All the peace initiatives put forth by these allies have been largely ignored by this administration. Furthermore, the Central American Common Market has been all but destroyed as a consequence of

the conflict within El Salvador on the one hand, and between Nicaragua and the United States on the other. Costa Rica and Honduras have ceased economic interchange with Nicaragua; this has led to a fall in intra-regional trade.

Thirdly, the resources generated by the Caribbean Basin Initiative will not be sufficient to meet the region's long-term economic needs, which are on the order of about \$4 billion. The 1982 current account deficit was about \$4 billion; the 1983 deficit appears to be not much lower than \$4 billion. How much will the CBI contribute towards the economic stabilization of the region? The trade side doesn't really affect that much trade. Only 5 - 7% of the region's exports to the U.S. will be affected by the free trade access; the next come in the Generalized System of Preferences. Oil, textiles and sugar are not covered by the CBI. Anticipated increases resulting from lowered tariffs are equal to about 1% of the region's total exports. If administrative and definitional changes (in certain commodities) are included, about \$100 - 250 million increase in trade will occur over the next two or three years, under the most favorable assumptions. This amounts to about a 2.5% increase in the region's trade, at the maximum.

The investment tax credit -- which was virtually killed by the House last year -- is also not likely to generate much new investment in the region. Because political instability reduces the desirability of the region to inexperienced investors, we may end up subsidizing investments that would have been made anyway: there was \$400 million of U.S. investment in the region in 1980 - 81, in Panama, the Dominican Republic and Jamaica. Furthermore, we don't know the marginal impact of a 10% tax incentive, under any conditions. The aid component is the real CBI. It will equal \$700 million in two years if the supplemental funds are the same (\$350 million) as in FY83, by virtue of a continuing resolution. This is not very much, and an increasingly large share of it is in the form of military assistance.

Recommended (by Newfarmer) changes in our policy include an increased diplomatic effort to hold negotiations with El Salvador and Nicaragua, to achieve some sense of political stability to both regions. Secondly, multilateral lending should be increased. In this regard, PVOs should pressure Congress to appropriate the U.S. contribution to IDA that was contracted, and for four, rather than five years. Thirdly, improvements in U.S. macroeconomic policies, leading to a decline in interest rates, would be most beneficial to the Caribbean region.

Mr. Atherton Martin began with an anecdote about the problems of intra-regional transportation in the Caribbean, and how planes used for militarization of the region should be used

instead to transport agricultural commodities. The point of the anecdote was that Caribbean people are more aware and critical of the CBI than they might, as powerless people, appear to be. The CBI represents to the people of the Caribbean solely a move against Cuba, rather than interest in the well-being of the people. This motive is very questionable and objectionable; the methodology, as described by Mr. Sol, is an anachronism, glorified Operation Bootstrap. One goes to Puerto Rico and what does one see? Thirty percent admitted unemployment, seventy percent of the adult population on foodstamps: public welfare in a so-called free-enterprise, capitalist economy that receives (Puerto Rico alone) more money than is allocated for the entire CBI. On a per capita basis, the CBI doesn't make any sense to us, given the cost of creating jobs. So, it is important to make clear the motives behind the CBI. Mr. Martin then registered the objections of the Caribbean people to the CBI:

1. There was no consultation with the people of the region -- through trade unions, churches, youth organizations and other non-governmental institutions. For example, in talking job creation, why not address that segment of the population (youth between 15 and 25 years of age) that is most in need of jobs? Contrast the lack of consultation on CBI with the level of consultation going on with the Europeans under the Lome Convention.
2. The model of Puerto Rico has failed, yet is being applied to countries without the natural resources endowment of Puerto Rico, that are not as strategically important to the U.S. as Puerto Rico is, that do not have the skilled labor force that Puerto Rico does, nor the emigration outlet to the U.S., nor the level of subsidization and business incentive. So, the CBI is just another formula for continued poverty in the region.
3. Eighty-three percent of our products already enjoy all the trade advantages available. It is our task to produce more. The trade provisions of the CBI will not make that much of difference to us, because increased commodity production is capital-intensive and thus will not impact on the unemployment situation in the region.
4. For the first time, some of the smaller islands -- Dominica, St. Lucia, St. Vincent -- are receiving military aid in an organized fashion, under a package that is supposed to bring about transformation, development, employment and benefits for the people. You cannot eat guns. The militarization of the region remains a point of major objection as far as we are

concerned.

5. Finally, a question of dignity. You do not come to us with a "Caribbean Basin" or "Caribbean and Central American" plan and then exclude country X because you don't like what is going on there. You either have a Caribbean plan or you don't have a Caribbean plan. You say Grenada is excluded because it hasn't had an election in 4 years. Haiti hasn't had an election in 25 years, yet you are giving them \$10 million, which is half of what you want to give the entire Eastern Caribbean. There is no reason or logic to the plan.

The problems of the region don't have to do with the military or our concern for security. They have to do with our concern for food. Last year Trinidad, alone, imported over \$800 million worth of food. A smaller rural population does not necessarily represent greater "development". Talk about dependency, 91% of Trinidad's economy depends on oil which is sold in the U.S. We've got to learn to spread the risk of economic growth and development, if in fact we are to achieve some level of buoyancy and stability in the region.

What is the implication of these criticisms of what appears to be a fairly generous thing, but is really a wolf in sheep's clothing? The Caribbean governments have a responsibility to not comply with criminal acts, yet in exchange for AID-managed \$1.7 million in individual farmer credit the government of Dominica has agreed to "privatize" the banana industry, an industry which makes up 60% of the economy. If this is an example of what the CBI will bring about, then clearly it is morally objectionable and totally unacceptable. What are the implications for PVOs? I think the PVOs have to recognize this model (the CBI) for what it is, and recognize that we and you should not accept it. PVOs must ask themselves a series of questions and learn from some of them. 1) The cultural, economic and political diversity of the Caribbean must be recognized. Understand our realities. 2) American PVOs must become aware of the role the Caribbean plays in the U.S. foreign policy in this hemisphere. American PVOs carry very heavy baggage. 3) You must also judge how closely your development objectives correspond to and harmonize with those of the people with whom you would work. 4) Does your approach to program development include consultation? 5) Are your efforts at assistance furthering or breaking up the institutions that Caribbean people have spent years to build? For example, couldn't some assistance be more effective through regional channels (e.g., CADEC, CARICOM, etc.) than directly? 6) Does the support you are giving respect the sovereignty and dignity of the people of those countries, or are you coming in with pre-conceived notions? Is the model you propose to use one that has already failed somewhere else? Have you learned why

it failed, and can you convey the reasons for that failure in planning with us?

Mr. Sol began the question/answer period by expressing his reservations about Mr. Newfarmer's remarks. Regarding the potential for trade and industrial expansion, it is important to realize that such an analysis must be dynamic. If one could have gone to Taiwan when the Vietnam war started in the mid-1950s, one would have found a very small range of export industries developed for the U.S. and international markets. Now they produce a tremendous range of goods. The potential for expansion of light manufacturing in Central American and the Caribbean is enormous. The framers of the CBI are looking ahead; they are thinking about the potential that can be developed within this concept of "maquila" industries -- that is the assembly parts of a larger process operation. Let's analyze the prospects of an agroindustrial boom, not on present figures, but on potential figures.

The second point is that Mr. Newfarmer says that the best contribution the U.S. could make to the Caribbean Basin countries would be to speed up the (U.S.) recovery. That is undeniable: it would be a good thing to bring interest rates down and the level of imports from the Caribbean to normal levels. But, is that our goal? We would return to 1979 levels of economic relations, which were already unacceptable.

The third point is that Mr. Newfarmer referred to the CBI as coordinated bilateralism. It's a good phrase, but who coordinates it? It's the U.S.! It still is bilateralism, and lopsided, without the countervailing effect you get in any multilateral forum.

Finally, when Mr. Fox spoke about the precondition for development, he emphasized that education is inexpendable under any economic system. "Market forces are of course indispensable, because they reflect the preferences of the consumer. However, to deny the need for import substitution is a very doctrinaire view that is not borne out by the facts or by history. Central America, prior to the outbreak of violence, was starting to move from protectionism to lower trade barriers to allow a more advanced technology. Import substitution is not necessarily inefficient. In Central America it created values other than the marginal utility of a new product, most notably physical infrastructure -- e.g. highways, airports, ports, universities, etc. The Reagan administration is using all its power to destroy import substitution schemes on a regional basis. This makes us more dependent on the whims of the multinationals, on the ups and downs of the markets, on arbitrary decisions of the government of our sole importer, and denies all the benefits we would get from import substitution."

Mr. Fox continued by saying he agreed with much of what Mr. Sol had to say about import substitution. He then sought to clarify the point. "There is no question that there is a phase in a country's development where you need to promote domestic industrialization. I think in the 1960s, Central America went through that phase. After a certain time, however, one runs out of the easy import substitution industries, and one begins to create an inefficient industrial sector. At that point, one has to look toward the rest of the world, and allow some of these industries to whither away, and the stronger of them to produce for a larger market. The CACM was a situation where trade grew very rapidly between 1960 and 1970. But since then most of the growth has been inflation; this reflects a loss of dynamism indicating a need to expand the market. The U.S. certainly does not oppose the Central American Common Market. The breakdown has been due to the fact that the Central American compensation system failed to work. Guatemala began running large trade surpluses with other countries, notably El Salvador and Nicaragua, and those countries would not settle up in 30 days as the system had called for. This meant that Guatemala eventually stopped exporting goods for which it was not being paid, etc. The CACM needs to be revitalized -- perhaps the structure is too protective at the moment. External tariffs need to be reduced, to create the impetus toward production for the world market."

Several of the speakers were concerned about the multilateral vs. bilateral aspect of the CBI. "There is no question that there was very extensive consultation before the CBI was announced. At the time it was announced, there was virtually universal support from governments in the region. There were three or four multilateral meetings during the development of the CBI. The characterization of the exclusion of some countries as a fatal blow may be somewhat overstated; for example, in the case of Nicaragua the U.S. has not terminated all of its aid. The government of Nicaragua has chosen not to accept certain of AID's private sector programs. I can conceive of a country for other than political factors not participating in or withdrawing from the CBI. Would this be a fatal flaw? Non-participation doesn't seem to be a particularly important factor. AID does not operate anywhere without the support of the local government."

Claire Starkey (Caribbean Council) commented that the Council has supported the CBI, and that in its experience, small business people in the Caribbean countries tend to see the trade portion of the CBI as the most important aspect, and are disappointed that it has failed to pass Congress.

Mr. Atherton disagreed. Where most people rely on agriculture

for a living, it is important to get feedback from these people rather than from small business. If the CBI had a provision for the export of bananas and grapefruit from the Windward Islands to the U.S., this would have a widespread effect. But there is no such plan. In fact, under the USAID agreement with the Government of Dominica, what we would see happening is that imports for the banana industry would shift from Britain to the United States, where fungicides, herbicides, etc. would come from U.S. suppliers: U.S. money is coming in to Dominica for purchase of U.S.-made imports. Further, the agreement stipulates that these products will be sold at market prices. When we buy from the U.K., inputs to the banana industry are partially subsidized. When we sell bananas valued in pounds sterling, and buy imports in U.S. dollars, our competitive position becomes further eroded. These are the things we are concerned about.

There is no doubt that there are small business people "interested" in the CBI. Yet the Jamaica Manufacturers' Association now finds itself in a situation whereby to access credit, businesses must have joint ventures with U.S. companies.

There is furthermore no provision for credit to purchase new equipment. Credit for purchase of food imported from the U.S. does nothing to solve the problem of intra-island shipping of food. This and other problems indicate that the CBI is an incomplete approach to what are very deep structural problems.

Mr. Fox pointed out that bananas are not mentioned in the CBI because they are already free of import restrictions or tariffs. AID has sought, since before the CBI, to increase agricultural production in the region, both for domestic food needs and for export to lucrative markets in the U.S. and elsewhere. There are a variety of reasons why food production in many of the islands has not prospered -- it's not because of programs. In the case of Jamaica, what we have sought with our assistance is to increase the amount of foreign exchange available to the manufacturing sector, and to other sectors of the economy, so they can import necessary raw materials. Had we not provided that assistance I don't see how they would have been better off.

Mr. Martin linked the "flood" of credit to Jamaica's two-tiered currency system\*, and the divisive effect of that system on CARICOM.\*\* The availability of easy credit terms made it

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\* A system instituted by the IMF whereby there are two official exchange rates for the Jamaican dollar.

\*\* Most notably on the Jamaican share vs. the Trinidadian share of the Caribbean market for light manufactured goods.

possible for the two-tiered system to work. Mr. Fox disagreed. In his view, the tendency would be just the opposite. The two-tiered exchange rate is a partial (de facto) devaluation, necessitated by prices within Jamaica being too high and by low foreign exchange reserves.

At this point Mr. Hellinger intervened to solicit comments from members of the audience.

Bob O'Brien commented on the role of the PVO in Caribbean development. A legitimate concern for PVOs, as they seek to find a legitimate role in the Caribbean is to establish good relationships with their partners, and with their co-workers in each of the islands. It is imperative that our relationships with them not be perturbed by our relationship with our government or any other. In this regard, he called on Mr. Hellinger to report on what he learned at a series of meetings in Jamaica this spring.

Mr. Hellinger gave credit to the American church community in helping to bring together a group representing very diverse Jamaican interests -- small business, trade unions, government and small farmers -- to discuss "what American policymakers had not heard." The Jamaican aspect of the CBI, intentionally or otherwise, was designed mainly with American interests at heart. The trade provisions were designed to benefit American companies who could best take advantage of the opportunities. Meanwhile, it would take five or six years for many of the islands to build up the capacity and infrastructure to take advantage of these (CBI) trade opportunities. The aid provisions (of the CBI) were simply a way of seducing the countries, because there were so many conditions involved in "qualifying" for aid, and governments in very precarious financial situations felt they had to go along. The investment provisions were in turn supportive of the trade provisions (but they did not go through). There were many issues raised at the Jamaica conference about conditionality, about regionalism, about exclusion, etc. A report of this conference was prepared for the Senate Finance Committee; we'd be happy to share it with anyone who would like it.

It was added that a common point of reference for Caribbean people, in terms of an initiative that represents a genuine commitment to the development of the region, is the Lome Convention, with the European community. For those who are interested in what alternatives might be more acceptable or supportive, that program would be worth examining.

Mr. Newfarmer, who has studied the Lome Convention, commented that the CBI doesn't realize the potential for industrial development in the region. By focusing on certain products --

sugar, textiles, leather and footwear -- the CBI blocks out opportunities for growth in the manufacturing of goods in which Caribbean countries could have a potential comparative advantage. The overall impact of the trade provisions will not be great. Secondly, macroeconomic policy in the U.S. is much more important to what goes on in the Caribbean Basin than whatever is contained in the CBI. Every drop in the interest rate reduces Caribbean debt and frees up resources that might otherwise go to debt-service. Thirdly, it is unfortunate that the politicization of the CBI will tend to overshadow the real benefits that can accrue to people in the region.

Peter Davies (Meals for Millions) stated that many PVOs recognized the political overtones of the CBI when it was first announced. "The problem PVOs face is that of choosing between:

- (a) joining the effort to try and change it and make it more effective, and reasonable and collaborative; or
- (b) refusing to participate, and watching the program really go off on seriously destructive tangents.

Meals for Millions took a "wait and see" attitude. We did support the allocation of some CBI funds to AID for work by U.S. and local PVOs. If this program in its present form ever gets through Congress, then (as far as Meals for Millions is concerned) the perceptions in the area are so strong that we do not want to be tarred with the same brush."

Mr. Hellinger summed up by urging more discussion in the PVO community of the broader issues that form the environment in which they operate. This discussion should also involve people from outside the PVO community: U.S. and foreign government representatives, private experts, etc. It is vital to find out what the people with influence think. The mechanisms exist to enable such discussion.

## HOW CAN CORPORATIONS AID DEVELOPMENT?

This panel was convened by Andrew H. Oerke, President of Partnership for Productivity, R. Barkley Caulkins, Vice President, Morgan Guaranty Trust Company of New York; John Pierce Clark, CEO, Pierce International, Ltd.; Robert E. Driscoll, Executive Vice President, Fund for Multinational Management Education; Thomas H. Fox, Staff Director, Committee for International Grantmakers; and Robert J. Rourke, Group Manager for Management Consulting Service, International Business Services, Inc. Mr. Oerke highlighted the major points to be discussed:

(1) Most people (in the PVO community) are now aware of what an enormous resource the corporate sector amounts to. \$370 billion a year -- one third of the world's gross (national) product -- are moved through the large corporations. One can only begin to imagine what kind of an impact this money could have on development, were it to be harnessed in the most creative ways possible.

(2) Corporations, as well as development agencies, are beginning to be extremely interested in development for both macro and micro reasons;

(a) the corporations have had to deal with such issues as: the political stability or instability of the environment in which they work; economic "stagflation" that is occurring on a world-wide scale; Third World indebtedness; nationalizations and expropriations; and purchasing power of the people in the Third World to buy U.S. goods.

(b) inevitably, corporations are concerned with micro issues as well -- housing, transport, education, health, small businesses, food and agriculture. There is a very fine web of interlocking services and activities.

Corporations are more aware of how much good business must take development into account, and the development community is becoming more aware of the economic bases of sustainable development.

Partnership for Productivity has a ten year history in working with a multinational in Liberia: the Liberian-American Mining Company, the largest investor in Africa. It has been interesting for us, as a PVO, to see how our expectations were all wrong when we went to Liberia. We expected that the multinational did not have development intentions. What we found was that their good intentions amounted to an enormous

part of the budget; \$6 - 7 million annually, at the beginning. What they did not have was the development expertise to apply those good intentions to sustained development. They asked the villagers what they wanted. The response was: hospitals, schools and roads. Liberian-American Mining Company proceeded to build them -- big ones. It did not occur to them to ask where funds were going to come from to support the doctors, medicines, road repairmen, et al., or if the people were organized enough to take advantage of this new physical infrastructure. The farmers learned to be dependent on caterpillar tractors for plowing; unfortunately, they couldn't afford them. These were all crucial "how to" development issues that could have been joined right from the beginning for a much more productive relationship for everybody.

Mr. Oerke then urged PVOs to approach working with corporations with the same cross-cultural sensitivity they use in their other work relations.

Mr. Driscoll, who spoke first, had worked with Mr. Oerke on the first Mohonk Conference designed to bring together corporations and PVOs. Mr. Driscoll began by pointing out that companies already do directly contribute to, or aid, development. They create employment and wealth, and they contribute to exports, and skills and business development. What we're talking about (in this forum) is extending this involvement and finding new ways in which the companies might get involved in a broader spectrum of development, and ways in which the PVOs could enter into a cooperative relationship with the corporations that is beneficial to the companies, the PVOs and the population of the country in which they are operating.

Another point about U.S. companies that is important to understand is that currently they are not rushing to make new investments or even expand existing investments, in the developing countries. There is a capital shortage, political problems are increasingly complex, and it has become more difficult not to lose a lot of money. Indeed in some countries a lot of companies are seeking to leave. Uniroyal just recently closed its operations in Venezuela. A number of other companies are selling out to local ownership, seeking joint ventures or majority ownership by local partners.

Among those corporations that are currently operating in the developing countries, there is an increasing recognition of the companies' share of responsibility to become involved in the broader spectrum of development. They're looking for ways of how to do that and for techniques to better evaluate their activities. They are looking for institutional relationships, with groups that will expand their own development capabilities.

There are three problems that affect the relationship between corporations and PVOs:

- o evaluation, i.e., how does a company evaluate the benefits of what a PVO does?;
- o communication (or lack thereof); and
- o need to more broadly understand the capabilities that the PVO brings to bear on a particular problem.

From a company viewpoint, objective, rather than normative, evaluation criteria are desirable. They need to be able to distinguish why they should work with a PVO rather than with a for-profit consulting agency or another type of group. Pre-project evaluation (or assessment) must provide them with some assurance that they are not going to end up with a problem down the line that will give them as much of a black-eye as a development benefit of some kind.

Companies do not spend a lot of time talking about the generalities of development, or talking about development as a problem per se. Rather, they talk about specific problems that they face in a particular country. It is therefore, incumbent upon the PVO to relate to this problem-solving stance, and talk about what needs to be done, how it can be done, how it can be done cost-effectively, and how it can benefit the company's medium and long-term interests in its operations in that particular country.

In trying to expand cooperation (not to get a grant), the company needs to know the PVO's capabilities. You may have extensive grassroots networks in the field. You could have specific technical expertise in areas such as low-cost irrigation, low-cost electrification or low-cost housing, sewerage, etc. It could be that you have the capability to bring new resources (financial or other) to bear on the problem. What is the PVO bringing specifically (beyond "doing good") to this cooperative project?

There are some real opportunities. The Fund for Multinational Management Education is developing ways of helping PVOs and corporations deal with these three problems (evaluation, communication and analysis of capabilities). Mr. Driscoll cited some projects in Jamaica as a beginning.

The next speaker was Tom Fox, who traced the evolution of his relationship with corporations in development efforts. Now the increasing complexity of the situation is difficult to deal with because there is so little organized, systematic public data about corporations and development. Corporations do do development. The issue is: what else is not being done by

corporations that still needs to be done, and what role should corporations play in that process.

The Committee for International Grantmakers is a special project of the Council on Foundations. Its purpose is to provide some encouragement and whatever support possible to corporations, foundations and anybody else that has some interest in philanthropic activities or corporate citizenship kinds of programs. It is a very open-ended, new program that brings Mr. Fox into contact with the wide range of corporations, family foundations, etc. and their work in the international arena. Currently, the Committee has been putting together a manual on some of the technical and tax-related questions involved in making grants overseas, to overseas entities for overseas projects. This manual will be published in July. The Committee is also doing a study of the climate for American corporate philanthropy overseas: what factors welcome or discourage such philanthropic efforts? Thirdly, the Committee has a "fair volume" of one-on-one contact with corporations and corporate foundations about different subjects -- program areas; potential grantees; analysis of a group's overall international approach.

Despite the volume of business (increasing or decreasing), or the volume of public affair or philanthropic or corporate citizenship activities that are taking place, there is no question that corporations are increasingly aware and active in improving the climate in which they do business overseas. The scope of interest in overseas operations has broadened enormously. Mr. Fox recommended some studies that have been done on this subject, particularly an article by Patrick Maguire of The Conference Board, entitled "Increasing Productivity in Less Developed Countries". In this article Mr. Maguire reviewed the range of programs that corporations and international banks carry out now to increase productivity in and around their operations, and the different routes taken to implement these programs.

There is an unbelievable diversity in how corporations and international banks operate overseas. They are very different in how they think about development, how they approach it, and how they structure themselves to deal with it. It is terribly important to understand those distinctions, if you mean to forge any kind of a useful relationship or a collaborative partnership with corporations. Some of the factors you need to consider are:

- o Is the corporation interested in working on a "business expense" basis, or in using the philanthropic side of the operation?
- o Do they operate from a corporate foundation, or do they

operate out of a corporate giving program, or do they not have either one and simply do what they're going to do as part of normal operating expenses? Some corporations might follow all three of these routes.

o Are decisions made centrally, or through the overseas affiliates or branch offices? There are some corporations that use both routes.

o Does the corporation generally fund projects on an annual basis, or through a permanent fund, or some other way? This has an impact on its ability to respond to PVOs.

There is considerable provocative discussion going on within the corporate community that is interested in international affairs, corporate philanthropy overseas, and in development questions. One exciting session was one convened by the Honeywell and Cabot Corporation a year and a half ago, to enable heads of several corporations to discuss the possibilities for and implications of overseas corporate giving programs. They identified a number of areas where collective action might be useful. All of them were concerned about the pressures that were on politicians to become increasingly protectionist in trade policy. They were opposed to this, yet how could they fund and develop data that would be compelling and that would broaden the constituency of people concerned about that question? Using the PVOs and non-profit research institutes was one obvious answer, that they were intrigued by. Another issue raised at the Honeywell/Cabot session was what they could do in, and about, South Africa. An increasing number of corporations are willing to invest in overseas operations with a very clear social purpose, the best known of which is Control Data Corporation. Whether corporations can operate in development areas as effectively as PVOs but in a profit-making mode, will be an interesting experiment to watch as it unfolds in Jamaica and other places.

There are some ideas about establishing different guaranteed credit pools. Also, about seeing whether the types of programs that have operated in the past through grants couldn't just as well be shifted into low-interest loans, enabling not only revolving loan funds, but also providing an incentive for projects to operate on a business-like business.

Finally, the Committee for International Grantmakers has recently encountered or developed some ideas for using "blocked" local currencies. Mr. Fox did not specify what these were.

As his final point, Mr. Fox reiterated that PVOs bring two major strengths to bear on working with corporations. First,

they have 501(c)3 status, and second they have extensive "on the ground" experience. There are major opportunities: in the field of public policy research; in services to the communities/families of employees of overseas operations; in collaborative efforts on development projects; and in intermediating in cases of nationalization. Opportunity is very ripe on both sides of that bargaining table.

The next speaker was Barkley Caulkins of Morgan Guaranty which was one of the earliest initiators/participants in generating a corporate-PVO dialogue. Mr. Caulkins emphasized that his responsibilities lie on the public affairs side of the bank. He is not so much a grantmaker as a "manager of the Bank's relations with not-for-profit organizations. Those relations may include the making of grants, but are not limited to that. This is potentially a very powerful distinction. The amount of grant monies we have available for international activities is very modest. Last year \$600 thousand was granted out of the New York office, and another \$300 thousand was granted by overseas offices to local institutions. When compared with the total size of Morgan Guaranty, or against the needs of the developing world, we're not talking about very much. The money is significant, however, in that it is very flexible. We can steer it in a wide variety of directions, where we think we see ways to have some impact -- but, in aggregate it is small. If I take the notion about the relationship with organizations, I think about all the resources of the bank, including the whole network of people and activities in developing countries, and I try to tie into that network. So I try not only to oversee a grants program, but also try to draw the commercial people in my organization into an increased awareness of what the PVOs are doing, what they're capable of doing, and where their activities and capabilities and our interests could dovetail. This is a very powerful concept, however I would urge you not to underestimate the difficulty of doing that.

Almost anytime we undertake one of these discussions internally, first I have to explain what a PVO is, secondly I have to explain what I mean by development, and then we go on. This is an essential part of an educational process, but I wish for you not to minimize the amount of education we do have to do.

Banks generally must be seen as being already in development. At senior levels of management in the banking community, and elsewhere in the corporate world, there is a "high level of humility" about the effect of our investments in the Third World. These investments in many cases have been substantial, and the results haven't been all that we would have wished, either in terms of profitability, or in terms of favorable or positive development impact. So there is much for us to be concerned about, and I think there is a clear conviction,

shared by people at both central and branch offices, that grassroots development really must be encouraged as a part of (the Bank's) international posture.

Last year, our international contributions committee made an institutional commitment to use the bank's grant monies to encourage local development. The PVOs are key to the satisfactory pursuit of this commitment. If we seriously want to talk collaboration, one of the first things we have to do is unlearn some of the things we have learned in past relationships which have been grantor-grantee. To move from this partnership, we need to articulate the comparative advantages of the potential partners, and then think about the various engagements that could be built on our comparative strengths. As nearly as I can tell, the most important areas of comparative advantage of PVOs are:

- o the ability to establish credibility at the community level;
- o the ability to work effectively on a small scale in an emerging area such as enterprise development.

These are things PVOs can do that big banks cannot.

Mr. Caulkins then laid a typology of kinds of involvements that can and do arise from this assessment of comparative advantage. There is a continuum, beginning with minimal involvement: small, unrestricted charitable contributions for general operating purposes. Next would be fee-for-service arrangements, or the management of a pool of capital whereby PVOs broker bank capital at the local level. Within Morgan Guaranty so far there are no examples where this has really clicked yet. On the other hand, several proposals are being discussed.

The (bank's) general manager from Korea has identified staff training needs, in English language and in American culture and business practice. Mr. Caulkin, via Mr. Fox, contacted the Experiment in International Living, and described the situation. If anything comes of this, it will be a fee-for-service arrangement. Another proposed project involves PVO technical assistance management of a pool of capital for the Latin America and Caribbean region, in cooperation with some corporations. Last year the bank had some blocked currency in Zaire that it couldn't do anything with, so it entered into an agreement with Technoserve which was active in Zaire. This maneuver, as a contribution to a U.S. 501(c)3 organization, also gave the bank a tax deduction.

For this whole concept of collaboration to become reality, very specific proposals must be developed for consideration. A

potentially limiting factor in corporate involvement with PVOs is that we are likely to not be very interested in areas that PVOs are very interested in. Countries that are characterized as the poorest of the poor are often not areas of business interest. To some extent, corporations will tend to be interested in the relatively higher income countries. A regional dimension to projects is thus potentially very interesting. Finally, PVOs need to learn how to place a financial value on what it is they do; Partners of the Americas has done some work along these lines, as has Technoserve.

The next speaker was John Clark, who in the past has also worked for the Inter - American Development Bank. Mr. Clark began by reviewing his twenty years of experience in project financing, mostly in Latin America: this has been a tough business since 1980. Now his company does investment banking in the U.S. where it focuses on providing venture capital for high technology enterprises. The contrast between the people in the new entrepreneurial wave in the U.S. and the overseas American "official" community is very great. In any event, the corporations and PVOs that work overseas are a reflection of our society. Have we transferred the best U.S. society has to offer to the Third World? It is a very mixed picture. Mr. Clark revealed the response of some of his "leftist" friends who, when hearing he would be attending this (PAID) conference, said: "Oh, those are just technocrats and developmentalists; they haven't got anything to offer. Those are the people who prop up the oligarchs, the apologists for the big corporate interests."

What new or different or more effective programs can be implemented? It is important to focus on the dominant constituencies of both corporations and PVOs. The dominant constituents of the InterAmerican Development Bank were: the foreign policy establishment, the principal "stockholders"; the bureaucrats and developmentalists who benefit from Bank-funded projects; but not the poor. In corporations, the principal constituents are the stock-holders; the managers who want profits; ambitious corporate officers; and people who are buying the products -- this last group may include the poor. Most corporations have a very clear charter, and fairly clear objectives: whether they are criticized or not for what they do is another issue.

The PVOs have a very vague and confused constituency. It's donor agencies -- most PVO's I know live principally off of USAID, which in turn has very ambiguous objectives.... Some Third World recipient agencies form part of the PVO constituency, as do some donor country based corporations. One of the points of this conference is to build a greater constituency for the PVOs.

Following this point, Mr. Clark presented several specific recommendations or proposals for PVOs. First, that PVOs should consider moving into operations as private enterprises. Credit is the first, most useful instrument that could be looked at. The corporation and banker should more actively consider making the leap from donations to joint operations with PVOs. "What I'm really proposing are mixed private-public corporations." PVO attitudes toward profit or profitable operations are not that clear (to Mr. Clark). Referring back to his description of the "entrepreneurial explosion" in the U.S., the PVOs (to stretch it a bit) are the "venture capitalists of the developmental world" -- at least they should be. One is struck by how rigid the "dialogue" always is -- there is the rigidity of the donor agencies talking about all the public laws and Congress and how they can only do things a certain way. Then there are the PVOs, with a certain self-righteousness about their "pure" status, and their unsullied motivations. They ought to try to get their feet wet.

Again, the easiest approach is using credit. Mr. Clark recommended pushing Mr. Caulkin's approach, to a "private-public mixed merchant development bank(s)". A corporation could be set up with mutual or divided ownership. PVOs should own some of the stock, and the corporation or banking partner own the rest of the stock. The corporation should put up some equity funding. Hopefully AID or other agencies would put up other kinds of monies, as some form of subsidized funding. Then this fund/bank should set about lending in the fields of expertise of the participating PVOs. A second move would be toward mixed corporations that deliver services. There could be a whole series of these things.

Why should this be done? The corporation or bank that participates in joint ownership, it gets the benefit of public relationships, and a different identity. It gets involved in the Third World; it gets a "window" it wouldn't have otherwise; it gets customer loyalty as the arrangement begins to have an impact. The PVO gets to use a scarce resource -- credit. It gets some overhead defrayed. It gets some profit discipline, and it gets a growing constituency in the Third World. As complex and wacky as this might sound, this type of thing ought to be considered seriously.

The last speaker, Bob Rourke, prefaced his remarks by indicating that much of what he had to say was generated by a study done for the PVO-Corporate Relations Sub-Committee of the

Advisory Committee on Voluntary Foreign Aid. The objective of this study was to examine the conditions, potential for and barriers to collaborative efforts between PVOs and corporations. Approximately 50 organizations provided information through interviews designed to get them to rank their project priorities, and to determine how far along potential partners were in terms of what they looked for in a project. Other questions sought information about what kinds of barriers exist, and what kinds of relations corporations have had with PVOs in the past. Specific questions dealt with the organizations' motivations, the ease of communication and exchange of information between PVOs and corporations. Corporations were asked explicitly how they went about selecting PVO partners, and vice versa. Both groups' perceptions of AID were investigated, as our client was the Advisory Committee on Voluntary Foreign Aid.

Study findings were as follows:

1. There were greater differences between the way people ranked projects based on perceptions of how the "other" organization would rank them, than there were between rankings of different people assigned to projects. Corporations ranked very highly the infrastructure development aspects of projects. There is thus a fair amount of mutual interest (between PVOs and corporations) even though the motivations behind that interest may not be the same.
2. It is not going to be easy to act on this mutual interest. If PVOs want to pursue cooperative relationships with corporations, they are going to have to take the initiative. Corporations are not yet at the point where they are ready to seek out PVOs. A few successful joint operations should be enough to persuade corporations who have not participated to begin to take the initiative.
3. Difficulties to be overcome include: inadequate preparation by PVOs for meetings with corporate management to discuss project opportunities; misperceptions about what PVOs are all about; and PVOs representatives do not rely on face-to-face communications often enough, and tend to inundate corporate executives with literature, newsletters, etc.
4. Corporations indicated that there was substantial unused opportunity for PVOs to raise their profile in the business community; PVOs should attend business oriented functions and participate in local business councils. Corporations know that PVOs have information that can help

them make investment decisions, but they don't know how to get in touch with them.

All of these findings led Mr. Rourke to make the following recommendations to PVOs. If a PVO can do a good job of answering four questions, it will end up with a solid proposal to present to corporations. The four questions are:

1. What are you going to do?
2. How are you going to do it? Make a detailed plan.
3. What will it cost?
4. What's in it for us (i.e., the corporation)? PVOs must consider corporate investment and operations needs and problems in a particular country, before trying to set up a match (see question 1.).

In creating solutions to corporate problems in a particular country, don't limit the proposal to those resources offered by just your PVO: package the solutions. Then, demonstrate the cost-effectiveness of PVO-provided services, as compared to services bought on the open market (in terms of: people already in country; overhead structure of non-profits). Then, if there has been no prior contact with corporations, go to the Vice President for Marketing (or equivalent) for assistance in submitting the proposal to the right people, at the right time, etc.

EVALUATING THE PVO EXPERIENCE IN DEVELOPMENT EXPERIENCE: WHAT HAVE WE LEARNED?

The panel was convened by Larry Simon (Oxfam) and four panelists: William W. Burrus, Executive Director, ACCION International; Peter Hakim, Vice President for Research and Evaluation, Inter-American Foundation; Daniel Santo Pietro, Evaluation Consultant, American Council of Voluntary Agencies in Foreign Science; Carolyn C. Stremlau, Associate Director, PACT; and Tom Franklin, another Associate Director of PACT.

Mr. Simon began by clarifying the proposed topic of discussion, indicating the purpose of the panel was to discuss levels and types of evaluation that go beyond monitoring. PVO, in this context, includes the InterAmerican Foundation, along with the generally accepted PVO community. PVO strategies for development focus on empowering the poorest of the poor, or the majority of the poor.

A process of evaluation, then, must deal with some of these assumptions about the PVO experience. We are accumulating a great deal of first-hand experience in the Third World by implementing, monitoring and conducting projects. Often missing, however, is a feedback loop to enable use of that experience in project management, new program development, and organizational policymaking. Very rarely is this experience used to question the basic assumptions behind our programs.

Evaluation is, to many organizations, a threatening business. Evaluation beyond that required by contracts, is often perceived as a very political process; agencies need to confront this so that we can refer to a PVO experience, rather than to a PVO dogma.

In this meeting we are primarily concerned with PVO experience in development assistance, not disaster relief, although there is a need to evaluate PVO performance in the latter area as well. What have we learned? What evaluation issues or questions should PVOs focus on? Mr. Simon indicated his belief that PVOs have not yet established a process of learning. Without this process on an individual (agency) and collective basis, PVOs cannot hope to have larger impact on U.S. aid policies.

Bill Burrus began by reiterating the need for PVOs to critically and honestly evaluate their role and activities in

developing assistance in the Third World. Traditional development strategies used by governments and PVOs are being sorely tested by changing demographic and political realities. Furthermore, people who support PVOs financially are demanding more and better information as to where their money is going.

The specific type of evaluation needed depends on the type of PVO: Is the organization primarily involved in providing financial assistance, or training, or directly implementing development projects? The need to question applies to all groups. We need to question our decades-old assumption by asking:

- o Is development assistance really needed in the Third World?
- o If the answer is yes, is the assistance appropriate?
- o Is development assistance provided by PVOs effective?
- o Are we having the greatest possible impact we can, given limited available resources?

In measuring impact, few PVOs get beyond the function of monitoring: we "count heads" (or hectares, etc.). AID would call this strictly output. We need to examine the social, economic, political and psychological factors that are being affected--positively or negatively--by our efforts. ACCION is just beginning to go beyond counting income and jobs in evaluating the impact of its activities in micro-enterprise development in the Dominican Republic. ACCION has never compared the status of its clients with the status of members of a control group.

PVOs talk about empowerment a lot. It is time to examine our role vis-a-vis the local agencies with whom we work. We need to determine whether we are creating self-sufficiency or more dependency. Are we being paternalistic in our approach? Are we good listeners?

In addition to studying program impact, evaluation helps us understand program replicability or transferability. Frequently reference is made to "model programs" or "pilot programs". ACCION has had programs in the "pilot" stages for six years. Do we justify our existence by always claiming to be engaged in experimental or innovative efforts?

Scale is also important. Most of us are too content to run small programs--"proyectos bonitos"--projects that are interesting but too small considering the numbers of people we

have to reach. Size in and of itself does not guarantee or even imply effectiveness. PVOs as a community have not examined how to take a small effort and enlarge it or build on it to reach significant numbers of people.

Finally, PVOs need to take a close, informed look at their programs' efficiency and cost. Responses to development needs should be developed in a manner designed not only to meet those needs, but also to do so as efficiently and cost-effectively as possible. Mr. Burrus summarized his presentation by pointing out that:

- o (program) beneficiaries must be involved in the evaluation work;
- o good evaluations are complicated and time consuming;
- o evaluations are expensive; and
- o evaluation-generated information must be timely, and long-term.

Peter Hakim spoke next. He began by reviewing IAF's experience in doing program evaluation. There are four categories above and beyond monitoring. These are:

- o individual grant evaluations;
- o program reviews;
- o country reviews; and
- o special studies.

Most evaluations done by IAF fall into the first category of individual grant reviews. Each year outside specialists are commissioned to look at 25 to 30 of our grants. These grants are selected for evaluation for two reasons, the first reason being if the grant has some serious problems, and IAF and the grantee need information to enable them to sort through the problems and come up with some solutions. The second reason would be if the grantee organization requests a second round of grants. IAF has found that these evaluations are very useful for decision making, and are almost invariably helpful to IAF grantees, with whom evaluation results are shared. Unfortunately, evaluations done for these two purposes tend not to produce "lessons" or insights that are worth sharing very widely.

Program reviews consist of a close examination of a topical

"slice" of IAF activity. The purposes are to:

- o analyze the patterns and trends of IAF grantmaking;
- o determine whether IAF is making any special contribution; and
- o identify which types of projects seem to be working and what types aren't working.

Internal staff seminars are held regarding these evaluations, and results are distributed to groups and individuals that might have a direct interest. Excerpts or summaries are occasionally published in IAF journals as well.

The third category of IAF evaluations involves the preparation of Country Papers. IAF is organized geographically. It is useful to sort through patterns and trends in grant-making projects in a particular country. More importantly, IAF seeks to determine whether funding in a particular country has been cumulative and if not, why not, and if so, how can it be made more so.

Special studies emerge "opportunisticly", and are producing the more interesting insights. One that is nearing completion is Judith Tendler's study of four associations of rural cooperatives in Bolivia that have received IAF support. The task was to determine what cooperatives can do well, and what they tend to do poorly, and why. Exerpts from this study will be printed in our journal, and then will be published in total as a monograph.

Mr. Hakim then summarized the lessons that IAF has learned from its evaluation activities.

- (1) Good evaluations take more time and support than expected--do not short-change evaluation.
- (2) Purpose of a given evaluation must be clear at the outset--routine grant evaluations cannot be turned into sparkling case studies.
- (3) Results of evaluations are not easily transformed into program change. Points must be raised repeatedly to decision makers.
- (4) To be taken seriously, evaluations must be well written, and not left in draft form.

(5) Evaluations of grass roots development projects may not always be scientific; they should, however, be analytical. Quantitative data are useful, but should not be controlling. We want to know about institutional processes and people.

(6) Evaluations should be a way of learning about development, and not be too narrowly focused. Organizational responses to changes in their operating environment should be documented.

(7) There is often resistance to evaluation, whether it is being used to influence financial support or not. Evaluation must be handled carefully and sensitively. The reasons for it must be identified, and staff people should be involved, to the extent possible, in establishing evaluation questions and processes.

(8) It is important to be critical, but even more important to identify accomplishments and successes, and to recognize achievement. Development is difficult enough--it is important to discover what works and what makes sense, to provide some hope.

(9) Take all evaluations "with a grain of salt". What works in one setting may not work in another. What looks good today may turn sour tomorrow and vice versa.

Daniel Santo Pietro began his presentation by informing participants about the ACVAFS project called "Approaches to Evaluation," to which he is the consultant. It was started a number of years ago by a small group of agencies that belonged to ACVAFS. Now more agencies, particularly community-based organizations, are involved. The project holds workshops on evaluation, to encourage agencies to devote time and resources to it. One recent workshop resulted in an evaluation sourcebook (being published). In this sourcebook, a framework for evaluation is proposed that is practical and realistic for PVOs.

While it is true that evaluation is expensive and time-consuming, it is also something we can build into our normal practices. The following themes are stressed in the ACFAFS sourcebook:

- o Impact evaluation is first and foremost a tool for learning, an integral part of our program management process;
- o PVOs are consciously value-laden organizations. Evaluation is a golden opportunity to clarify these values, and to make ourselves more effective in promoting

these values; and

- o Using indicators to measure progress against certain standards is only one approach to evaluation.

Evaluations should be systematic, participatory and simple in their methodology. Evaluations should be designed to address "real" concerns of people; we should not assume that evaluation must be focused on the original objectives of the project. Evaluation must facilitate the flow of information among actors in a project, and provide evidence that tells a reasonable person what happened: this differs from proving a hypotheses about program impact. The role of trial lawyer or investigative journalist more accurately describes what ACVAFS is doing in the area of evaluation, than does that of social scientist. Observation-interviewing is a perfectly feasible tool as long as evaluation is an integral part of our work.

Carolyn Stremlau and Tom Franklin began by describing PACT as (a) donor agency, and (b) a consortium. PACT currently has no plan, methodology or system in place for evaluation, so this panel is helpful. Ms. Stremlau then illustrated PACT's evaluation concerns by role-playing a scenario that actually occurred: a request by a project in West Africa for more agency funding. Assessing performance against objectives; examining assumptions underlying the work; did the project reach the beneficiaries it was aiming at?

Are all these community development projects effective? What works and what doesn't? Has the project improved the status of women? How does the PVO-supported project fit in with USAID's Country Development Strategy Statement (CDSS)?

These are the questions that PACT hears from different sources in doing evaluation. What PACT needs to know is: why are there different questions about the same information? What different functions can the answers serve? How many of these answers is it possible, political and feasible to write down and commit to paper? How much do the answers to those questions depend on a relationship of trust and confidence? How many times are the answers ambiguous? Do we need to be better organized to handle answers to meet the needs of the different levels of our operation? We need to sort out why (for what purpose) information on a particular aspect of program operations--e.g., participation is needed. Until the different functions of information have been identified and understood, it's going to be very difficult for us to improve our evaluations, so they can serve the wide range of functions they can and should serve.

PACT is presently examining its evaluation system. It consists of quarterly and semi-annual monitoring reports, periodic assessments of progress, and formal evaluations that take place either during or at the end of a project. These are essentially enlarged monitoring tools, and have resulted in detailed studies of particular projects. Each study can serve many different functions. PACT currently does not have the means of using these evaluations effectively: it really doesn't have any way of managing the flow of information horizontally or vertically. Also, we have no way of knowing how agencies are using the information they do have. PACT staff also has very little information on broader topics related to policy questions--e.g., institutional or capacity building, participation, longer-term impact, etc. We need to learn to design studies that use the information held by different project actors to serve as many different purposes as possible, and to make sense for the different actors.

Mr. Simon then briefly described Oxfam America's new efforts in the field of evaluation. Oxfam is particularly concerned with the political economy of projects, because they are often asked, "How does it feel to play God?"-- (regarding the choices made in allocating funds). Oxfam seeks to better understand its own decision making process and the longer-term impact of its projects. As observers of the local impact of international policies, PVOs have substantial potential to influence U.S. aid and foreign policy--it is thus essential that they be as credible as possible. Proper evaluation can only enhance PVO credibility.

At this point, the floor was opened to discussion.

Jim Baird (SAWSO) asked whether funding agencies agree that evaluation is a good idea. Mr. Burrus has found that while donors are very demanding regarding evaluation-generated information, they have been very unwilling to pay for it. Also, given funding timeframes, evaluation results often cannot appear at the "right" time. Bill Moody agreed that funders have not been as willing to fund evaluation as much as they should. He did point out, however, that it is easier to fund evaluation when the costs and plan for it are submitted in the original project proposal. Second the Committee for International Grantmakers should consider the question of funding for evaluation. Third, it might make sense for this type of panel to occur at the next annual conference of the Council on Foundations; he will look into it. Fourth, funders are probably more willing to discuss evaluation funding than they have been in the past.

Following discussion ensued:

Peter Hakim indicated that IAF is free to use its funds either for grantmaking or for evaluation. The problem they have internally is that the program side would prefer that it didn't spend as much money on evaluation as it does. It is a process of negotiation more than anything else. It's better to do a smaller number of better evaluations that cost more money and take more time than it is to do a large number of poor or, more commonly, mediocre evaluations. People do respond to good products.

Dan Santo Pietro pointed out evaluations involving outside experts and control groups are very different (i.e., more expensive) from ACVAFS' participatory designs. If evaluation includes training project participants and staff to keep their own records, and to do their own systematic interviewing and reporting, then evaluation is cheaper and easier (it can be built into project design).

A discussion of project follow-up and sustainable development ensued. The point was made by William Burrus that evaluation results can be used to "market" self-sustaining model projects. The need to learn what has happened in an area since a particular agency has stopped funding projects is crucial. Mr. Burrus pointed out that institutionalization of projects is often referred to by PVOs, but rarely planned for. IAF since its inception has supported more than 900 organizations of poor people; almost 90% of them still exist. Sometimes organizations disappear to re-emerge in other forms. The shifting involvement of individuals is terribly important. Tom Franklin pointed out that PVOs shouldn't assume that they have answers--i.e., maybe there are legitimate reasons for a road not being maintained, and the "road project" should not be sustained. PVOs should be helping people to get their own answers.

Margot Zimmerman (PIACT/PATH) related some of their experiences of evaluation vis-a-vis the development of institutional materials for use in family planning and health projects. Evaluative research (e.g., focus group discussions) is built into the development process. People always then want to spend money on printing rather than on evaluating the use of the materials. This is an example of how doing fewer, better evaluations would probably be more acceptable than doing more mediocre evaluations.

John Watt (American Bureau for Medical Advancement in China) referred to management and its relation to evaluation. The premise of a lot of evaluation theory is that organizations have quantifiable (easily measured) goals and objectives. His

agency deals with quality rather than quantity, and began by using evaluation as a motivational tool for themselves, so staff would better understand why they were doing what they were doing. But ABMAC is nowhere near being able to evaluate long-term impacts of its work, particularly because projects lose their advocates, and so no follow-up is possible. Regarding qualitative and quantitative information, Mr. Santo Pietro reiterated the value of systematic qualitative assessment as a valid and useful evaluation methodology. Larry Simon (Oxfam) pointed out that very few organizations maintain the baseline data needed to do meaningful quantitative analysis and that evaluation methodologies suitable for Oxfam would not be suitable for evaluating a hypertension screening campaign.

Fernando Cruz-Villalba (PADF) suggested that the different aspects of development programs--inputs, processes and outcomes--should be evaluated separately. He also recommended the establishment of an automated data base of country-specific program data, so that we don't have to reinvent the wheel.

Neil Brenden (LWR) relayed the concern of LWR's counterpart organizations regarding the use of evaluation information. Mr. Simon agreed that this is particularly important in politically volatile situations. Whose questions are being considered (in evaluation) and whose interests are being served (by evaluation). Carolyn Stremmler clarified PACT's concerns as not so much with evaluation, as with the management of information.

Richard Harmston (CCIC) asked, "Who is qualified to evaluate PVO projects?" Canadian PVOs frequently feel as though evaluators are foisted on them by the government or donors, and that these evaluators often don't understand PVOs or grassroots development. Who do U.S. PVOs engage to do evaluations? Peter Hakim (IAF) responded by saying that many different types of people and organizations are qualified to conduct evaluations, and that what one chooses really depends on what the evaluation is for, e.g., for publication of "lessons" or for technical assistance. IAF tries to hire evaluators from the country in which the project is operating. Opportunism is not a bad system in a lot of cases. Sometimes they have the right person before they've decided what is to be evaluated. IAF now strives to involve the group being evaluated in the formulation of the evaluation questions, and even to have them answer the questions prior to sending in the outside evaluation team. The point is to avoid rigid formulas for conducting evaluations.

## THE INTERNATIONALIZATION OF PVOS

Marilyn Richards (New TransCentury Foundation) convened the meeting and introduced the panelists: Charles McCormack, Experiment in International Living; Philip Johnston, CARE; George Ross, Foster Parents Plan International; and Kenneth Phillips, Foster Parents Plan U.S.A.

A previous meeting had been held which brought together representatives from several PVOs -- CARE, Foster Parents Plan, Oxfam, PACT, etc. -- to discuss the pros and cons of going international. A report of that meeting is available at TransCentury.

Charles McCormack began with a description of the Experiment in International Living. Because it is a PVO concerned specifically with international education exchange, the Experiment depends strongly on its international structure.

Because of its emphasis on education/cultural exchange, language training, technical training, the Experiment always relies heavily on host nationals. Each country in which the Experiment has a program has by necessity an indigenous organization run by indigenous peoples. There is a General Assembly which meets annually to decide legislative and policy matters and it is organized as one country/one vote, regardless of budget size. This means that the smaller countries can band together and pass a resolution that the countries with larger programs and budgets oppose. So there are problems, too. But basically the Experiment depends on its international structure and the local expertise of host nationals. The problem becomes how to get unity out of the diversity; many countries want to emphasize many fields of activity. The U.S. program is the only one offering graduate study. But even there the work is within an international network. It may be more logical for our graduate program to work through the university in a given country, or through a development agency. But the Experiment board in the host country has final say over any program within that country, so we have to work with them. Thus, the international character of our organization has both strengths and weaknesses.

Phil Johnston spoke about CARE's decision to go international. The purpose was financial. CARE began a local chapter in Canada years ago. Then in response to the Canadian government's support for development, CARE chose to enlarge its Canadian office. CEDA will match private contributions one to one and are considering matching them nine to one. CARE saw

this as a significant chance to broaden our financial resources, so CARE-Canada was born. Since then, CARE organizations have begun in Germany, Norway, and are beginning one in France. These new organizations change the structure of CARE International since it is now owned by its five members, which are affiliated but independent. The pluses are in fundraising - many of the European governments are as supportive as Canada. The minuses come in our own organizational structure, because it makes equals out of unequals. CARE also follows the policy of one country/one vote which means CARE-Canada, which has a staff of 7 and a budget of \$8 million, rates the same as CARE-Germany (staff: 10, budget: \$4 million), CARE-Norway (staff: 4, budget: less than \$1 million) and CARE-USA (staff: 350, budget: \$275 million). CARE-France will join soon, but you can see the imbalance in structuring this way.

George Ross spoke next about Foster Parents International which began as an international group during the Spanish-American War, with offices in New York and London. During World War II the British office closed, making the organization American by default. At a certain point, Foster Parents Plan made the decision to go international again.

Now they have an international board, which meets 3 times/year, owns all FPP projects, and is the legal connection between national boards. They do not follow the one country/one vote policy, but rather vote in proportion to the number of foster parents in a country. FPP national boards now exist in Australia, Canada, the Netherlands, Great Britain and the United States.

The decision to go international was an extremely good one. FPP has seen the organization go from totally American to only 20% of foster parents now in the U.S. The international board meetings are fascinating. Financially, it was a good decision, but also philosophically, because of all the new ideas that have been generated.

The organization has an international executive staff and a national executive staff who together decide policy, attack problems, seek solutions. The allocation of duties is tricky since the headquarters is here in the United States. But basically the rule is that if the question is international, policy rests with the international board and if the question is local, it rests with the local board. If there is an international question in a given country, both boards are brought in to work something out. FPP has gone from a U.S. majority vote approach to more like a Japanese consensus approach where individuals sit down, work a problem through and

try to reach a consensus because we all depend on each other.

Ken Phillips spoke next, about Foster Parents Plan, U.S.A. The benefits he saw from the internationalization were:

- 1) many viewpoints;
- 2) economy of scale (pooling resources, less cost to each national organization to set up new programs);
- 3) political because no longer a U.S. group, donor countries could not refuse programs. Funding derived from international sources less likely to seem politically biased;
- 4) specialization Within international organizations, each member is able to specialize without feeling they are neglecting other angles.

Thus, there is flexibility within a framework. With many national members, you add new views, new approaches, new goals to an organization. Decisions take longer because of all of the differences, but in the end they are more balanced, taking into account more variables. Each national board is independent (501 - C3) so direct responsibility for FPP-USA activities are here, although there is indirect responsibility for all programs abroad.

THE THIRD WORLD INDEBTEDNESS CRISIS: WHAT DOES IT MEAN FOR PVOS?

This session to examine how the present debt crisis of developing countries is affecting large and small borrowers, the role of the IMF, and development strategies for the 1980's, was convened by Frank C. Ballance, President of Action for World Development. The panelists were Norman L. Hicks (a senior economist at the World Bank), Raymond Dunlap Hill (Vice President, Investment Banking Division, Lehman Brothers Kuhn Loeb, Inc.) and Karin Lissakers of the Carnegie Endowment for International Peace.

Following introductory remarks by Mr. Ballance, Ms. Lissakers opened the panel discussion by providing a brief history of events leading to the current debt crisis. Private banks began lending heavily to Third World countries in 1973. Due to OPEC surpluses at that time the "real cost" to Third World banks of borrowing was nominal, given the relationships between exchange rates and interest rates and competition among lenders. There was a very rapid expansion both in cross-border lending and in the size of loans, enabling these countries to survive the first round of oil price increases.

The "successful" actions to borrow to build up reserves against inflation left borrowers, and lenders, in a very vulnerable position to face the oil price increase of 1979, and the aftershock of that increase. The industrial countries went into recession, non-oil commodity prices collapsed, and interest rates started going through the roof. On top of this, most debt was floating-rate debt. Thus, the cost of carrying old debt rose dramatically, as well as the cost of new borrowings. In 1977 interest payments of non-oil producing countries to commercial lenders totaled about 4.5 billion dollars. By 1982 that number had risen to about 55 billion dollars. This enormous drain sent countries scrambling to borrow in order to finance accumulated debt.

American Express has done a cash flow analysis, in which they include short-term credits as well as medium term credits. In 1977, there was a net transfer from banks to non-oil LDCs of about \$25 billion. The American Express study suggests that by 1981, the net transfer was zero, i.e., countries were paying back as much as they were borrowing. With zero transfer of resources, countries found themselves at the end of 1982 \$30 - 40 billion deeper in debt than they were at the beginning of the year. The biggest debtors now pay more than 20 percent of

their current account earnings in interest; these countries are thus at the danger point, without including any amortization of debt.

Since Mexico admitted to "a severe cash flow problem" in August, the response of the system has been on the biggest debtors. What happens to these countries -- Argentina, Brazil, Colombia, Ivory Coast, Mexico -- will affect other, smaller countries, even those that have not relied heavily on commercial bank credit. At the moment we have First Class debtors and Second Class debtors. First Class debtors are those whose inability to service their debts would cause severe damage to the western banking system; they thus have been given priority attention for rescheduling. Second class debtors, who from their own perspective are in as much or more trouble than Mexico or Brazil, are left to fend for themselves (except for IMF drawing).

The program that has been put together for dealing with these debts has some very serious problems, stemming from the motivation of the creditor countries. The number one priority of these countries is protection of the banking system. Therefore, one of the principal objectives of the rescue package is for debtor countries to maintain their debt servicing. Thus, there is an infusion of new money that makes round trips to the banks in the form of interest payments. Yet, the interest payment gap still exists, and the burden has gotten bigger rather than smaller as a result of the rescue effort, due to the banks charging higher interest rates.

Debtor countries are being asked to deflate their economies, to sharply reduce imports, and to try to increase exports. Mexico, for example, is being asked to reduce imports by 35%. As a result, there will be much slower growth, severe disruption in manufacturing (that relies on foreign inputs), and increased unemployment coupled with public sector reduction and austerity programs. Regarding the latter, it may well be that where state corruption is a factor (e.g., in the Philippines), activities in which government officials have a financial interest will survive when others are cut. This is something that will affect the interests of the PVOs.

The focus will be on exports. The tragedy of this whole debt situation is that it distorts the development process. Debt servicing displaces growth and broad-based development as the number one priority, for both the government and for bilateral and multilateral assistance programs. There will be projects to generate export revenue, rather than for infrastructure or production for domestic consumption.

The banks have reacted cautiously to the current situation, and there has been an "enormous" drop in the level of bank lending in the last two quarters. The talk about banks getting out of this kind of lending is probably exaggerated; some of the regional banks may indeed pullout, but international lending is too important to the profitability of the money center banks for them to pullout. These banks are, however, under pressure to diversify their portfolios, to reduce the danger to their reserves (reducing exposure in Mexico, for example). This can benefit, somewhat, countries who in the past have not been attractive to the commercial lenders: Asian countries (other than the Philippines) are now very popular with bankers, although most countries, e.g., India, are being cautious about playing this game. The outlook for Africa is probably not very good: they have such severe problems that even the bankers can't deny. A number of oil countries -- Nigeria, Indonesia -- are drawing very heavily on the banks.

The banks may be looking for some new form of lending. They may be more interested now in project finance than they were in the past. They may want more accountability for the use of the money, and have a better sense of the real return on the investment. Project-focused lending may become more popular than straight balance-of-payments loans. Such a development could also affect the work and interests of PVOs. Commercial lenders may also be more interested in joint financing of projects with the international lending agencies (although they make a higher profit when they work alone, risk is a factor).

The attitude of the U.S. government (and that of other industrialized countries) has been significant in shaping the banks' response. The Reagan administration came in being very hostile to the international lending agencies. That attitude has changed, up to a point, because they realized that U.S. interests were in jeopardy, and the IMF could help. Furthermore, it seems that Congress, has finally been convinced of the reality of interdependence, particularly in terms of jobs. This change in attitude is manifest in the fact that the Inter-American Development Bank was voted more money than the Administration asked for. However, there are more constraints on borrowers, which lead to situations such as that of the World Bank, which has not lent because of the unavailability of counterpart funds. Finally, the debt situation may cause some toning down of the North-South "dialogue" due to increased recognition, on both sides, of their interdependence.

The next panelist to speak was Raymond Hill. He began by justifying the inclusion of Lehman Brothers Kuhn Loeb on the same program with C.A.R.E. and Project Hope. Within Lehman Brothers, there is an International Advisory Group, of which

Mr. Hill is a member. The purpose or role of the group, which is a joint venture with Lazard Freres and S.G. Warburg, is to advise governments of developing countries on financial and economic matters. They help governments negotiate with banks when they get into debt or financial difficulties: the IAG actually acts as the governments' agents in the negotiation. They currently do this for 15 or 16 countries. More recently, the group has extended its activities to help in resolving the problems of public enterprises in those countries, on a limited basis.

Mr. Hill picked up on Ms. Lissakers' point that net resource flows from industrialized to developing countries are now in many cases zero, and in a few instances negative. The effect of this on the economic environment within which PVOs operate, and how PVOs might deal with it, were the focus of his remarks.

The fact is that the U.S., and every other industrialized country, relied on resource flows from the outside in order to industrialize. So it would be normal to expect developing countries to import resources from the developed countries: they do it mostly by borrowing, although aid is an important supplement. Now with the disruption of these flows (particularly in Mexico, Brazil and Nigeria), the development process is also undergoing significant disruption. On top of this, the business of debt rescheduling takes an enormous amount of the time and energy of the key economic and political decision-makers in any country. To give an example, Costa Rica entered the rescheduling process in July of 1981, and is just now (it is hoped) coming to an agreement that will address its debt problems with its various creditors. That agreement may not last more than a year, and then they will be back in it again. Thus, in two years, and likely more, key individuals' time and talents have been diverted from development efforts by attempts to resolve the debt crisis.

Regarding PVOs, the debt crisis on one hand increases the demand for the services provided by PVOs. Second, the demand for PVO services will increase the most in Africa as a whole, relative to Asia and Latin America. The reason for this is that Latin American countries have the political and financial leverage to attract better terms in rescheduling: the typical Latin American country has been able to reschedule virtually all of its principal, and has been able to get an infusion of new money to rekindle growth. These terms/results have not been evident in the reschedulings negotiated for African countries.

The third point is, that to the extent PVOs in their work require decisions from people in top government positions, such

decisions will be more difficult to extract. In the middle of a crisis they may need your services even more, yet because they are so absorbed in the process of debt restructuring, they have less time to devote to the fundamentally more important issues.

Fourth, the projects you are involved in will face new constraints. The most obvious is that any operation that relies on imported inputs will run into procedural troubles. If a cost/benefit technique is used in project selection, then the foreign exchange premium assigned to a project should certainly rise. Due to cutbacks in government expenditure, the costs of local components of projects will also rise.

The success of any PVO project is going to be greatly affected by macroeconomic conditions. To the extent that these conditions vary, projects and project benefits should be assessed from this perspective. Thus, large projects will tend to become less attractive. Whether small projects become less or more attractive will vary according to their specific nature and local conditions.

Does the debt crisis require more emphasis on basic human needs, or should more attention be given to growth oriented investment? The specific answer changes from country to country. The universal fact is that when foreign exchange is rationed it is done in a crude and abrupt fashion. It's conceivable that the big, long-range projects are the easiest ones to cut: in this case, projects that generate food, medicine and consumer goods are more likely to retain funding. The reverse is also possible: big projects can be the protected domains of governments, to the detriment of others. In sum, PVOs should be on the look out for abrupt changes, and attempt to sort out the implications of these changes. The competition for project funds will continue to increase, due to world-wide drying up of credit. In general, when more funds are destined for debt service, smaller-scale projects will probably suffer.

Mr. Hill ended his remarks on a pessimistic note. The very nature of rescheduling means that countries will be in a "crisis" state for a number of years to come. Banks have every interest in keeping their doubtful debtors on a short leash. There will therefore not be any clean solution which will let everyone get back on the path of economic development. In the long run, this is essentially the output of an anti-inflationary policy in the developed world. One of the sad, unintentional results has been that the developing countries have had to bear a disproportionate share of our fight against inflation. The silver lining is that with recovery in the developed world, the debt crisis will ease

considerably. Basically, the world financial system is healthy.

Norman Hicks of the World Bank spoke last, and attempted, in his words, to say something "both new and interesting".

First, debt problems, while they are problems themselves, are a reflection of a deeper structural problem. Often these problems are hidden in good economic times brought about by rising exports prices, etc. In a recession, when commodity prices fall and the demand for manufactured exports also declines; mediocre and marginal performance (productivity) can no longer be sustained. In the initial shock of the 1979 oil price increase, it was thought that this shock could be absorbed, as earlier price increases had been. But the period from 1979 to now, has been much different from the period from 1973 to 1975. The depression in developed countries has been longer, there has not been a rapid recovery. Real interest rates have risen at the same time as commodity prices have fallen, catching third world countries in the middle. Mr. Hicks noted that this is the first world-wide recession in which real interest rates have remained high.

While these external problems are important, the internal problems of developing countries have become revealed. A particular problem has been the failure, in a number of countries (especially in Africa) to adequately adjust exchange rates. Another problem has been borrowing to finance current consumption rather than investment. In this regard, the size of a country's current account deficit does not reveal the size of the problem. If you cannot get international financing, you have no deficit (your exports equal your imports) -- in fact, you may have a "surplus" because you're paying back debt. A large deficit means that you have, and have had, the ability to borrow money (and to use reserves). For most developing countries, deficits have fallen in the last couple of years.

Another internal problem in many cases has been poor selection of investment projects. There have been many fancy airports, superhighways, new capital cities, subways, fancy hospitals, fancy hotels -- which, in cities like Togo are now sitting idle and have been closed down. There has been a lot of military procurement. Inefficient public enterprises have been set up, that neither produce efficiently nor set their prices appropriately, and that therefore constitute a large drain on the public budget. Agricultural pricing has often been set to keep urban food prices low. Consequently prices received by farmers have been low, and subsequently they have been discouraged from producing, necessitating increased importation of foods. This is particularly true in Mexico, and in many

African countries. In other instances, governments have introduced subsidies to keep farmers producing, resulting in two sets of subsidies. There has been inattention to traditional export agriculture: high taxation of coffee, cocoa and other crops in which developing countries have a comparative advantage, and deterioration of the infrastructure -- e.g., irrigation systems -- required to keep up production in these crops. This just serves to aggravate the balance of payments problem based on lower commodity prices.

As these problems have grown in the 1980's, the banks decided that short-term debt is better than long-term debt, and developing countries without access to long-term loan, took on a variety of short term loans. This meant that countries were not only heavily in debt, but also were faced with payments coming due in the next year or so.

Mr. Hicks then pointed out that such (debt) problems are not new. What we are experiencing now is really one of a series of phenomena related to changes in the international environment. There have been debt reschedulings since before the Second World War. Turkey rescheduled in 1959; Chile rescheduled in 1972, 1974, 1975; Argentina rescheduled its debt in 1956, 1961 and 1976, and so on. During the Depression of the 1930s several countries defaulted on international bonds, and several states in the U.S. defaulted on loans from London banks. Thus what is new is the severity and widespread distribution of the problem all at once. Further, while there have been bank failures in the U.S. and elsewhere, none so far has been due to developing countries not paying their debts. Finally, the forum structure for debt reschedulings (Paris Club and IMF) has worked.

The World Bank doesn't want to be too closely associated (in the public eye) with bad debts, because it hurts its bond rating. The World Bank, with developed government guarantees, borrows on the open capital markets, at the prime rate, and relends it to developing countries a much lower rates, or through IDA at no interest, with very long term maturity.

In fact, the Bank has never had a problem with a repayment. It has never had a default, and it does not participate in reschedulings. But it still is concerned with helping countries cope with these difficulties. A review of how countries are adjusting to this (debt) situation reveals cuts in investment and imports, and a re-thinking of development priorities. In some cases, e.g., South Korea, countries have been able to adjust their exports accordingly. Other countries, e.g., Costa Rica, who have delayed the adjustment by borrowing short-term money have only worsened the problem.

Thus, the needed adjustment becomes greater. The Bank and the Fund have often worked together in this area.

The Fund traditionally has been tapped purely for short term (3-5 years) balance-of-payments support: the terms have now been lengthened (10 - 15 years) under their "Extended Fund Facility". The Bank traditionally has only made loans to development projects, with a 20 - 25 year maturity, with some program lending (for balance-of-payments support). Program lending is increasing, and is now referred to as Structural Adjustment lending. This change also allows for a higher level of conditionality than did old-style program lending. The difference between Bank and Fund conditionality is that the Fund tends to look at short-term measures related to monetary policy (controlling inflation and controlling the exchange rate), putting limits on government borrowing and expenditures, and adjusting the exchange rate, and removing trade controls. The Bank on the other hand focuses on longer-term development issues, e.g. the structure of the investment program, and patterns/ choice of reduction in it, to have the least impact on long-term growth. The Bank is more interested in the effect of prices and incentives in production, particularly in agriculture and in energy. The Bank is concerned with administration reform to mobilize more internal resources (to reduce government deficits through raising taxes and charging appropriate fees for government services). The Bank has also taken steps to increase its share of project costs (vis a vis host country counterpart funds).

Cuts in investment will of course have an impact on PVOs, depending on where the cuts fall. It appears that they may fall in the social sectors: education, health, water supply, urban development, and nutrition. In reducing food subsidies, the Bank would prefer to see a bottom-line, minimum food program maintained for the poor: this is a very difficult thing to enact. There is a tremendous need for increased efficiency within the social sectors, to try to balance out the impact of the cuts. Basic needs and poverty-oriented programs can be continued if other programs are given up. One could, for instance trade one large sophisticated urban hospital for a series of rural health clinics. The same can be said for water supply systems and educational projects. It is possible to maintain social sector activity in the face of investment cuts. There is a lot of waste in government budgets, particularly in the public sector enterprises which have no bearing on the social sectors at all.

The panel then accepted questions and comments from the audience. Convener Frank Ballance began by quoting the article from the April 30, 1983 issue of "The Economist" that was

included in the conference packet. This article presented the Third World debt problem as an impediment to growth in the West, even though shareholders in Western banks (whose overlending started the problem) have been doing very well. Details were included on the lack of investment and unemployment in Mexico and Brazil. The article's treatment of the situation in Chile and Peru is particularly instructive. In Chile, a rigid exchange rate and an unrestricted flow of private sector borrowing from abroad undid the improvements made by neo-classical monetary and incomes policy under Pinochet. Countries as diverse as Ivory Coast, Kenya, Chile and Peru have been equally unsuccessful in countering a bad international economic situation with standard, conservative policies. However, governments cannot continue to pay for social services and basic human needs programs.

All things considered, those countries that isolated themselves from Western aid have ensured that they are less vulnerable to problems in the Western economy. The average Burmese is thus better off than your average Cambodian. Others at the meeting protested, saying they would rather be a Korean (than Burmese), and pointed to Tanzania, Turkey (pre-1980) and Guyana as "showcases" of non-reliance on the West.

The panelists then summarized the proceedings of the discussion as follows:

- (1) To the extent that they rely on private contributions, PVOs can continue to be active, even in the midst of a debt crisis;
- (2) PVOs should focus on working with the rural poor, since government budget cuts will likely be harder on them than on the urban population;
- (3) PVOs should be aware of impact of macroeconomic conditions on them, but they should not try to change the structure of the international banking system. They should focus on their own efforts.

PVO COMMITMENT TO GALVANIZE COMMITMENT IN AMERICANS

Loret Ruppe, Director of the Peace Corps, began with an update of her organization. From her requested show of raised audience hands, it was evident that many participants knew of the Peace Corps from first-hand experience and indeed reflect the tremendous resource that returned P.C. volunteers can and do provide. With her update she examined the need and the attempts to keep such involvement.

The Peace Corps budget level has fallen since the 60's. In 1966, it was \$114 million with 15,000 volunteers; in 1981 the figure was \$105 million with 5,200 volunteers. If inflation is considered, the figure should be in the \$300 million range, to just stay at the original level. Asking the question, "Why aren't the funds coming through?" Ms. Ruppe started making inquiries.

First, the State Department was questioned but the Ambassadors were 100% supportive. They felt PC was truly linked in and pushing development forward. Next, host-country officials were questioned. No problems were uncovered or brought forth. "Why aren't we getting the funds?" Ruppe kept asking.

The volunteers' attitudes, motivation and dedication have never been a problem. Peter McPherson (AID) recognizes such enthusiasm and has been supportive over the last two years of P.C. trying to seek answers. Ruppe looked beyond the inherent development system to the American public. The awareness is very low and this is a key to solving part of the problem. The public feels good about the PC but doesn't know it is still around in 1983.

Strides have been made and PC is attempting to move forward. Inquiries are up to 22,000 and thousands of applications are arriving, though funds to actually increase the numbers of volunteers sent abroad are not available. "In the early 80's, Peace Corps must lay the base for that potential program support coming when the economy turns around and the deficits are lowered," states Ruppe.

P.C. is coordinating with AID and as noted, 5,200 volunteers, median age of 28 yrs., are working in 64 countries. Two new countries have been added, Haiti and Burundi. Eight trainees are in Haiti working in agro-forestry, health, fisheries, and vocational training. Peru is interested but negotiations are long and slow. P.C. talked to Haiti for 22 years and PC entry or exit depends very much on host-countries' relationships

with our country.

Concerning AID, we feel (and this will be interesting for our PCVs; we always get into discussions about whether there should be more coordination with AID or less). PAID is a good group to help evaluate PC/AID coordination as we move forward. But we are doing a tremendous amount of coordinating because: 1) 500 people in AID served in PC and 2) AID noted in their Ambassadors' self-help funds that one of the most effective ways to use those funds is through PC generated, village-based projects, which Ambassadors have found to be quite successful. Ruppe and Peter McPherson at AID have signed a new project called Small Projects Assistance. "This will free up \$40,000 in every country where we have joint programming for village-based projects dealing mainly in agricultural production improvement, income generation, or renewable energy."

Another component of that program is \$400,000 set aside for technical assistance. If a village needs special expertise, we now have the capability of targeting that trained person into the area. We are going to be evaluating that program for the next two years.

Based on preliminary analysis, we are surveying all of our countries with PVO collaboration. We are now collaborating with PVOs in 31 countries, working with 43 PVOs worldwide. Primary groups are CARE, Partners of the Americas, Catholic Relief Service, Africare, Save the Children, and Salvation Army. Approximately 200 Peace Corps volunteers are assigned to joint development projects.

In reaching out and talking about public awareness, Ruppe found out one of the reasons we weren't increasing or generating funds was because PC didn't ask people to speak up on their behalf. When talking to foreign ministers she is now recommending that they talk about the Peace Corps and how valuable it is. That is the type of upfront knowledge that people in Washington in the decisionmaking process have to be appraised of.

Outreach to Chamber of Commerce occurred in the last year. Virtually all countries the Peace Corps is in have Chambers of Commerce that are often unaware of the Peace Corps presence. We must make those linkages. Because the Peace Corps did not pursue such connections, budget levels suffered. Peace Corps also suffered after Vietnam. Volunteers somehow became tainted as draft dodgers when indeed they were never exempted. Some were drafted from their sites or immediately upon returning to the U.S. so effort is being made to correct that

misperception. During the 1970s we were just out of the picture. Ruppe explained, "We had no publicity, we had no visibility, we were one of several programs in ACTION. And we just did not have the needed visibility. We feel we are getting that to some extent but we are still facing the same problems you face. That is the lack of knowledge of the American people in development education, in the necessity of our organizations and our work, in the necessity of the interdependency, inter-global relationships particularly in economic hard times. But also we face a media that really isn't particularly interested in covering us. Those are the things we all really need to work together on. When I go into communities now, I always speak to the editorial boards and I would advise your organizations to do likewise. I'm proud to say many of our returned Peace Corps volunteer groups have this priority of updating the media in their areas. I find this is on your program and I commend you. And that's the type of thing we need to do far more of... We have to stand up and be counted on what we are doing for America. In Peace Corps it's altruism and realism, and we want a balance and there is a balance.... For Americans most things are pocketbook issues. We have the altruism and that's beautiful and people respond to that. We also have the education and economic side of it. We have got to be firm in our arguments and get them out there to the people. Peace Corps has been trying to do this. They have gone to the private sector, international banks, corporations, educational institutions, service organizations and PVOs and updated them on our programs. It's an impressive record, but we have to keep working, keep getting that message out. PVOs need to do the same."

Peace Corps has started a new project with Columbia Teachers' College, and is seeking support from the private sector to fund it. Volunteers, presently from three African countries, could go into a special program to get their Master's degree while they're doing their Peace Corps service, in the fields of math, science and health. The additional step to this is hopefully getting host country national teachers in this program. The in-service training of Peace Corps volunteers in proposal writing and feasibility studies to help them tap available development funds upon returning to the U.S. is another new emphasis.

In a recent White House ceremony honoring six Peace Corps volunteers, one particular participant, Sister Madeline, helped promote not only the Peace Corps efforts but volunteer work in general. Upon shaking President Reagan's hand, she emotionally stated, "We need flour!" Being in a rose garden ceremony, the meaning was first unclear to the president. But

still holding his hand firmly she explained, "Flour for bread!" So impressed by her dedication and enthusiasm, calls were made by the president and 3,000 lbs of flour were consigned to Ghana. More importantly, as Ms. Ruppe stated, President Reagan used this example of good work at a publishers' meeting in New York, an example of good news that does not receive attention. He quoted De Tocqueville about volunteerism and generally once again supported the American tendency of helping each other and neighbors.

Ms. Ruppe summarizing this incident noted, "We are very fortunate in the 80s to have a president who has really spearheaded a return to the beauty of volunteerism. This support can and has made a difference in reaching out to support the private sector."

Ms. Ruppe ended with two quotations. The first was from John Kennedy, the founder of Peace Corps. "As he arrived exhausted and late at the University of Michigan campus in 1960, an enthusiastic crowd greeted him. He asked, 'How many of you are willing to spend 10 years in Africa or Latin America or Asia working for the U.S. and working for freedom? How many of you are going to be doctors and are willing to spend your days in Ghana, technicians or engineers? How many of you are willing to work in foreign service and spend your lives traveling around the world?' To each question Kennedy received an enthusiastic response. 'On your willingness to contribute part of your life to this country will depend the answer, whether we as a free society can compete. I think Americans are willing to contribute, but the effort must be far greater than we have made in the past.'"

"That was 23 years ago and the conditions in many of the countries we all work in are worse. We all have our jobs outlined for us; we must all work together. We are in the greatest cause on earth, the cause of world peace. We know that the conditions that our organizations, that our volunteers are working on are the conditions that cause the instability, that cause war. They must be conquered before anything else is done," Ruppe firmly stated.

The second quotation, from President Reagan at an American Legion gathering, concludes, "I'm convinced that the time has come for this country and others to address the problems of the developing nations in a more forthright and less patronizing way. The fact is that massive infusions of foreign aid have proven not only ineffective in stimulating economic development in the Third World, but in many cases they have actually been counter-productive. Our economic assistance must be carefully targeted and must make maximum

use of the energies and efforts of the private sector."

Joan Holmes opened the floor for questions. Elise Smith inquired about PVO use and Peace Corps use of returned Peace Corps volunteers to galvanize Americans. Ms. Ruppe gave a few highlights of this activity: returned volunteers update organizations on current Peace Corps programs; the development of media contact groups; newsletters are sent; returned Peace Corps volunteers prepare new volunteers for upcoming assignments and returned Peace Corps volunteers even formed a group to lobby for budget increases. She is part of the administration and must stick to the budget OMB sets. She questioned the group about PVOs' ability to lobby with Ms. Smith explaining the restrictions. According to Ruppe there is basically no support in the individual congressional constituencies for foreign assistance. "That is where we (the international development community) must start. Everytime we are out talking ... we've got to bring our case to the American people. We certainly want our returned Peace Corps volunteers to get into the schools. We have got to reach our young people. We find in Peace Corps that most of our volunteers say they were thinking about Peace Corps for years before they went in. That's what got us so concerned that we had to let these generations of Americans know of this tremendous program so they could volunteer for it later. That's true in development education and those are the first programs dropped. When the education budgets were cut, it was international education that was the first thing to be cut."

Frank Kiehne commented next on working with or having access to AID's office procedures. Ten years ago, finding an approach was difficult and since then AID has formalized an office for private voluntary cooperation. PVOs now know how to work in partnership with AID. He then asked if there were any plans for formalizing procedures or any existing programs to aid Peace Corps and PVO cooperation. Loree Ruppe stated that within the Office of Program Development an office of "Competitive Enterprise" attempts to link PVOs or service organizations with Peace Corps. "Memorandums of Understanding" have been signed through this office in cooperative ventures. She asked about the attempts of PVOs to contact and collaborate with the Peace Corps.

Peter Davies (Meals for Millions) responded saying that his experience in the field, the local, informal cooperation was the most beneficial. Davies then asked, "How has the Reagan Administration's approach to resolving Central America's problems with military assistance affected the Peace Corps volunteers in that region?"

Ruppe noted that Peace Corps tries to stay apolitical and she has not heard of any direct problems in the field. She is doing development education within this administration and has since increased concern for development but more work needs to be done.

Elizabeth Coit (Universal Unitarian Service Committee) reiterated the benefit of an informal arrangement between Peace Corps and PVOs due to the Peace Corps volunteers' official government representative status. As official representatives, Peace Corps volunteers would have to get clearance from host country governments if formal agreements were sought between PVOs and Peace Corps volunteers. She also noted that returned Peace Corps volunteers can be used often in community gatherings or programs. It is advantageous to know where these returned Peace Corps volunteers are and solicit their help.

Loret Ruppe suggested contacting Peace Corps recruiting centers and using the Peace Corps Institute's updated directory.

Beverly Tangri (The Hunger Project) asked for specific success stories of the Women-In-Development Peace Corps programs which she complimented highly. Loret mentioned Susan Skull as a Peace Corps staff contact. Kenya has a roof cistern, water collection program; better marketing skills are also receiving focus; bee-keeping and jewelry are others.

Steve Roth, from the National Council on Returned Peace Corps Volunteers, commented on this relatively new organization's attempt to provide information resources on Returned Peace Corps volunteers.

Austin Heyman (AID) mentioned an upcoming guidebook that AID and the Peace Corps are collaborating on which should be helpful to PVOs in providing models for cooperation. This is coming out in the fall. Loret added that cables have been sent to all countries requesting the most recent efforts and collaborations in each country.

Jim McCracken (Christian Children's Fund) asked, in consideration of the economic breakdown in Mexico and the concern of the people found in the American Southwest, "Is it viable, is it feasible, is it useful to think in terms of a partnership with our southwestern Hispanic population in raising the challenge to our national community of placing 10 - 20 thousand Spanish-speaking volunteers at village level through the Peace Corps throughout this hemisphere?"

Loret Ruppe responded that recruitment among Hispanics is not as high as expected. Also we would have to be invited. South America is disappointing; we are only in two countries, Ecuador and Paraguay. But we are talking to Peru and a massive Hispanic-American movement would be an excellent idea.

Peter Warren questioned Loret on the U.N. volunteer program, requesting the number of Americans involved. She answered that Peace Corps does the recruiting for that program. About 55 volunteers are now serving, the funds for these individuals come from the U.N. or host countries after Peace Corps recruits and transports the volunteers. Peace Corps also gives a grant to the special volunteer fund which supports volunteers from developing countries and is an ongoing effort. Some discussion was held about the latter situation being a "brain drain." The U.N. does want volunteers mainly from developed countries and the U.S. is providing by far the largest number.

Loret closed the session with several suggestions. Asking congressmen to visit a project in a country, sending a "leadership letter" to congressmen briefly reporting on what was seen and some responses of host countries after a visit to a project, conferring with editorial boards, T.V. and radio are ideas and suggestions for the development education effort.

Her parting message was, "We are involved in the most important work that can be done. Promoting world peace and friendship is what is so desperately needed in the 80's. And I often say peace, that beautiful five letter work that we all say we treasure and crave, is up for grabs in the 80's. And a question must be decided, is peace simply the absence of war or the conditions that bring on war? Those are the conditions we are working on. You're all peace volunteers; let's work together and do everything we can in the important work we're all in."

### WHAT OTHER COUNTRIES ARE DOING

The purpose of this panel was to discuss the apparant greater success of European and Canadian PVOs in creating a constituency for international development, when compared with U.S. PVOs. Antonie de Wilde, Executive Director of Appropriate Technology International, convened the panel, which consisted of Mr. Kees Kommers, Director of development education for the Netherlands Overseas Corporation for International Development (NOVIB), and Mr. Richard Patten, Director of the Ottawa Office of the National Council of YMCAs of Canada, and Vice President of CCIC, the Canadian Corporation for International Cooperation.

Mr. de Wilde introduced the panel by praising NOVIB's publications, and by reviewing some of the discussions about issues similar to those at the PAID conference that have gone on in the Netherlands over the past ten years. As a result of those discussions, a national institute for development education was founded, with a budget of around U.S. \$3.5 million. As one of the individuals who has worked at the executive level of both a European and a U.S. PVO, Mr. de Wilde, in preparation for this conference, tried to sum up what the major differences are. He selected five such differences as an introduction to the panel disussion.

First is the need to keep overhead costs down. Compared with what is happening in Europe, where PVOs operate with an overhead rate of between 7 and 8 percent for field activities, most American PVOs cannot achieve this due to much more stringent contractual and reporting requirements.

Second, working in Europe, it is generally understood that small-scale PVO-operated projects are more cost-effective and reach the target population better than larger, government-operated projects. There is no need to make the case for small-scale projects anymore; they are accepted. In the U.S., there is a struggle to convince people that small-scale projects are a cost-effective vehicle for foreign assistance.

Another distinction is the percentage of government foreign assistance that is channeled through PVOs. In the Netherlands it is five percent, compared with twelve percent in the U.S. The freedom, however, that European PVOs have in spending their percentage is more important than the size of it. They can set policies. The governments accept regular commercial audits, thereby lessening the reporting requirements.

Further, since tax structures in Europe are not the same as in the U.S., large corporations and foundations are not the main supporters of the PVOs -- individuals are. Thus, the outreach engaged in by European PVOs is much more targeted at individual involvement, rather than at convincing corporations. Perhaps as a result of this, European PVOs tend to justify their existence more in terms of creating social justice than in terms of being charitable and doing charity work.

At this point Kees Kommers began his presentation, narrating a slide show. He began by describing NOVIB (Netherlands Overseas Corporation for International Development). The character of NOVIB is two-fold. It has quite a large program of cooperation with counterpart organizations in various countries, in order to give support to the poorest of the poor. It also has a big project in the Netherlands to increase the awareness of the Dutch public. With reference to earlier remarks, the overhead on that project is more than the seven or eight percent of overseas projects.

Fundraising is one of the important aspects of development education at home: it is done by field workers in every province. In addition we have a publishing house. As in the U.S., fundraising as a development education activity raises a lot of questions regarding how well the message gets across. Does the right, full message get across? What works best? What level of sophistication may be assumed? NOVIB deals with these questions everyday.

He then began the slide presentation, "Charity of Justice?". NOVIB was founded in 1956. The original objectives of "international assistance" have widened to include development and money. NOVIB must raise about half of its funds; the other half comes from the Dutch government. Regarding development efforts, NOVIB feels that "the problem is not one of money, but a lack of positive attitudes towards the problems of the Third World. Of course money is needed to fulfill objectives to abolish the sources of poverty, but money alone cannot abolish the effects of poverty. Social justice means justice for people and from people. This is not a simple transformation.

To achieve this social justice, NOVIB addresses itself to three different groups: poor people in Third World countries; the people in the Netherlands; and governments. In every group there seems to be an attitude that is the greatest obstacle to creating the conditions for social justice. That attitude is the feeling that problems are too big, that they cannot be solved. The Dutch population is remarkable for its charity; however it is NOVIB's conviction that it is not enough to raise money on the basis of charity. Money ought to be raised on the

basis of justice. NOVIB's fundraising activity is no longer an objective by itself; it has become an instrument in fighting indifference and changing attitudes.

There are two reasons for giving money to NOVIB. One is that a person wants to forget the problems in the background. As soon as the money has been given, one no longer feels responsibility for the problem. The second attitude is that of a person who is fully aware of and involved in the problem; this person does not want to forget a problem, but to solve it. It is the intention of NOVIB to move people from the first to the second group. Success cannot be measured in terms of the amount of money received and distributed; it can only be measured in change of attitudes. This applies to government as well as individuals. If NOVIB is not successful, governmental aid will not be an investment in justice, but an investment merely in business opportunities for our country.

NOVIB's fundraising is carried out through a program called "Guests at Your Table", which pairs Dutch groups with organizations in the Third World. On a yearly basis, this program generates about \$5 million. Members of this program insist on being kept informed about NOVIB's counterpart organizations, and on developing a relationship with them.

Within NOVIB, the department responsible for "Guests at Your Table" is also charged with developing publications and other informational materials. Topics range from books for children to scientific studies of multinational corporations. They also publish novels written by Third World authors. A series of country brochures is also available. These brochures are constantly updated. A fourth informational activity is a calendar featuring a wealth of cultures. Fifth, NOVIB publishes a monthly magazine called "Our World"; this provides a forum for Third World people to express their points of view on development issues. NOVIB also produces films for television.

Activities of NOVIB in the Third World can be summarized under three headings:

- o direct aid when absolutely necessary (relief);
- o creating preconditions for people to understand the situation in which they live (empowerment); and
- o support for "change activities" and "change agents".

Therefore, NOVIB prefers to work with counterparts, i.e., change oriented organizations in the Third World which have

their roots in the population. These counterparts ensure that funds go where they are most needed, and that they are spent according to the judgement of the local people.

Following this presentation, Richard Patten gave an introduction to PVO activities in Canada, particularly regarding unity. As a CCIC representative, he empathized with the difficulties encountered by the various U.S. groupings and vested interests. He has been very impressed with the very honest discussion about founding a new organization.

Mr. Patten then took some time to explain the Canadian context. The differences between U.S. and Canadian freedom of action in the world (as countries) is reflected in differences in the range of individual actions. Canada has a strong private sector and "socialistic" public sector policies (health, welfare, regional equalization, etc.). The government is left of the population on many social issues. In addition to being a member of NATO, Canada is a member of the British and French Commonwealths. This provides a whole different set of relationships regarding development. Canada has a parliamentary political system; this is easier (because it is smaller) in some ways. However it is more difficult to lobby. Close to a third of the Canadian population is French-speaking. Canadians have a very strong sense of multi-culturalism. Regional identity is also very strong which creates certain sensitivities. Canadians are also very concerned that their neighbors (the U.S. and the U.S.S.R.) have good relations and thus see themselves as peacemakers.

Canadian government support for voluntary organizations in international development has been based on "supporting the organization's work." Receipt of funds from CIDA is contingent upon the PVO doing the government's work. There are approximately 250 PVOs (sometimes referred to as NGOs). In 1982, these organizations raised about \$150 million from programs. CIDA matched this with a little over \$100 million. In the area of development education, \$15 million was raised by PVOs in 1982; \$5.4 million came from CIDA. This level of support is expected to increase substantially over the next few years. In the areas of emergency relief, PVOs spend about \$25 million. In "overseas development" in the last 15 years, our relationship with CIDA has been a "response program." In the past two years, there has been a shift to a "country-focus program." This is very similar to what AID calls country program integration. While Canadian PVOs understand the need for coordination (of plans, resources, etc.) they are quite cautious. To date only about 20 organizations are involved in CIDA-planned programs, at a level of about \$35 million. CIDA is now also considering working directly with Third World

organizations, rather than working through Canadian PVOs. The objection to this is based on fears of bureaucratization on the North American model, and the need for government endorsement (what happens when governments change?). There is also the sentiment that the value of the people-to-people connection will be lost to both countries. The Canadian government, in attempting this direct linkage, places itself in a vulnerable position; it may be open to charges of foreign political interference.

### Development Education

A couple of years ago CCIC launched a national development study to examine the impact of its development education projects. The results of this show that development education that is community-based has in fact had an impact on public opinion related to Canada's responsibility and global interdependence. Even in these times of high inflation, the majority of PVOs in Canada have been able to raise money from the public at a rate equal to or greater than the rate of inflation. Although CIDA's support for generating public awareness has increased by a factor of ten since the early 1970s, it is still only a third of what is raised out in the community by PVOs. In 1980 there was a Parliamentary Task Force on North-South relations, which recommended a substantial increase in the level of funding of development education to one percent of official development assistance; projected to 1985, this means about \$25 million.

There has been an overwhelming increase in advocacy over the last five or six years. It seems that this is strongly related to development education. There are more letters being sent to members of Parliament, there are more Position Papers being presented before External Affairs, there are more proposals to CIDA and the government as a whole reaction to specific issues and structural problems. The nature of advocacy has become sophisticated and more skillful; there is more strategic planning. PVOs have been instrumental in forming the Canadian government's policy on development assistance to Nicaragua. They worked on getting past the jargon to fund literacy programs. A similar process of expert consultation is going on regarding work in Honduras, El Salvador, Guatemala and Namibia.

In Canada, domestic and international issues are becoming increasingly intertwined (acid rain, disarmament and development, etc.). Testing of the U.S. cruise missile is a very potent issue at this time (May 1983 -- testing was approved late July 1983). People are now perceiving the linkages between domestic unemployment and the international

economic order. There is increased recognition that simply sending money overseas is not necessarily development. The shift from relief to development has been successful (the audience was not lost, due to long, slow educational process).

In 1979 Interpares brought together forty Third World farmers to meet with farmers in Canada, to examine problems facing Canadian agriculture. The farmers from Canada hosted their counterparts; they were invited to visit the countries of their guests. A shared concern was how small producers could market their goods when large producers and large buyers control the market. Some farmers in Canada, Dominica and St. Vincent are working on a joint educational presentation of these marketing problems shared by small potato farmers and small banana farmers.

Finally, Mr. Patten described a ten-year "partnership experience" supported by the YMCA. Fourteen YMCAs in the Atlantic region (of Canada) have joined with the YMCA in Santo Domingo (Dominican Republic). This relationship has changed from one-sided to reciprocal. It is based on mutually agreed upon goals of stabilizing and strengthening a very weak organization. In ten years it went from being "on life-support" to being totally self-sufficient.

### BUILDING BOARD AND STAFF PARTNERSHIP

Peter J. Davies, (President, Meals for Millions/Freedom from Hunger Foundation) convened the session and introduced the panelists, each of whom has a depth of experience on both boards and staffs of PVOs. On the panel were Tom Veblen (Board of Directors, Meals for Millions/ Freedom from Hunger; President, Food System Associates); John Costello (Executive Director, Helen Keller International; Board of Directors, various groups including International Agency for the Prevention of Blindness, etc.); and Paul Hebert, (Director of Washington Office of World Council of Credit Unions; Treasurer, CARE; on Board of Directors or trustee for various other groups including Advisory Committee of Overseas Cooperative Development, Volunteer Development Corporation, etc.).

According to Davies, the focus of the discussion was the various problems faced by board and staff members, ways to attack those problems, and approaches to the task of building partnerships between board members and staff.

John Costello began with the observation that every successful organization depends on cooperation between board and staff. Too often, the real issues for board and staff members are not delved into, resulting in problems. What is needed is a strategy for what partnership is and what it should be. The leadership for this strategy of partnership must come from the staff -- they have to push board members to get things done. It is up to the staff to set patterns of communication, with built-in feedback and involvement.

At Helen Keller International board members chair committees at the semi-annual meetings of their Technical Advisory Committee, even though they are not technical experts. The staff at Helen Keller also makes a point of meeting informally with board members outside of annual meetings. Travel is another important tool. Save the Children is setting a good example for other PVOs in their decision to hold their annual meeting in the Dominican Republic this year. At Helen Keller, they also encourage board members to travel to developing countries -- President of HKI went on his first trip to the developing world -- Indonesia -- this year.

It is important for staff to remember that what is a burning issue for them may not be for the board. Getting board members to travel helps them to understand the reality of staff concerns in the field. Part of the problem with board-staff relations in many PVOs is that building board relations is just

not a priority. Staff is preoccupied with other things and board issues wind up being set aside because of day-to-day work in the office. The three problems of board-staff relations are: lack of priority, lack of time, and lack of resources. The staff is too busy with other things.

Paul Hebert spoke next. He pointed out that directors can be elected for various reasons, and they don't necessarily want to get on and do the job. In spite of this, you have to ask the question, "Are they going to do you any good?" -- and to find that out, you have to work with them. If you give them something and they don't get the job done, take them off the board and test them again at a later date.

At CARE we still have some of the original members of the board who have been with us for 37 years. They are important to the organization -- they have done all the fighting, all the worrying about where the money is going to come from. But at 75 - 80 years old, they have to know when to get off the board. We have the problem of hurt feelings when we push them off the merry-go-round. We don't want to hurt our builders and long-time volunteers, yet there's a real dilemma.

As a staff person, I am perplexed by directors who don't want to do anything. The staff is responsible for educating directors, broadening leadership, getting them involved. They need the information to make decisions. At CARE, we appoint board members to committees -- the finance committee, donor support, and program committee. In this way, we get a staff person at the mid-executive level working with board members for the common good. With the directors as chairs of committees of interest, and with a staff person assigned to work with him/her, you get a lot of good work at a very economical rate. It breaks down the feeling of "they" vs. "us" and gets the board and staff working together for the good of the organization and its program objectives.

At CARE we also urge directors to meet with donors or others who have shown strong support for the organization. When they get to a city, they call two or three people who have been supportive and try to arrange lunch or a meeting. These get-togethers have tremendous impact and benefits for the future, because it is calling on real people with commitment to the organization -- not just the little old lady in tennis shoes.

At CARE, we also encourage overseas travel -- visits to projects. Eight of our directors paid their own way to visit our projects in Haiti and the Dominican Republic. Our field representatives organized very productive visits to show our

directors what it takes to run one of those projects. In one case, the trip really changed the outlook of one director, and he got very motivated when he returned home and he organized activity in his local area. The media impact of these trips is also tremendous.

The other group I'm associated with is the Council of Credit Unions and we have a yearly meeting which is usually in the Third World. The board is international, with Third World representatives on it, so automatically it breaks down the division between North and South. As part of the meeting, we reserve several days for visiting program sites, then have a post-conference tour. The outpouring of generosity of our national hosts is tremendous and spontaneous. Because of years of working with us, and the fact that we come with board members, local hosts make it clear how pleased they are to have us.

Mr. Hebert's final point on how to get board and staff to work together comes from his experience with CARE. Every January, we have an annual retreat at the home of Peter Drucker in Clairmont, California. The executive committee and executive staff meet for a one week seminar. The major topics are prearranged, with the subject matter for the meeting sent two months ahead of time. It is here that we can bring up big questions like -- are PVOs like CARE still relevant? Where will we be 10 years from now? What are the issues for us in 1983 vs. 1947? How can we improve board-staff relations? More importantly, it is one week of living together as people concerned with the job at hand. We are not the treasurer or president, although that's assumed. I find this meeting very renewing for the spirit, and look forward to it every year.

Tom Veblan spoke next. He observed that with board and staff partnership, like anything else, it works in fact but not in theory. He outlined the three characteristics of Leadership as knowledge, intelligence and intuition. The objective of PVOs is to get these together. They are in short supply, so we have to use what we've got among board and staff members.

What partnership means is that all parties involved must have a knowledge of and a stake in the organization. There are five key points in partnership: 1) mission and objectives of the organization (which board members and even staff seldom internalize); 2) decisions -- what and who makes them; 3) inquiry and analysis to improve decision-making process (make it more effective); 4) organization -- who and when; 5) evaluation -- more difficult for PVOs than for business (larger questions).

The key problems that most PVOs face are a lack of clearly articulated goals, not enough time, and not enough attention.

Davies ended the panel discussion with a brief summary of his own before opening to the whole group for discussion. He observed that at Meals for Millions, they had a mixed board representing a wide diversity of skills -- business, academic, grass roots, marketing, technical. The staff needed to remember those skills and use them -- too often the staff thinks they have all the answers, and gets into a we/they opposition stance with the board. Partnership means harnessing those skills, working with the board.

In the last year, Meals for Millions has taken on the enormous task of relocating in Davis, California and has presented the board with the challenge and task of fundraising, taking responsibility for the move, etc. The board has worked extremely hard on this task which the staff certainly could not have handled alone. But it also helped that the key committees -- finance, resource development, program review, etc. -- were already set up to include both board and staff representatives, sharing responsibility.

Davies also commented that at Meals for Millions, travel is highly encouraged for board members. They find that if they can get board members to travel, the excitement and commitment it generates is worth paying for. On the Meals for Millions board, the division between those who work and those who don't is largely a factor of who has gotten out to see programs and returned more committed to putting in more time.

### Open Discussion

George Bellah (AID) suggested that PVOs need to recognize the efforts of board members and reward them. The staff has to understand why board members join the board -- they have needs and it helps to recognize why they're there and reward them. Things like certificates, coffee clutches, whatever are nice. Davies responded that their reward comes when staff ask them for their expertise, rather than asking them to be a rubber stamp.

Hank Raulerson (African-American Institute) said that from his involvement with boards, he has found a valuable approach which he learned in the Peace Corps, namely, "care and feeding of an ambassador". If you keep board members informed, they are less likely to get into your business. It is important for both board and staff that they have a stake in the organization -- that you're not just calling on board members in a crisis

moment, which seems to be the rule. He once got a board member to replace him on a trip to Houston for a meeting, and she was much better able than a staff member to get the job done. She had stature, respect in the community, and she opened doors. His organization also has the problem (like CARE) of what to do with people who have been on the board for a long time. They are trying to move in a new direction -- but it is difficult to get old board members to embrace a change in focus.

Jim McCracken (Christian Children's Fund) asked two brief questions of the panelists: how big should a board be, and how often should it hold meetings?

Paul Hebert began with his experience with World Council of Credit Unions. The International Board meets once a year, which is a large meeting and costly. Seventeen directors are present, materials are in three languages. The executive committee meets twice a year, with the four principal officers, two of whom are from developing countries. So all together, three times a year.

CARE meets eleven times (monthly, except August) with the executive and program committees meeting even more often. But most of the CARE board is on the east coast, hardly anyone beyond Chicago (the two from the West Coast have elected to come four times a year). But even that number of meetings is not enough to get work done, and they use conference phones.

John Costello said Helen Keller International meets as a full board twice a year and it's a small board (12 members). The executive committee meets quarterly.

Jim McCracken said Christian Children's Fund has a unique election process. Board members rotate off, and cannot be elected after they reach 62 years of age. If they miss three meetings in a row, they're off the board. Meetings are four times/year as a whole from 9:00 am - 12:15. The seven standing committees meet before the full board, but none for more than two hours and the chair of each standing committee presents all business to the full board. The board totals 25 members.

Davies said that Meals for Millions has a board of 24 which meets twice a year. The executive committee has nine members and meets four times. Recently, key committees have had to function on a more regular basis (because of the decision to move). The committee structure is the key ingredient in getting business done.

Barry Harper of I.D.I. asked Hebert about CARE's monthly meetings. If they meet eleven times, they are really an

operating board. Usually a board meets two, three or four times a year for policy decisions, but how do you keep your board from feeling used for the wealth and contacts they bring to an organization?

Hebert felt this was a good question and was hoping for a response. CARE had a severe problem four and half to five years ago, and also had a very inactive board at the time. Hebert himself threatened to resign several times because he wasn't involved and couldn't justify the time or expense. The problem CARE had was that the staff had galvanized the board. The board realized they had shirked their responsibility and it triggered the opposite extreme. They entered a quasi-management role. Now the staff says you are meddling in our business, so the task now is to back off. What we sought to do is now in place, we have solved our problem and we hope the meetings will come down from eleven to four or five.

Veblen commented that we shouldn't forget the self-interest of the board member. It is a way to gain contacts and visibility which doesn't mean there aren't also altruistic motives.

The panelists' final comments included a statement by Tom Veblen. Veblen commented, "I had forgotten how important it is to have a practical mission for board members. An organization needs goals and vision. To quote an old saying, 'Never stay more than eight years in one place, and if you can't get the mortgage up within two years, quit.' Some people are conceptual and abstract. Others want tangible goals. I don't know why we can't have both."

Paul Hebert concluded, "The board and staff need a mission, they need goals, and they need to work together, without losing sight of why are we organized. Too often, we lose our objectives and get all caught up in fundraising, etc. We have to remember to keep constant purpose -- we are trying to help people who may have no conception of our efforts."

## CONSTITUENCY BUILDING

Joseph Mitchell convened the meeting, "While we all consider ourselves 'experts' in this area, we're actually not. Our panelists will, hopefully, talk about recent changes in public policy lobbying techniques as well as how they themselves have lobbied and built constituencies. Our speakers will be Julee Kryder-Coe (Assistant Director Government Relations, Independent Sector; formerly Staff Associate of the Coalition of National Volunteer Associations) who will talk about the role played by the Independent Sector in effecting the recent withdrawal of O.M.B. Circular A122; Bob Schule (a partner in Wexler, Reynolds, Harrison and Schule, a public policy lobbying and consultant organization in D.C.; previously he held government and lobbying positions) who will talk about how his private organization fought to save the National Legal Services Program; E. Morgan Williams (President, Cooperative League of the U.S.A.; formerly Agricultural Assistant to Senator Dole) who will speak about the Consumer Cooperative Bank issue; and "Arthur Simon" (Executive Director of Bread for the World, who also wrote the book of the same name) will speak about targeted aid."

Arthur Simon began, "Over the last few years we've been interested in foreign aid reform, particularly with emphasis on meeting basic human needs with a focus on self-help development. About one year ago we got the Targeted Aid Provision introduced into the Senate by Senators Dole, Hatfield, Danforth and Leahy. This provision would require that 50% of U.S. bilateral development aid directly benefit those living in 'absolute poverty' (as defined by the World Bank). As soon as that was introduced we got our members to write to Senators, especially members of the Senate Foreign Relations Committee, which later passed the provision. However we got no further action because Senate foreign aid legislation went no further that year. Next, we took the provision to the House, where, initially, we did not fare so well. We didn't have the support of either House Foreign Affairs Committee Chairman Zabloski or his staff. The provision did not get presented and it was not voted into House legislation.

Ordinarily that would have been the end of it. However, we decided to shoot for an amendment to a continuing resolution. We started with the House Rules Committee in order that the provision would be presented on the floor. We got our people to go to work on members of the Rules Committee (calls and letters). We were permitted finally to send the amendment to the floor for a vote and after heated debate we won, with a narrow margin, a 50% targeted aid provision. We were unable to pass the same with the Senate. Next we went to the

House-Senate Conference where we won a partial victory of 40% targeted aid provision applicable only to FY83. Nevertheless, it was a significant victory under this administration. One positive result has been new interaction and discussions with AID. Currently, it appears that a targeted aid provision may be written into a Foreign Relations authorization bill, a more lengthy and broad provision. That would require that a substantial portion of the aid directly benefit people under the 'absolute poverty line' or comparable standards. The bill will require a sharper, narrower definition of 'the poor' (definitions in previous bills covered almost 3/4 of the population in Latin America). Also, non-direct aid (c. 60%) would ultimately benefit the target population.

The bottom line is that we achieved these results because we had people out in many states and districts who pushed members of Congress to pay attention to these issues.

Julee Kryder-Coe stated her understanding that most of the audience was familiar with the Circular A122 issue. The revisions to the Circular sought to deny re-imbusement to non-profit organizations unless they separated their political advocacy function from their program functions. One of the problems with OMB's definition of political advocacy was that their definition prohibited all the lobbying that non-profits can now do by law and combined those actions with activities non-profits cannot do related to political campaigning. Secondly, separating advocacy from program functions meant completely separating offices, equipment, and staff. Since these organizations probably could not afford to do so, financially, they had to stop doing advocacy work in order to keep federal grants. These regulations were clearly intended to stop any advocacy by a non-profit organization, even if that advocacy was conducted using private funding.

Kryder Coe reported what the Independent Sector had tried to do about that, first explaining what the Independent Sector is. It is a coalition of 480 national voluntary organizations, foundations and corporations interested in preserving what is called the independent sector, the non-profit voluntary sector of our society.

The organization was forced into a reactive posture by the lack of time we had to respond to the proposed OMB revisions. However the Independent Sector relied on some basic underlying principles. First, we felt that the proposal violated free speech. Also, a cooperative assault by all kinds of non-profits from Red Cross to the Appalachian Mountain Club to the Chamber of Commerce was required to have an impact. Third, we felt broad-based support needed to come from the grassroots rather than from the National Voluntary Organizations in Washington. Lastly, we believed only Congress would be capable

of pressuring OMB and the White House successfully.

We tried to pull together all the groups interested in this issue. We got together to strategize and eventually formed the 'OMB Coalition', which included over 250 voluntary organizations. This coalition was meeting almost once a week within a month of the proposed revisions. Independent Sector acted as secretariat to the 'OMB Coalition', keeping a listing of all interested groups, providing mailings, and acting as an information repository.

Public education was our first goal. Two hundred and fifty organizations and their constituents provided an enormous broad base nationwide. Next, we were concerned with the press, and held a press conference to disseminate information to the media. The Independent Sector then held a Capitol Hill Day to educate its own members and exchange questions and information face to face. We asked these people to then go back to the Hill and start talking with colleagues. Next we conducted a Congressional briefing to educate House and Senate aides. About 125 aides showed up, which was a very good turnout, due to the urgency of the issue. We worked with the Committee on Government Operations in the House to find witnesses for House hearings. The Committee's Chairman and ranking minority person both agreed that the revisions were absurd. After hearings, these groups circulated a press release to their colleagues urging them to drop the proposed revisions. One hundred and seventy members of the Congress signed within 48 hours.

After each step we tried to follow up and maintain momentum. OMB withdrew the circular after receiving 6,000 comments and grassroots pressure. But this may be only a Phase 1 victory since OMB will try to introduce revisions again. But the constituency is still in place and still concerned.

Morgan Williams spoke next, joking about the proliferation of PVOs and cooperative groups and stressing the need for unity among these groups and the ability to cooperate in a coalition.

The National Consumer Cooperative Bank was created by Congress in 1977 or '78. However, the large budget and staff appointed by the President made it totally politicized, not at all controlled by cooperatives. After the 1980 election Williams came on board and so did David Stockman who put the Bank on his hit list. The first effort was to save the Bank using the same coalition that got the Bank created in the first place.

The decision was made to keep very low visibility and work behind the scenes. The group also wanted to work out some kind of compromise to come up with a new structure and the catchword was "privatise." No more federal money and only three presidential appointees (leaving 12 positions) and this would

"privatise" and save the Bank. Control of the Bank would be gained in return for the government ceasing to input capital.

Next, all of the groups (the Cooperative League, the Bank, and others) decided to hire a "quarterback" to unite and focus the efforts. Ed Jenke was hired, of whom all of the groups approved. Also the needed internal stoppers were identified. St. Germain, Chairman of the House Banking Committee, who said that there was no way a bill to revoke the charter of the Bank would go through his committee, and also Congressman Wylie (R.), gave us bilateral support.

For a grassroots approach those two were also needed to help influence a small key group of Congressmen and Senators. Then the Bank went to OMB asking them to compromise. They refused, so the Coalition fought on the Hill and won. The Bank was restructured, privatized, its charter amended, and the coops took over.

Bob Schule talked about being a private lobbyist in Washington. He distinguished between direct and indirect (i.e., developing grassroots) lobbying. The proliferation of special interest groups and the desire for "one-stop shopping" lobbying, combined with Public Relations, are changing and affecting lobbying today. One of the results of these changes is a new team approach. In fighting the National Legal Services Program, the typical beginning was lobbying and canvassing the Hill to develop a baseline, and discover allies and opponents.

One-page fact sheets were developed which served as scripts for outreach group members (i.e., grassroots lobbyists) to use when talking to Congressmen, Senators and other people they wished to influence.

In this particular case when looking for allies the focus turned to business executives as well as to lawyers, government officials (local and state) who might believe strongly in the right to legal representation. Participation by allies is crucial to success. Another important factor is structured, scheduled effort. Also everyone should be informed of developments. Information should be fed through one central person. This would be a sort of boiler room which would coordinate and disseminate information, obtain and provide materials needed for issues, track assignments and supervise and provide accountability.

In the case of Legal Services after accomplishing the tasks mentioned above, the lobby contacted the three past Presidents of the Business Round Table, all three of them very distinguished men. With their help a general statement of principle was developed stating that the poor deserve competent legal representation just like everyone else. Over

50 CEOs from major corporations were solicited to sign this letter and to call Congressmen and lend their names to the effort. Most of these people were from Fortune 500 companies and were staunch Republicans and Reagan supporters.

Next, the lobby contacted lawyers nationwide who in turn recruited both other lawyers and their clients. Like the recruited CEOs these lawyers were a conservative group that the Administration would not have expected to be opposed to the move. The Administration was, in the end, quite surprised by the widespread support (even by the conservative sector) for legal services. As a result the Administration backed off and dropped the proposal. The program is alive today due to grassroots interest and efforts.

REACHING THE GRASSROOTS THROUGH DEVELOPMENT EDUCATION AND THE MEDIA

John Sommer (Experiment in International Living) served as moderator and began the meeting by outlining the objectives of the meeting. "First, we will examine two examples of the use of the media in development education to see if we can draw some lessons from them. Then we'd like to talk about some more general information on the media and its possibilities with respect to development education. Finally, we'd like to discuss some practical possibilities we might pursue in Development Education in the future."

"By way of a brief background, I'd like to mention some of the issues raised at the PAID sponsored workshop on 'Development Education Using the Media' which took place last month in New York. Yankalovitch, Skelly and White provided a sociological setting and context for development education when they reported that there are people listening out there but they are barely listening. What we need is high-powered advertising to grab the attention and entice the interest of the public."

Jim Sheffield (President of the U.S. Committee for UNICEF) was asked to speak next about how UNICEF had used the movie "Gandhi" for development education purposes. Mr. Sheffield explained that Columbia Pictures had come to UNICEF last year hoping to arrange some kind of collaborative effort with UNICEF to promote the movie. They chose UNICEF because of its already established national network. UNICEF gained several benefits from the partnership:

- o important contacts at many levels (especially well-known individuals in business, show-business, politics);
- o large fundraising potential;
- o an association with a project whose message was right in line with their own ideology.

According to Sheffield, Gandhi's statement in the movie, "Hunger is the worst form of violence" really struck a chord with UNICEF.

UNICEF employed every means available to promote the movie, from buttons and stickers to pamphlets and blurbs on all the literature leaving their offices. Every department in the organization was involved and volunteer staff members were

encouraged to bid to hold premieres in their own cities. David Hartman (of "Good Morning, America") voluntarily promoted the film by interviewing Richard Attenborough, Ben Kingsley and other people possessing relevant Indian experience for several months before the movie's release.

Various civic groups also helped promote the movie, including: the Kiwanas, Girl Scouts, United Methodist Church, Unitarian Universalists Church United, League of Women Voters, National Religious Broadcasters Association, National and Regional Christian Educators Conferences, youth retreats, and folk festivals. Seminars were also held in six major American cities.

The next speaker was Brenda Eddy, a founding member of PAID, and currently involved in the "End Hunger Televent" in Los Angeles. The televent was a live, three hour T.V. special on April 9, 1983. The event had three major objectives:

- 1) to educate a mass audience on the basic principles underlying hunger (i.e., where hunger is; who is working to end it; that it is not inevitable, but can actually be ended; the role of PVOs in ending hunger);
- 2) generate resources for PVOs (ex: volunteer time, commitment);
- 3) create a cadre of grass-roots citizens dedicated to the cause. Individuals can make a difference if they take a stand and have others join them.

The event was in 3 parts:

- \* pre-event (massive audience enrollment and educational effort);
- \* event (a show watched by thousands of groups);
- \* post-event (management of volunteers, money, and projects produced).

This event was a pilot effort, an experiment which employed 2,500 volunteers, 80 organizations (both local and international), people from all levels of government, education and the Church. With only 10% of the results known, the event had already generated \$250,000 in income to PVOs.

Bruce Stokes, (editor of National Public Radio's "All Things Considered") spoke next, representing the media. He pointed out that most of what PVOs do is just not of interest to the general public. The media (especially the electronic media) is

not interested in process stories (the domain of most PVO happenings), but rather in events. Likewise, he said, morality is not news; reporters are looking for a story. Hunger, in and of itself, is difficult for the media to develop into a story. If, however, one can report that, "a new study was released today which states..." that might be news. Or an interview with someone directly affected by the phenomenon (ex: refugee from a Third World country who has been experiencing hunger due to his/her circumstances).

Next Helen Seidler (CARE) related some of the most important topics from the New York workshop. These were:

- o Image of PVOs: What images result from their fundraising efforts?
- o Positive discovery about size of PVO public: about 20% of the American public is considered "attentive" to national AND international news.
- o Coalition building. Development community should band together in cooperative efforts.
- o Increased use of modern technology and communications systems(ex: wordprocessors, cable TV, databases) in order to reach audiences more effectively and target audiences better.

CARE, Ms. Seidler reported, has made an organizational commitment to development education, which is an area separate and distinct from fundraising and public relations. Her job is to focus on determining the audience for development education, CARE's messages and resources for the latter (financial and other), and then some kind of implementation plan.

As a concrete example of CARE's involvement in development education Ms. Seidler cited their new issue-related, quarterly publication which discusses different development topics. She said that she wants to get as much mileage as possible from this publication, excerpting it in other journals and distributing it to schools.

Tom Keehn (Senior Consultant of PAID) talked about some of the better ideas that came out of the Development Education and Media Workshop held in New York. (He mentioned that the workshop had been organized with the very helpful participation of a public relations firm). The most important three suggestions were, he felt:

- 1) A training session should be held for PVO members in all the various areas (fundraising, education, etc.) in

which media members would instruct them in how to put stories together for the media.

2) A half-day seminar should be held for the CEOs of 12 - 15 PVOs. The topic would be "Who is Listening? And to Whom Should You Target Your Efforts?"

3) Small regional meetings should be instituted (as suggested by UNICEF and Televent efforts).

The floor was then opened up for questions.

Tom Harper praised the Gandhi Education Awareness Program and asked what plans existed to promote such tools among the PVO community?

Jim Sheffield answered by describing UNICEF's strategy as practiced and defined by Jim Grant (Head of UNICEF). That strategy is to cooperate with and enroll as many other PVOs and development organizations as possible in the effort, sharing the technology because he believes that once they feel a project/idea/technology is their own, they will work that much harder for it.

Jim Baird raised the question of the media's obligation to make its audience aware of "significant" issues, especially those which they otherwise would not know about. Shouldn't the media cooperate with the development community to present these issues, he asked.

Bruce Stokes pointed out that members of the media are NOT supposed to act as advocates. He went on to explain that since the electronic media is a reactive medium it presents very few original ideas. Therefore, in order to get coverage an issue must first be written about by, perhaps, several different press agencies to become considered an issue by the electronic media. At that point, electronic media may be willing to look at it and say, "oh, that's an issue. Let's cover it."

Patty Bankson (YMCA, Metro Washington) asked if the media would be receptive to a cooperative effort with a local PVO resource person (for example, in the Middle East) who is directly involved or affected by something the media is already covering, to produce a story highlighting the human interest/individual level aspect.

Mr. Stokes replied that might be a possibility, but that a network like NPR was more likely to be interested than any of the other big commercial networks, since NPR has more time to allot per story. Of course probability of coverage would also

depend upon other current events. The number of events the media can cover and the extent to which those events can be covered is limited. The decision to cover one thing rules out the possibility of covering something else. (The "news hole" concept.)

Roger Flathers (a consultant) asked how members of this panel would cover this meeting if they were reporters. His suggested headline would be something like: "Unity Created by Approval of Third Organization." Mr. Stokes suggested that an article on the Gandhi promotion could be used in the business section of a newspaper.

A discussion followed of what constituted news as opposed to the simple occurrence of something (like the PAID meeting).

Brenda Eddy reported that the Televent became news simply because the Los Angeles area had not known that hunger was ending. That was news to them. Also the controversy over which groups should be focused on (those affected domestically or internationally?) provided a "hook" for the media.

Mary Ann Leach (CARE) commented on the general lack of understanding on the part of the public of development, PVOs, and the role of PVOs in development. She suggested as a remedy doing something similar to what was done by the BBC and Thames Television in England. They made a documentary whose intention was to explode myths about development and create a new base of knowledge and understanding.

John Sommer and Bruce Stokes agreed that all development organizations should encourage the public to communicate with the media when it is not covering the areas (ex: a particular Third World country) they want to hear about. Also when it does cover issues of relevance (ex: the New York Times' series on hunger), the public should praise and thank the media.

Brenda Eddy stressed the importance of showing the constituencies you create how they can continue to participate beyond the act of giving money.

Mr. Sheffield mentioned that reaching and motivating the "movers and shakers" had been much easier for UNICEF than producing "grassroots" involvement in the Gandhi project. He also talked about the importance of creating a "sexy story" as Jim Grant had done with GOBI (Growth charts, Oral rehydration, Breast feeding, Immunization) during this year's State of the World's Children campaign.

Tim Broadhead cautioned panelists not to lose sight of their goals by manipulating them to make news stories. He reminded them to show respect for both the people they try to educate

and those they talk about in that process.

Helen Seidler closed by reemphasizing the importance of the distinction between information and education. The latter is an interactive process, the former is not.

WRAP-UP SESSION

Frank Kiehne began the wrap-up session by thanking volunteers and introducing the chairpersons for the final gathering, Joe Short of Oxfam and Staff Huffman of the National Association of Social Workers. Joe Short explained the format of ten speakers giving brief highlights and asked Staff Huffman to begin.

Starr Huffman highlighted the contrast between Canadian and European NGOs versus the basic U.S. PVO that she observed from guests invited from those countries. The new insights will hopefully "free the U.S. PVOs to push out our boundaries" and place more emphasis on "justice" within international development not just in ideological ways but in practical and specific terms.

Bob O'Brien (PACT) praised the process and planning involved in the Caribbean Basin session, which yielded valuable content on the critical topic.

All dimensions in this complex combination of characters were represented in the process. A "dynamic" exchange occurred among representatives of local Caribbean groups. The excellent planning of a panel, comprised of competent participants most of whose life-work is in this area, brought out all levels of the problem. The two Caribbean panelists included one indigenous grassroots viewpoint and an international research organization. The U.S. government was represented and the organization that gave testimony on this issue before the Senate on behalf of non-government groups completed the group. O'Brien felt it inappropriate to attempt to summarize the content generated; but the process and planning which yielded such ideas and discussions should be highlighted.

Peggy Streit (Hunger Project; editor, World Development Forum) suggested the next forum include more Third World participants. In terms of the phrase "social justice" used frequently at this forum, more indigenous individuals should be present to help balance our perspective. Only four or five such people were included this time, one of whom, Regina Taylor, allowed the PVO community insight on the work, approaches and problems of Grenada. Peggy Streit emphasized several misperceptions existing about Grenada and other Third World countries. The forum never defined development education but "part of our responsibility is not only to inform the public about classic, traditional misperceptions of Third World countries, but also political misperceptions. Practical problems might clear up if political misperceptions were cleared up." She encouraged first-hand reports on countries such as Grenada. "The contrast in recent speeches by President Reagan and Chris Dodd on

solutions for this problem show that to serve the people of the U.S. we need to correct the balance."

Charles Sykes (CARE Program Liaison Office) highlighted a point from the opening briefing session. The concern for balance between military and economic assistance brought out an obvious point but one that doesn't hurt to restate. "At the apex of the question of balance, is the big power relationship between Russia and the U.S. As long as that remains at the apex, speaking only of the U.S., the question of striking balances and obtaining accelerated economic growth will be secondary. The issues of peace and strained relations with the Soviets will be the dominant question."

He also presented quotations by our guests from Canada and the Netherlands concerning the attitudes of our government and the public. The Canadian participant from the YMCA stated that when facing the Canadian administration they are often, "asking government support for their work." There is an interesting connotation here in terms of attitude.

"When seeking support from the Canadian government their attitude is that of bringing certain characteristics and qualities and bringing something unique to the development effort. This question of attitude is very important. Not simply being an extension necessarily of policy but being an extension perhaps of a greater philosophy of the things our societies share, and those are: pluralism; and the freedom to organize around many issues, to mount programs, and to raise and generate resources. This is a tenant that is far more important in many ways than following public policy. It is an overriding public policy in itself, the support of pluralism."

The average citizen's perspective in many countries is that internal problems of developing countries are too big and cannot be solved; this creates a sense of apathy or indifference. In the Netherlands, NGOs are mapping a strategy which clearly divides people in two categories; those who give as a result of conscience and do not wish to be bothered with being involved, and those who give and wish to be involved. Their strategy is to move people from the first to the second category, from passive giving to active giving and involvement.

Boyd Lowry (CODEL) "Smorgasbord luncheons are an excellent concept, and to be able to choose topics was delightful." He complimented Susan Overman's (CARE) leadership at the table on "Training Staff to Solicit Major Gifts".

Elizabeth Coit (Unitarian Universalist Service Committee) relayed Caulkins' statement made during the corporate involvement session. He suggested that PVOs should pick corporations' priority countries when attempting joint

projects. Credit was cited as a favorable tool. Coit stated, "There is obvious potential to stretch the dialogue between the corporate world and PVOs. We have not made enough use of the corporate world, not just as a grantmaking sector but also as an exchange of technical resources." Examples were given of corporations using PVO resources effectively, such as in managing block currencies or acknowledging that PVOs often know local situations better than corporations. PVOs recognize that corporations are often better at delivering technical resources.

Coit expressed PVO concern that corporations must look beyond credit as a way to help; vocational training, literacy, and aspects of health are also important.

PVOs, however must understand that they shouldn't just count on donations from corporations. The best successes will come with focused programs that can be discussed in hard-core terms, with quantifiable results. This approach gains credibility and visibility within the corporate world. PVOs must get better at managing relations with the corporate world.

Jim Baird (SAWSO) felt that the forum participants' willingness to open up and let down guards demonstrated trust and love which highlighted this forum.

Hank Raullerson (African-American Institute) observed the necessary "spirit of sensitivity" in all sessions. "The donor/recipient relationship is a delicate one. It's easy to give things. The difficult part is providing assistance in a way that enables the recipient to retain a dignity...in a way in which a true partnership is engaged, and both parties have equity in what is being provided and what grows out of it."

Bob Burke (Unitarian Universalist Service Committee) was reassured that his organization and others were not each inventing the wheel in terms of "constituency building and affecting public policy." This session revealed a sharing of appropriate techniques and principles, some already in progress. He was delighted to meet such friendly and dynamic participants.

Timothy Brodhead (Canadian Council for International Cooperation) thanked PAID for the invitation to the forum and expressed pleasure to see so many U.S. organizations talking to each other and about development education as a topic.

"Work is difficult north of the border too; successes are a long way from where we want them to be. Achievements in Canada are due to regrouping efforts over 15 years."

"We pushed as a group of NGOs on several topics, notably the

importance of development education and adequate funding for it, both from ourselves and from the government."

"Let's put it in perspective. What happens in Canada and Europe really isn't very important. It is our task to create an informed public opinion in our country. When it comes to the big issues, we have to acknowledge it's not going to be Canadian public opinion which makes a difference. Not even with our own government. I can give you all sorts of examples from the history of the last two years. The decisions taken in Washington are in fact much more important than the decisions taken in Ottawa and that's also true of the Hague. I don't like to acknowledge that fact but it is a fact. Therefore, what the NGO community does in the U.S. is extremely important to us; and if we're going to work successfully in Canada, as I hope we continue to do, we need a very much stronger, more active climate of opinion in the U.S. Because only that is going to really help us advance the goals that we think are appropriate, not just for our country but for the U.S., North America and Europe on all issues we've been discussing. So really, we're directly concerned, in a way you could never be, with what happens with your success. And that's why we really wish you not just success, but any help which we can provide, because in return you will be repaying that help many times over."

William Farren (Technoserve, Inc.) recalled the question raised at the original steering committee meeting to pursue the formation of PAID, "Can PVOs work together? They are likened to the magnetic poles, always repelling each other. The highlight was that that question was never an issue at the forum but was taken for granted. That is a true step forward for the PVO community."

Joe Short brought a close to highlight comments stating that Bill Farren's point provided a positive closing for the 1983 P.A.I.D. Annual Forum.

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APPENDIX: FORUM PARTICIPANT LIST

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