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THE DEPENDENCY OF PRIVATE VOLUNTARY ORGANIZATIONS

ON

FEDERAL SOURCES OF SUPPORT

(A report prepared for the Office of Private and Voluntary Cooperation, Bureau for Food for Peace and Voluntary Assistance, U.S. Agency for International Development)

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Introduction
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Summary of Major Points

This report was prepared for the Office of Private and Voluntary Cooperation in the Bureau for Food for Peace and Voluntary Assistance of the Agency for International Development. The broad purpose of the report was to analyze the nature and degree of financial dependence of Private Voluntary Organizations (PVO's) on federal funds. It was understood that the analysis would serve in part as the basis for an AID report to the congress designed to assist the congress in establishing appropriate guidelines to ensure the privacy and independence of PVO's. The report was designed to provide:

- A review of recent trends in the financial relationship between the PVO community and the federal government and between designated sub-groupings of the PVO community and the federal government;

- An analysis of the differential impact of alternative financial measures of privacy on the PVO community and sub groupings within the community;

- A discussion of the range of factors that may influence the nature and extent of an institution's dependency on the federal government.

The report was prepared between January 15, 1985 and February 15, 1985. Information was obtained from AID documents and interviews with AID staff, congressional staff and representatives from the PVO community. (A list of those interviewed is included in the appendix.)

The Report itself is divided into 4 sections, as follows:

- A discussion of recent trends in the nature and direction of PVO financial reliance on federal funding based on statistics that appear in the appendix;

- A discussion of difficulties that may be faced in the administration of the privacy test;

- A discussion of different forms of dependency and alternative approaches that might be considered to deal with these separate situations;

- Appendices which include: a brief summary of 3 recent evaluations of PVO performance; a technical discussion of the application of Section 123(g) and the more recent Lewis ammendment; a description of how the data for this study was developed; eleven tables which form the basis for the narrative in the first section of the report; a list of those interviewed.

This study is designed to provide statistical material that has hitherto not been available and to organize and frame issues for later discussion. It was not intended that the report include recommendations or take a position with regard to either the wisdom or formulation of a privacy test. However, with regard to the important question of institutional dependency, there are several broad themes that emerge from this report:

1- There appear to be different forms of dependency and a consequent variety of mechanisms for dealing with it.

2- Because the PVO community is so heterogeneous, any given formulation of a privacy test will have significant differential effects on different organizations, and different sub-groupings;

3- For the same reason, while a formulated privacy test based on federal share of support appears to be a useful mechanism in identifying and discouraging dependence, there are several additional measures of privacy that could be employed depending on the particular objective;

4- The administration of the current legislated privacy test will be considerably more complex than would appear to be the case from a reading of the straightforward legislative language. This is due to the diversity of the PVO community and anomalies that flow from application of a single formula.

5- Administration of any type of privacy test coupled with a threatened cut off in federal support may have unintended incentive or disincentive effects. In particular, PVO's may be encouraged to move toward more publicly popular humanitarian relief programs and away from long term development efforts.

6- There is a need for clarity with respect to the objectives to be pursued in applying a privacy test and it may be desirable to adjust the criteria to deal with different objectives;

7- There is a group of roughly 20 to 25 PVO's (depending on the criteria) which have consistently shown a high degree of financial reliance on the federal government. Efforts to deal with the problem of budgetary dependence should probably focus first and foremost on this group;

8- Those PVO's which appear to be most reliant on the federal government for financial support tend to spend considerably less on fund raising than do less reliant organizations and have shown little inclination to increase the allocation for fund raising during the five year period under review;

9- While there are a variety of different types of PVO's

impacted by a minimum percentage privacy test, cooperatives, labor groups, family planning groups and minority and socially disadvantaged organizations are particularly effected.

10- Finally, there is a need for considerable additional research on the nature of dependency, the dynamics of the PVO/federal relationship and on the conditions and institutional characteristics that encourage or discourage real or effective dependence.

Trends in PVO Reliance on Federal Funding

The statistical basis for the following discussion is contained in tables 1-11 in the Statistical Appendix. In using this data, it is important to keep certain caveats in mind:

- The data is intended to demonstrate trends and relationships and should not be used to draw definitive conclusions with regard to the applicability of 123(G) or the Lewis amendment to individual organizations;

- The formulas used to measure the percent of income derived for each PVO from the U.S.G. differ in several respects from the formulas used by AID. Particularly, the formulas used in this analysis examine the federal share of total PVO income; the formulas used by AID examine the federal share of expenditures for the international program portion of a PVO's operation. While both approaches yield approximately similar results, there may be significant case by case differences;

- The sample group is limited to the 112 PVO's that reported receiving AID funds or PL480 resources in 1983/84. Several PVO's that receive funds on an intermittent basis were not included;

- Year to year comparisons are not fully comparable since several of the PVO's either filed no reports for earlier years or were not in existence. For this reason, comparisons against a previous year will tend to overstate the rate of increase.

Table #1 Aggregate Trends, 1979-1983/84

For all PVO's included in this analysis, total income has nearly doubled during the five year period growing from \$843 million in 1979 to nearly \$1.6 billion in 1983. The growth in the size of the international program (expenditure basis) has been nearly proportionate growing from \$712 million to \$1,161 million in 1983 but declining in relative share from 84% to 75% of total income.

The share of total income received from the U.S.G. for the group as a whole has grown in absolute terms from \$419 million to \$669 million but has declined in relative terms from 49% of total income in 1979 to 43% in 1983. At the same time, the level of resources received in the form of AID grants and contracts has nearly tripled, growing from \$99 million to \$256 million in absolute terms and increasing from 11% of total PVO income in 1979 to 16% in 1983.

The amount of support received in the form of private contributions and private revenue has more than doubled, increasing from \$286 million in 1979 to \$644 million in 1983 and

growing from 35% of total income in the earlier year to 42% by 1983. Within this category, the greatest gains have occurred from a sharp growth in private revenue which quadrupled during the period and increased from 8% to 15% of total income.

For all PVO's, the amount expended for fund raising more than doubled during the period and increased from 2% to 3% of income.

Table #1 also provides similar summary data for minority managed PVO's that received AID funds in 1983 and for those PVO's that received more than 80% of their cash resources from the government in that year. (Because of the small number of organizations --13 in the minority category; 17 with more than 80% U.S.G. funding--) aggregate comparisons can be misleading and should be used cautiously. For these two groups, income roughly doubled during the five year period. For minority groups, government funding rose from 31% to 39% of total income while for the 80% category, the share of total government support shifted from 79% to 83% (Virtually all in the form of grants and contracts in both cases.) While for both groups income from private contributions and private revenue expanded, the growth for minority groups was not as marked as it was for the community as a whole: an increase of 63% for minority groups compared to 125% for the community as a whole. In regard to fund raising expenses, minority groups doubled their expenses from \$3 million to \$6 million while the 80% category showed no appreciable increment, spending less than \$1 million in both years.

Table #1 provides the basis for several broad impressions:

- If all forms of government support are considered, those PVO's that receive government funds are slightly less dependent on federal resources now than they were in 1979;
- If just cash resources are counted (mainly grants and contracts) PVO's are slightly more dependent on government support now than they were in 1979;
- The group as a whole has been successful in increasing the relative importance of "private" cash revenues primarily through use of revenue generating mechanisms rather than through increases in private contributions which dropped from 27% to 26% of income;
- The group as a whole has appeared willing to increase outlays for fund raising and, in fact, the increment in fund raising expenditures (+125%) exceeds the increment in private contributions (+84%) suggesting that there may be diminishing returns to increased fund raising efforts;
- For those institutions heavily dependent on federal support (the 80% group), the degree of dependence has not altered and has, in fact, increased slightly during the 5 year period. Not only do these institutions allocate considerably less in absolute terms to fund raising but, contrary to the trend for the

community as a whole, they have not increased the allocation for fund raising either in absolute or relative terms.

Table #2 - % of Income from the U.S. Government

Table #2 provides 5 year summary data with respect to the application of 3 alternative formulas that measure the ratio of federal support to total PVO income.

- Formula #1 is the ratio of federal cash income (grants, contracts and AID freight payments) to total PVO cash income. This formula is roughly comparable to the approach that AID uses in applying Section 123(G). A detailed description of the differences in approach is described in the statistical appendix.

- Formula #2 is the ratio of federal cash plus in kind contributions (grants, contracts, AID freight, excess property) to total cash plus in-kind income. PL 480 is excluded.

- Formula #3 is identical to #2, with the inclusion of PL 480. This formula is similar to the approach implicit in the Lewis amendment.

The Table illustrates several general points:

- The choice of formula can have a significant effect on the resulting percentage, particularly if the very large Title 2 distribution agencies are included. For example, the share of federal support for 1983 can either be interpreted as 25% (#1) or 43% (#3) when counting all PVO's. On the other hand, if PVO's over \$25 million are excluded, both formulas yield roughly similar results (41% vs 38%).

- Grouping all PVO's in the study the share of federal support (regardless of formula) was bell shaped during the 5 year period with initial modest increases in share and recent modest declines.

- Minority groups deviated from this overall trend with an overall increase in dependence from 31% to 39%, regardless of formula used;

- Because of the small number of institutions, aggregate year to year trend data for Cooperatives, Family Planning Organizations and Labor groups is not reliable. However, the relatively high degree of dependence on federal funding is evident in all 3 cases.

- For those two groupings of PVO's that either received less than 20% of cash income from private sources in 1983 or less than 25% of total resources, there appears to have been a modest but steady increase in the federal share of income during the five year period.

Table #3 Share of Resources Received from the U.S.G. in 1984 by

Institution.

Table #3 lists those institutions that received more than specified percentages of income under formula #1 and formula #3 for the year 1983/84.

For formula #1 (which measures the share of federal cash income to total cash income):

- 43 institutions received 50% or more of their cash income from the government in 1984;

- 29 institutions received 65% or more of their cash income from the government in 1984;

- 23 institutions received 80% or more of their cash income from the government in 1984.

For formula #3 (which measures the share of total federal resources, cash plus in-kind, to total income):

- 39 institutions received 50% or more of total income from the government in 1984;

- 25 institutions received 65% or more of their income from the government in 1984;

- 23 institutions received 75% or more of their income from the government in 1984. (A 75% cut-off rather than an 80% cut-off was used to correspond with the criterion of the Lewis amendment.)

For the most part, those institutions that are identified under formula #1 are also identified under formula #3. However, there are several differences. For example:

- Using the same 65% cut-off, there are 4 institutions that are included under the Formula #1 list that are not included under the Formula #3 list: Volunteers in Overseas Cooperative Assistance; IHAP; Africare; World Vision. In these instances, the institutions receive private in kind resources of some form thereby increasing the share of private to public support as measured by formula #3.

- Using the 50% guideline, formula #1 identifies 3 additional institutions that are not identified by the 50% cut-off under formula #3: IESC; the International Eye Foundation and PADF.

- Also, there are occasional instances where the application of formula #3 identifies institutions not identified under formula #2. For example, using a 65% cut off, formula #3 includes CRS and the Seventh Day Adventists which are not picked up under formula #2. At 50% ,formula #3 picks up CARE, not included under #2. (These institutions receive differential treatment under formula #3 because of the high level of PL480 commodities.)

Table #4, Share of Government Support by Institution and by Year

This Table lists institutions that receive more than 80% or more than 75% of their resources from the government for each year from 1979 through 1983.

- In comparing year to year trends, it is important to note that several of the institutions that are listed in 1983 either did not file reports or did not exist in earlier years. It would not therefore be correct to conclude that the number of institutions heavily reliant on federal funding is on the increase.

- However, there is a group of roughly 15 organizations that appear under either one or both formulas year after year with regularity;

- For example, there are 26 different institutions that are listed in 1983. Of these, 8 did not exist in 1979 or did not file a report. Of the remaining 18 that did exist, 12 appear on the 1979/80 list.

- To illustrate the same point somewhat differently, of the 42 different institutions that would at one time or another during the five year period have been subject to the broad intent of Section 123(G) or the Lewis amendment, 7 institutions would have been effected in every single year and seven institutions would have been effected in 4 out of the 5 years. These 14 institutions are: ACDI; African American Institute; Asia Foundation; Community Systems Foundation; Transcentury; OICI Pathfinder; PACT; Volunteers in Overseas Cooperative Assistance; World Vision; Asian American Free Labor; Consortium for Community Self Help; CLUSA; Booker T. Washington.

- At the same time, during the 5 year period there were a total of 21 different organizations that appear only once (13 institutions) or twice (8 institutions). Had the privacy test formulas been in effect, these institutions would have been ineligible for the PVO grant program, although there "dependency" appears to have been intermittent.

Table#5, Share of Private Income to Total Income and Share of Fund Raising to Total support Costs

This table examines trends in private sector giving to those PVO's included in this analysis and the extent to which PVO's have been increasing or decreasing their fund raising expenditures. It should be noted that "Private Contributions" includes personal, corporate and foundation giving and excludes the generation of private revenue, including membership fees, which are an important source of income to certain organizations, particularly Cooperatives.

- For all PVO's, the share of private contributions to total income has remained static during the period (increasing substantially, of course, in absolute terms);

- For minority organizations there has have been a slight fall in share of private contributions. This also appears to be the case with labor organizations and cooperatives, although only a few institutions are included in these categories and it is risky to draw generic conclusions.

- For that group of institutions that would have been effected by formula #3 (Lewis) in 1983, the share of private contributions has declined very slightly during the period . For those institutions that would have been effected by formula #1 (123 g) the decline is quite noticeable, from 11% to 5%.

- (Although not displayed on Table #5, it is important to note that during the period private revenue for all PVO's and for all categories of PVO's rose, increasing from 8% to 15% of total income for the group as a whole; from 15% to 18% for those effected by formula #3 and from 7% to 11% for those effected by formula #2. For those organizations heavily dependent on federal funding, the increase in private revenue nearly off-sets the drop in the share of private contributions.)

- With regard to the share of fund raising to total income, there has been a slight increase from 2% to 3% for all PVO's, although for those most dependent on federal support, the share has remained constant. More striking is the relatively small percentage of funds spent by these latter organizations on fund raising in comparison with other groupings: a constant 1% each year for those receiving 80% or more of their cash funds from the government in 1983; less than 1% per annum for those receiving 75% or more of total cash income.

- The share of fund raising to support costs may be a more sensitive measure of the willingness of an organization to allocate resources from general administration to fund raising. In general, for the community as a whole and for the various sub-groupings, there is no strong obvious trend although the relatively small amounts allocated by those organizations most reliant on federal financing is evident: 8% or 4% in 1983 (depending on the formula) compared to 32% for all PVO's.

Table #6, Percentage of Federal Resources by Institution, by Year

This Table lists all institutions included in the study and calculates the share of federal funding under 3 alternative formulas for each year of the five year period. The information on this Table needs little additional description and the summary totals are repeated on other tables. However, the Table is useful for illustrating specific cases of increases in dependency, declines in dependency and certain anomalies with respect to the application of a formula test.

- There are several examples of institutions moving from a fairly high degree of reliance on federal funds to relatively modest dependence: Africare from a high of 93% in 1980 to 63% in 1983; the Cooperative Housing Foundation from 90% in 1981 to 53% in 1983; American Near East Refugee AID from 77% in 1979 to 43% in 1983; Planning Assistance Inc from 96% in 1979 to 42% in 1983; The Salvation Army from 100% in 1981 to 43% in 1983.

- Normally, the 3 alternative formulas yield the same or nearly the same result. However, there are instances where the choice of formula #1 or #2 makes a great deal of difference in measuring degree of financial dependence. For example: in 1981, CARE would be either 14% "dependent" or 78% "dependent"; in 1980, World Vision would be either 100% "dependent" or 8% "dependent"; in 1983 Catholic Relief would either be 21% "dependent" or 77% "dependent".

- In most instances the formulas appear to demonstrate a trend: increasing reliance, decreasing reliance or static. However in some cases, the picture becomes sporadic. For example: the African American Labor Center would be on the "dependency" list in 1980 and 1981, off in 1982 and on again in 1983; Africare would be on in 1980 and off for all other years; Goodwill is on in 1980 and off thereafter; AMIDEAST goes from 10% in 1979 to roughly 80% for the next two years then down sharply to 40% in 1983. While infrequent, these examples illustrate a problem in administering 123(G) or the Lewis amendment: how to avoid penalizing an institution for overreliance on federal support when that institution has already initiated steps to reduce the degree of reliance in future years.

Tables #7-11 show sources of income and ratios of federal support year by year for the five year period under review. The methods used to develop this data and certain caveats and cautions with respect to its reliability are discussed in the narrative section of the statistical appendix.

Difficulties that May be Faced in the Administration of a Privacy Test

A later section of this study will discuss different meanings of the term "dependency" and different objectives that might be pursued in the application of a privacy test and alternative mechanisms for accomplishing these objectives. The current section discusses some of the practical difficulties that may be encountered in the administration of a privacy test. Given the limited scope of this study, the discussion is not designed to suggest solutions or to question the fundamental validity or usefulness of a privacy test but rather to identify the types of problems that may be encountered in administering the test equitably.

Some of the points discussed below involve situations where application of a particular formula unfairly categorize an organization as being less private than it really is. In these instances, a waiver provision (if available) could be employed to ensure equitable administration of the intent of the statute. In other cases, provision (if available) could be employed to ensure equitable administration of the intent of the statute. In other cases, a single formula alone may fail to identify a quite serious degree of dependence on governmental resources. This latter situation may present a more formidable administrative challenge.

The discussion is divided into three separate categories, although in several instances there is an overlap. The categories are:

- Difficulties with respect to determining institutional dependence;

- Difficulties in determining the level of privacy and in applying the privacy test formula in different situations and to different institutions;

- Differential impacts and unintended incentives or disincentives;

A- Difficulties with respect to determining institutional dependence.

Implicit in section 123 (g) is the concern that excessive dependence occurs when an institution loses its non-governmental identity and that that point occurs when it receives 80% or more of its support from the government. Intuitively, this is difficult to dispute since for almost any institutions a loss of 80% of its income base would presumably put the organization out of business. But there may be significant ameliorating factors both with respect to preserving independence

in situations that appear highly reliant and causing dependency relations to develop in situations where the ratios would not appear to suggest that this was a problem. For this reason, it may be useful to distinguish between real or effective dependence versus a ratio that measures financial dependence. For example:

- An organization that receives a single large grant for a substantial portion of its income from a single source is more likely to be dependent on that source than an organization that receives several small grants, totaling the same, from that same source. OICI, for example receives a large, centrally funded grant while Partnership for Productivity receives both a centrally funded grant and a variety of other regionally funded grants. Both institutions are highly dependent on AID funding (98% for OICI and 80% for PFP in 1983) but PACT may be significantly more vulnerable to the vicissitudes of a governmental relation than PFP.

- The history of a funding relationship may bear importantly on the degree of effective dependence. An organization that for years has relied on a high degree of federal support may have fewer alternatives to the loss of that support than an organization that has a tradition of private giving with only a recent infusion of large levels of public money. Receipt of a single very large grant in a single year, may push an organization momentarily over the 80% limit but not necessarily constitute the creation of a long term dependency relationship.

- The composition of federal funding may also have differential results with regard to the measurement of dependence. For example, most non-profits face a shortage of unrestricted income since corporations, foundations and federal donors prefer to fund projects rather than core support costs and frequently place a ceiling on the overhead costs than can be charged to an activity. The ability to obtain or the danger of losing a large institutional support grant may be of significantly greater importance to the health of an institution than the loss or receipt of project funds. As a result, the effective level of dependence on this form of support may be much greater. Similarly, certain forms of in-kind contributions such as PL 480 that are distributed or "passed through" may be of much less importance when it comes to measuring the financial independence of the institution than cash contributions. Loss of the commodities may affect the particular program but not the overall financial health of the organization.

- The capacity of the organization to tap alternative resources may have a considerable impact on its effective degree of dependence on federal funding. For example, the availability of an endowment can provide a cushion to absorb swings in support from other sources. Access to a broad and responsive community base such as a church constituency may have a similar buffering effect. Or, more broadly, institutions that support the types of programs that appeal to the general public may be in a much better position to expand the flow of income from private donations than

institutions that work in less popular or less easily understood areas. Specifically, PVO's that provide humanitarian relief services will probably find it much easier to increase private funding than those that work on complex long term development projects. The latter may be much more dependent on a flow of federal funds than the former. Similarly, PVO programs that are sub-entities of larger organizations with a domestic orientation such as Goodwill, the Salvation Army or the YMCA will have potential access to support from the parent entity and may tend to be less reliant on swings in the level of government funding for their international activities.

- While more difficult to identify, those PVO's whose programs may swing in or out of fashion may be considerably more dependent on a given level of federal support than institutions whose programs are less effected by current policy shifts. For example, one suspects that family planning groups, appropriate technology groups and organizations that stress private sector enterprise will, over the long run, be more effected by policy shifts than the more traditional relief agencies.

- Finally, effective dependence or independence will be influenced by a variety of factors that influence the way an organization makes policy, deals with fundamental program issues, plans for the future and has a clear conception of its identity and where it is going. These factors are difficult to measure but may include: the composition of the board of directors and the role of the board in policy making; the existence of a clear and unwavering statement of goals that can be used to guide program choices; the existence of a long range plan that is taken seriously and that clarifies not only what an institution will do but what it won't.

B- Difficulties that may arise from applying a single formula to different situations and to different institutions.

While a measurement of the share of resources provided from federal sources is an obvious and necessary first step in determining the extent or degree of privacy, the application of the test to a group as diverse as the PVO community may have differential results on a case by case basis. For example:

- In the case of decentralized organizations composed of a group of independent members or subsidiaries, application of a formula test to the parent alone may distort the measure of privacy. For example, the Partners of the Americas is an association of state based volunteer groups affiliated with a D.C. based parent. The state based groups are separately incorporated and are represented on the board of the parent entity; their budgets are separate and the private funds that are raised at the state level would not be counted under the budget of the parent. While Partners of the America in Washington, D.C. receives considerable federal support and was at one time a program within AID, the affiliates receive the bulk of their income from private sources. If all the contributions to all the

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independent groups that comprise the Partners were counted, the organization would appear to be essentially private; if only the budget of the parent is counted, the organization appears to be significantly dependent on government support. (The structure of the Sister Cities institution provides a similar example.)

- The measurement of volunteer time may also present a dilemma. Normally, volunteer time comprises contributed time of staff and/or board members at headquarters. However, in some instances the volunteer time is the program that is delivered at the field level through the services of technical professionals who either provide services for free or at substantially below their true earning power. While this would appear to be a reasonable form of private sector "income" it presents formidable measurement problems plus an unfortunate incentive to inflate the value of the contributed service. Nor will it be simple to separate and measure the volunteer value of overseas technical professionals and the volunteer time of interested citizens. Regardless of the formula chosen (123 g excludes volunteer time; the Lewis amendment apparently permits it) considerable judgement in the application of the formula will be needed.

- Inclusion or exclusion of contributed commodities in the formula used to determine privacy presents a similar problem. There are two broad categories of commodities: those intended for distribution or delivery and those intended for use by the organization e.g. typewriters, office equipment. In the first case, the commodities are part of the organization's program but only as a "pass through" item since the initial donor intended that they be delivered to an ultimate recipient. Whether or not this form of in-kind contribution should be considered in a calculation of privateness is problematic. On the one hand, delivered commodities are normally included in the income and expense statements of PVO's and are central to the development and relief activities administered by these organizations. On the other hand, the PVO is providing a service by delivering the commodities and is therefore acting in the capacity of an intermediary.

However, commodities provided to an organization to assist it in the administration of its program appear to more clearly relate to whether a dependency relationship exists since these contributions are presumably in lieu of cash outlays that the organization would be forced to make absent the contribution. But, in these instances there are complicated accounting and measurement problems which will add to the reporting and monitoring burden which is already substantial. While inclusion of this type of in-kind contribution may give a slightly more accurate measure of privateness, it is unclear whether the additional workload is warranted.

- There are other types of "pass through" arrangements which may pose similar measurement problems. For example, AID has increasingly relied on the low cost services of intermediary PVO's to administer participant training programs, reducing the

size of its training office accordingly. Because travel, tuition and board costs may be included in these arrangements, the dollar value of the projects can be very substantial. For example, in one instance involving AMIDEAST, administration of a single training activity in Egypt (the Peace Fellowship Program) could reduce the percent of non-government to government income from roughly 60% to 17% and thereby trigger application of 123(g). This example raises two administrative issues: first, should the full value of the project be included in the calculation of privacy; second, are there instances where the existence of a privacy test will act as a disincentive to bid on an activity that a PVO is in a position to implement.

- There are also several organizations that exist largely as intermediary grant givers using AID grant funds. In these instances , the function of the PVO is to make grants to other PVO's rather than implement activities directly and AID funds "pass through" the organization in much the same way as do PL480 commodities. PACT for example is 90% dependent on AID funds which it sub-grants to other PVO's. In one sense, AID is supporting PACT's program and PACT is reliant on AID; in another sense, AID is employing PACT as an intermediary to make a variety of small grants within defined sectoral parameters to a group of organizations that AID might otherwise have to handle.

- Finally, there are several anomalies with respect to calculation and application of a formula that need to be recognized if a privacy test is to be administered fairly and effectively: (Also see appendix #1 for a technical discussion.)

> A formula which looks only at the federal share of the international program will not necessarily provide a glimpse into the institutions overall financial or programmatic health;

> Any one percentage establishes a single point cut-off (20% or 25%) rather than a range (say, above 65%). If the formula were administered without regard to intent, an organization could continue to receive 79% (or 74%) of its funding from federal sources year in and year out with impunity.

> Rigid application of a formula test could lead to an "on again, off again" phenomenon. Government support would exceed the percentage requirement causing a loss in eligibility, a drop in commitments, renewed eligibility, increased federal support, consequent ineligibility etc.

> A formula which measures total dollars rather than the number of individual contributors may not be a good measure of an organization's community base. Africare, for example, receives thousands of very small individual contributions through affiliations with various charitable black institutions which in total may be less than a large federal grant but which nevertheless reflect considerable depth of community support.

C- Differential Impacts and Incentives and Disincentives

The application of a privacy test may have quite different implications for different types of organizations and the incentive/disincentive effect will vary from case to case. This is most apparent with respect to the degree to which a PVO is encouraged and/or able to seek higher levels of private support.

- Larger organizations with an established, sophisticated fund raising capacity in the form of professional staff, expertise, contacts, and board commitment are in a much better position to increase the relative emphasis on private sector fund raising than smaller organizations and to thereby adjust the flow of non-governmental income to offset application of the privacy test. For the small PVO, the relative size of the initial investment in a fund raising capacity may appear prohibitive not only because of the high initial costs but because of the attendant change in operating style. For example, a small PVO that has been traditionally dependent on federal support and that embarks on an effort to enhance its private income base may need to restructure its board of directors, make significant changes in the roles, responsibilities and workload distribution of senior staff and at the same time reduce administrative costs to make room for fund raising staff. Accepting the importance of private sector fund raising may also involve difficult adjustments in the basic ethic or philosophy of the organization which can provoke staff tensions, morale problems and concern with the fundamental goals of the organization. As a result of all of these factors, transition to the new operating style may be both difficult and time consuming.

- As pointed out previously, PVO's who engage in humanitarian relief efforts are in a relatively better position to augment private sector income than are PVO's that work on complex, long term development problems involving technical matters or structural changes in social and economic relations.

- Similarly, PVO's who engage in direct "people to people" programs in the form of food distribution will have a considerable advantage when it comes to competing for contributions from the individual donor. Not only do these organizations carry an emotionally appealing humanitarian image, but their programs will tend to receive considerable publicity and media attention and place them in a strategically preferential position to increase the level of private support.

- PVO's that derive their support through the structure of a religious organization will be in a better position to augment private income than those who lack an organized constituency of this type.

The relative advantage that some organizations have over others in their capacity to increase private sector support is particularly important given the limited pool of charitable

resources available for international activities. While reliable statistics are not available, the magnitude of total support for international activities is a small fraction of total charitable giving and is subsumed in the "other" category in the AAFRC's annual reports on American philanthropy (4.4% in 1983). A 1982 study for the Council on Foundations detailed some of the obstacles to private grantmaking for international purposes and concluded that "Lack of knowledge concerning international issues and the interdependence of the United States and the rest of the world is a fundamental obstacle to increased international grantmaking." The Study reviewed the basic sources of funds for international programs:

- Foundations constitute an important source of support for international programs. However, most U.S. foundations do not have an international program, giving tends to be concentrated in a handful of large foundations and the level of support for international activities appears to be static or declining. (Some of the larger foundations (Ford, Rockefeller) have in the last few years cut back on their international efforts.) Moreover, foundations have not proven to be a particularly good source of support for PVO's.

- Corporate giving for international activities is constrained by pressures to donate to domestic constituencies and because it is difficult for U.S. firms to view international causes as being in their direct self interest. While the major U.S. multinationals appear increasingly supportive, the number of firms is limited and the competition for their charitable resources is intense;

- The bulk of support for international programs comes from individual or personal giving, frequently through religious affiliations. While individual giving for all purposes has increased significantly in recent years reflecting an improvement in the economy, individual giving for international purposes has not kept pace. Personal giving for international purposes tends to be in response to natural disasters and famines rather than for long term development efforts.

Because of the limited pool of charitable resources and the relative difficulty of obtaining funds for development as opposed to relief, there is a possibility that pressure on some PVO's to augment the share of private to public income will encourage them to move away from long term development efforts toward more publicly popular humanitarian projects. Regardless of whether the programs themselves shift in this direction, there may be a temptation for some PVO's to present themselves to the public as being in the business of relief rather than long term development. To the extent that this does occur, it would reverse the trend of strengthening the development capacity of PVO's that has been encouraged by AID for several years. In administering the privacy test and in working with PVO's to increasingly rely on the private sector, it will important for AID to keep this potential result in mind.

Alternative Forms of Dependency

This section discusses different objectives that could be pursued through application of a privacy test and alternative approaches to administration of the test best suited to dealing with those objectives.

The term "dependency" can be used to describe several different concerns and a test of privacy can be adjusted and formulated to key to different insitutional objectives. While there is some similarity and overlap between these different concerns it may be useful to draw distinctions between them for purposes of administrative clarity. Some of the more frequently voiced concerns and alternative ways of dealing with them are as follows:

1-Concern: PVO's should avoid excessive budgetary dependence on a single source. Diversity of financial support will ensure that the loss of income from one source does not jeopardize other activities or the overall financial health of the organization. No PVO should be so dependent on a single source of financial support that loss of those funds will necessitate a dismantling of the basic administrative infrastructure.

Response: A privacy test could be an important first step in flagging an excessive degree of budgetary dependence. ("Pass-through" commodities should presumably be excluded from the formula since they do not bear directly on the question of financial autonomy.) In addition to the formula test, it will also be important to examine the share of unrestricted income provided from federal sources and the extent to which the administrative headquarters would have to be dismantled if federal funds were withdrawn. In this regard, neither the distinction between the PVO as an intermediary and PVO initiated programs or the distinction between domestic and international programs would seem to be particularly helpful since the objective would presumably be to focus on the total budget of the organization rather than a particular component.

The nature of the financial relationship between the PVO and a parent entity would also be of importance together with the availability of funds from an endowment or some other source that does not appear in the income and expense statement.

If budgetary dependence is the principal concern, an administrative review should probably occur well before a PVO reaches the point where 80% of its funding is federal since

withdrawal of that support will almost certainly threaten the existence of the organization.

2-Concern: PVO's that become highly reliant on a single funding source may become apendages of the larger organization, acting solely in an intermediary capacity. Activities not funded by the donor are gradually abandoned. PVO's should be encouraged to continue a substantial amount of their own activities, regardless of federal interest or support for these activities.

Response:To the extent that a long term structural change of this sort is a concern, a year by year privacy test would not appear to be particularly helpful in either identifying or correcting the shift in emphasis. More important would be a careful programmatic review of the types of programs that the PVO was administering for AID together with an examination of the balance of the PVO's portfolio. Finding the appropriate balance will not be easy in these cases since it may be in the short term interest of both AID and the PVO to enter into a mutually supportive relationship.

3-Concern: PVO's can become policy dependent and consciously or unconsciously conform to the policy guidance of donors. Policy dependence can range from altering the basic goals of the organization to adoption of a deferential and compliant response to a donor's wishes. In either case, the organization risks losing its independent perspective and freedom of action. This is of particular concern since PVO's claim as an advantage their reputation of being free from policy interference and their consequent ability to function in situations where an official presence would not be possible.

Response:Use of the privacy test formula should presumably be supplemented by a variety of other considerations in considering whether an organization has become so intertwined with the government as to lose its policy independence. Among the factors that might be considered are: the composition of the board, its freedom from indirect governmental oversight and the extent and nature of its involvement in policy making; the existence of a clear and tangible statement of goals that differentiates the institution from other PVO's; the track record of the organization with regard to adherence to its stated mandate and in particular its ability to decline funds for activities outside its particular area of expertise.

To the extent that a privacy test is used to flag policy dependence, it should presumably be formulated on the basis of all available resources, including commodities.

4-Concern: Excessive and continued reliance on a single source of support may induce an apathetic approach to cultivation of alternative sources of income. It may be both easier and cheaper to raise money from a federal source than from the private sector since it takes considerable time and energy to cultivate a private sector funding base. A PVO that avoids this

task in the short run is handicapping itself in the long run.

Response:A privacy test would presumably be useful in identifying those organizations who, by definition, do not secure a great deal of their income from private sources. But, in addition, the review would need to examine the experience of other similiar organizations to determine if augmented fund raising efforts are likely to be succesful. As discussed elsewhere, the nature of the PVO's program, the existence of a natural base of support and the degree of board involvement are some of the additional factors to be considered in determining the capacity of an institution to embark on a private sector fund raising effort.

It may be particularly important to be sensitive to the institutional ethic and to appreciate the substantial amount of time and resources that will be required to mount an effective fund raising program. Pushing some development organizations too quickly into private sector fund raising may have adverse programmatic consequences.

If lack of private sector fund raising is a principal concern, the privacy test should presumably be formulated to measure the ratio of income from private contributions to total income.

5-Concern: One important responsibility of the PVO community is to marshall private sector resouces to supplement government development funds. PVO's claim the capacity to leverage considerable amounts from the private sector and should be encouraged to do so.

Response:An approach similar to that sugested for #4. However, the measure of what a PVO can raise for itself may be of less importance than its long run capacity to develop a long term interest in Third World issues which will take the form of increased public giving to a variety of different organizations.

6-Concern: PVO's should be encouraged to engage in more private sector fund raising not only to broaden their base of public support but to build an awareness and understanding of Third World development issues.

Response:The connection between application of a privacy test and increased public understanding of Third World problems appears tenuous. While some fund raising efforts may enhance public awareness and understanding, they will tend to do so in only the most rudimentary way. In addition, the ability to do something about this particular concern differs considerably from institution to institution. Membership organizations and PVO's with a natural constituency through either a church group such as CRS or a minority community such as Africare will be in a much better position to encourage public discussion on Third World issues than those with a technical orientation to development projects such as Partners for Productivity or Technoserve.

7-Concern: PVO's claim they are private and independent and yet some receive the bulk of their funds from the government. These PVO's are basically government entities. An organization that says it is private and independent should be required to raise a minimal level of support from the private sector to retain its status as a PVO.

Response: If this is a principal concern, application of a privacy test is an effective inducement, particularly if applied without a waiver provision, since termination of a major form of federal support will obviously improve the ratio of public to private income and achieve the desired objective. However, it is important to note that this particular concern, while perfectly legitimate, is substantively quite different than concerns for institutional dependence. The thrust, in this instance, is directed at the added advantage that the PVO acronym carries in competing for federal funds, rather than the broader question of institutional vitality and long term financial health.

Appendix 1
Administration of the Legislated Privacy Test

This Appendix describes in some detail the coverage, operation and administration of the privacy test under Section 123(G) of the Foreign Assistance Act and the privacy test envisioned under the Lewis amendment to the FY 1975 Appropriation Act for Foreign Assistance. With regard to 123(G) the discussion draws on AID General Counsel opinions and on established administrative procedure, some of which is published in the Federal Register. The discussion of the Lewis amendment (which was recently enacted and is not yet in force) is based on preliminary staff views and not on general counsel opinions or established administrative practice. In neither case should the discussion be interpreted as a definitive guide to the application of the amendment to a particular situation.

Section 123(g) of the Foreign Assistance Act

The operative language of Section 123 (g) appears straightforward: " After December 31, 1984 funds made available to carry out (specified sections of the FAA) may not be made available for programs of any United States private and voluntary organization which does not obtain at least 20% of its annual financial support from sources other than the U.S. Government...." Additional language made clear that the restriction did not apply to ongoing programs i.e. previously funded ongoing activities would not have to be terminated in mid-stream if a PVO became technically ineligible for AID funds. The amendment also provided for a case by case waiver "...after taking into account the effectiveness of the overseas development activities of the organization, its level of volunteer support, its financial viability and stability and the degree of its dependence for its financial support on (AID)...."

In addition, the Report of the Conferees made the clarifying point that "programs of the PVO's " referred to activities that the PVO initiates and for which AID requires the PVO to be registered in order to receive funds -- the so called PVO "set aside" program. The conferees also noted that in determining the ratio of federal to private support, in-kind contributions and the services of volunteers should not be counted.

Because of the wide diversity of institutions and situations, application of Section 123(g) is complex. There appear to be three sets of interrelated questions:

-Coverage. To what institutions does 123(G) apply?

-Measurement of Privacy. When determining the ratio of public to private funding levels, what resources should be included or excluded and what accounting procedures should be

used in the calculation?

-Resource categories. For which categories of assistance does an institution become ineligible if it does not pass the privacy test?

Coverage

The privacy test of Section 123(g) applies to all Private Voluntary Agencies or PVO's. A PVO, by definition is an institution that qualifies for registration under AID's registration procedures. To qualify an institution must be a privately incorporated non-profit institution that receives at least some of its funds from private sources and that engages or intends to engage in some form of charitable or development assistance operation overseas. In addition, it must satisfy certain documentation requirements such as submission of an annual report. Registration is explicitly not intended as a test of eligibility to receive AID funds.

Because the 20% test applies only to those non-profit institutions that chose to register (and thereby label themselves as PVO's), institutions that de-register or that have all the attributes of a PVO but chose not to register are shielded from the privacy test. In most instances this would not be an effective strategy for avoiding the 20% review since by not registering or by de-registering an institution would remove itself from eligibility to apply for funds under the PVO set aside. However, because the PVO set aside is not as categorically discreet in the case of regional and country mission programs as it is in the case of the centrally funded program, there may be instances where a PVO, highly reliant on mission or region funded grants and contracts, will have a strong incentive to remove itself from the 20% review procedure by de-registering.

The PVO registration list does not coincide with the list of non-profit organizations that receive grants or contract from AID. Many non-profits register as a PVO that neither receive AID funds or intend to apply for assistance. Conversely, many non-profits receive grant or contract resources from AID but chose not to register as a PVO. While these organizations are not eligible for set aside funds, they may, in all other respects, be identical to registered PVO's and they may be highly dependent on a continual flow of AID resources.

The Measurement of Privacy

PVO's receive a variety of resources from a variety of sources. A partial list would include:

- U.S.G contracts;
- U.S.G grants;
- U.S.G excess property;

- AID freight payments;
- PL 480 freight payments;
- PL 480 commodities;
- Cash income from endowments;
- Private contributions from individuals, corporations and foundations;
- Privately donated services e.g. accounting, legal, transportation; advertising etc.
- Private revenue from the sale of products and/or services, interest income, rental of space etc.
- Privately donated commodities for distribution overseas;
- Privately donated commodities for use in the administration of the program;
- Donated professional program services e.g. volunteer technicians operating overseas where an alternative salary is foregone;
- The volunteer time of board members, friends and interested members of the community;
- Out of pocket cash expenses of volunteers and technicians;
- Contributions from other governments and/or international organizations either in-kind or in the form of cash.
- Contributions from subsidiary or membership organizations to the parent organization;
- Contributions to subsidiary or membership organizations in all forms listed above from foundations, individuals and/or corporations which may or may not appear in the financial records of the parent institution;

The particular mix of resources available to any one organization will, of course, differ significantly from the particular mix of resources available to another organization. For this reason, the choice of ingredients that make up the privacy test formula is of great importance to those institutions that might be effected. Because of the many categories of support, there are virtually hundreds of alternative formulas each with a quite different impact. A later section of the study discusses the importance of relating these differential impacts to the objective that is being pursued and the importance of understanding the incentives and disincentives implicit in any particular approach.

With respect to Section 123 (g), the measurement of privacy is derived by calculating the ratio of overseas cash costs paid for by the U.S. Government and then subtracting this percentage from 100 percent in order to determine the ratio of overseas cash costs paid for from non government sources. All forms of in-kind and volunteer services are excluded from the calculation -- both the numerator and denominator. Thus the measure is one of cash expenditures to cash expenditures.

It is important to underscore several points with respect to the calculation of the 123(g) privacy test:

- The formula only measures privacy with respect to the international program component of an institution. In most instances, PVO's are exclusively or predominantly focused overseas and a concentration on the international aspect of their work is probably a reasonable measure of the institution's overall dependence on the U.S. Government. However, this may not always be true in all cases since there are several PVO's with significant domestic programs e.g. Goodwill, the National Wildlife Federation;

- The formula calculates the ratio of cash disbursements or expenditures, not the ratio of income earned. This construction was necessary because of technical problems presented by the accrual accounting procedures used by most non-profit institutions and because contributions from private sources frequently do not distinguish between the international or domestic programs of a recipient. Over a period of time there will be an approximate conformance between a ratio derived from expenditures and a ratio derived from income although from year to year there may be significant differences. (E.G. an organization may raise funds over a period of several years to construct a building and disburse those funds in a single year.)

- In order to determine total international costs, the formula adds a pro-rated share of administrative costs to the international program. This is done by calculating the ratio of international to domestic programs and multiplying that times total administrative costs.

- While a calculation of overseas expenditures from federal sources (grants and contracts) is reasonably simple for most institutions, there are several ambiguities with regard to private contributions that may pose administrative difficulties. For example, the handling of professional full time volunteer time where the volunteer is foregoing a cash income; private contributions to subsidiary organizations which may not normally appear in the books of the parent organization; services billed by an accounting or legal firm where payment is later returned in the form of a cash contribution.

- The formula is constructed to first measure the share of government support to total international expenditures and to then derive the balance from all other sources. It is therefore

not a measure of the level of private support but a measure of non U.S. Government support. Contributions from other governments and/or other governmental agencies may comprise all or a significant portion of the balance. For this reason, the term "privacy test" while widely employed is somewhat of a misnomer.

Resource Categories

PVO's who fail to meet the privacy test and who fail to obtain a waiver become ineligible for certain categories of funding, namely funds appropriated under seven designated accounts which are "set aside" for PVO programs. In the Conference Report, "Set Aside" funds are described as those designated for programs initiated by the PVO's for which AID requires the PVO to be registered as opposed to funds for AID initiated activities where registration is not a prerequisite. This distinction coincides with and is drawn from a fundamental policy distinction that AID applies in dealing with PVO's namely, that AID deals with PVO's both as intermediaries to implement the AID program and as independent entities in their own right. PVO's that fail to meet the privacy test therefore become ineligible for funds reserved to support them as independent entities, but not ineligible for funds intended to implement an activity under AID direction. However, PVO's have potential access to a wide variety of AID funding sources which are not neatly segregated or "set aside" and in practice it may be difficult to determine which activities are PVO initiated and which are AID initiated. Recognizing this dilemma, AID's General Counsel pointed out (Miller to Kennedy, 3/15/84) that the test of whether or not a PVO effected by the 20% provision could have access to certain funds depended in the final analysis:

"...on the principal purpose behind AID's decision to fund a particular PVO activity. If the principal purpose is to support the development activities of PVO's in one or more sectors, then the 20% requirement applies as does registration. However, if the primary purpose is to support AID's objectives and the PVO is the most appropriate intermediary for accomplishing those objectives, then the 20% requirement does not apply."

This construction had several concrete results:

- It clarified that ineligibility would apply only to grants and/or cooperative agreements, not to contracts since the intent of a contract is to procure services for the federal government;

- It permitted continuation of certain types of grant support to registered organizations regardless of whether they passed the 20% privacy test in those instances where the intent was to accomplish an AID purpose rather than further a PVO purpose;

- Specifically, institutional support grants to labor organizations, cooperative development organizations and family planning groups could continue since the programs of these

organizations were initiated largely at the behest of AID and these organizations were therefore acting in an intermediary capacity;

While the preceding guidelines appear at first to be reasonably straightforward, there may be difficult ambiguities in those instances where there is an overlap between an AID purpose and a PVO purpose. In these cases it may be very difficult to determine if the intention behind the grant is to support the PVO's programs or to use the PVO as an intermediary. For example:

- A PVO may wish to establish a new program in a new country. AID may wish a presence in that country but prefer to not establish a separate mission and the PVO may offer the best vehicle. In one sense the PVO is acting as an intermediary; in another sense AID is supporting a PVO initiative.

- In informal discussions a PVO may convince an AID mission to undertake a particular initiative. Encouraged to proceed but absent any funding the PVO may augment its field staff. On this basis, the Mission Project Paper may conclude that the PVO is best positioned to implement the activity and an OPG may be awarded.

In practice, ambiguities of this sort may be rare since the number of PVO's that fall under the 20% cut-off are limited and anomalous instances would presumably be infrequent. In addition, the amendment includes a waiver provision together with guidelines for its application to permit flexible and balanced application.

The Lewis Amendment

The Lewis amendment is contained in the FY 1985 Foreign Assistance and Related Agencies Appropriation Act. The amendment reads as follows:

"...None of the funds appropriated or otherwise made available in this Act for development assistance may be made available after January 1, 1986 to any United States private and voluntary organization, except any cooperative development organization, which obtains less than 25% of its total annual funding for international activities from sources other than the United States government, notwithstanding section 123(g) of the Foreign Assistance Act of 1961."

While the Lewis amendment is similar to section 123(g) there are several important differences with respect to construction of the formula and consequent coverage:

- The formula used to determine privacy would be modified to include in-kind contributions and donated services which are explicitly excluded under section 123(g). As a result, it appears that PL 480 commodities would be included in the calculation;

- The distinction between the PVO set aside program and the use of PVO's as intermediaries which is contained in 123(g) is removed in the Lewis amendment. As a consequence, the privacy test becomes a precondition for receipt of any AID development funds including contracts and institutional support grants. As a result, several family planning and labor organizations not effected by 123(g) would become ineligible for grant assistance;

- The percentage test of privacy is raised from 20% to 25%.

- No provision is made for a waiver.

- There is no exemption for on-going programs. If a PVO cannot meet the 25% test, all further commitment of funds would be terminated regardless of whether the funds were for new or continuing activities.

In sum, the Lewis amendment places a flat prohibition on funding of any sort to an organization registered as a PVO if that organization receives less than 25% of its funds from non U.S. Government sources.

Statistical Appendix
Explanation

The data for this study was drawn from annual reports prepared by the Bureau for Food for Peace and Voluntary Assistance, AID titled Voluntary Foreign Aid Programs. The following describes how this data was developed and notes limitations and caveats.

Tables 7 through 11 provide financial information for 113 PVO's for the 5 year period 1979/90 -1983/84 and calculate several ratios based on this financial data. These 5 tables form the basis for Tables 1-6 and for the narrative in the Section entitled Trends in PVO reliance on Federal Funding. With regard to these 5 tables it is important to keep the following in mind:

- Not all registered PVO's have been included. Only those PVO's that filed a report specifying that they received some form of governmental resource in the 1983/84 period are listed. Thus, several PVO's which receive intermittent AID support were not included and a few of these may be effected by 123(G) and/or the Lewis amendment.

- The coverage is not fully comparable from year to year since not all organizations in existence and reporting for 1983/84 filed reports for the 4 previous years -- some did not exist, some simply failed to forward a report. The lack of comparability is most severe in 1979/80 with 26 institutions not included.

- The data for the four year period 1979/80 through 1982/83 was drawn from final edited reports that had been checked for accuracy and methodology. The data for the year 1983/84 is drawn from the individual C-100 forms prepared by each PVO. These latter reports have not been audited and in several instances there are apparent errors or inconsistencies. Given time constraints, it was not possible to reconcile these difficulties.

- Totals were run for the following institutional groupings: grand total; total for 13 institutions registered as "minority or socially disadvantaged" that received support from AID in 1983/84; total for 5 cooperatives receiving AID assistance (ACDI, CLUSA, Cooperative Housing Foundation, Volunteer Development Coop. & the National Rural Electrical Coop); total for 3 labor groups receiving AID assistance (AIFLD, African American Labor Center, Asian/American Free Labor).

- In order to examine financial trends of those institutions that appear most likely to be effected by the 20% provision (123 g) and by the 25% provision (the Lewis amendment), totals were run for each year for those institutions that appear to fall below the two privateness tests in 1983/84. For example, in the case of 123 (g) there are 23 institutions that received 80% or

more of their cash income from the U.S.G in 1983/84. Five of these were either coops, labor groups or family planning organizations and not subject to 123 (g) as formulated by AID. The remaining 18 institutions would probably have been subject to 123(g) had that amendment been in force in 1983/84. Totals for the five year period were run for these 18 organizations to determine if there have been significant changes in levels of dependency. Similarly, totals were run for those 21 institutions that would probably have been effected by the Lewis amendment had it been in force for the 1983/84 period.

- Because the inclusion of very large organizations -- several hundred times the size of smaller PVO's -- can produce ratios that are not characteristic of the average PVO, a separate total was run for PVO's with an income under \$25 million in 1984. (A total of 13 large PVO's were excluded.)

Six ratios or percentages were developed for each PVO for each year, as follows:

> The share of cash income provided by the U.S.G. to total cash income available for each year. (Note that this and the following measures apply to income, not expenditures. Also note that the ratio is cash to cash not cash to total income.);

> Same as above with the inclusion of in-kind donations of both equipment and services, with PL480 food and freight excluded.

> Same as above, with the inclusion of PL 480 food and freight in order to measure the ratio of all resources provided by the U.S.G. to all resources available.

> The share of private contributions to total income for each PVO. (Private contributions include donations from individuals, corporations and foundations. They do not include revenue generated from memberships, the sale of services or products or interest on assets.)

> The ratio of expenditures on fund raising to total income for each PVO. (Although this measure compares expenses to income, it is useful as a gauge of relative emphasis on fund raising over a period of time.)

> The share of fund raising expenditures to total expenditures on fund raising plus administration. (An additional and more sensitive measure of the relative priority given to fund raising since the fund raising budget frequently competes with the administrative budget.)

- With regard to the measurement of the ratio of resources provided to each PVO from the U.S.G., it is important to emphasize that because of the limitations of available data, the formulas used in this analysis differ in several respects from the formula currently used by AID to administer 123(g) and would

also presumably differ from the formula that AID would use in administering the Lewis amendment when and if that provision comes into effect. Therefore, the data in this study provides only a rough guide as to which institutions would appear to be effected by Lewis and 123(g). Specifically, the differences between the way AID applies 123(g) and the formula used in this study are:

> AID measures the ratio of private support to International Program Expenses; the formulas used in this study measure private support to Total Income since data on the split between international and domestic programs was not available;

> AID measures the share of funds expended; this study measures the share of income since historical expenditure data was not available;

> AID allocates support costs between domestic and international programs in arriving at a ratio of U.S.G. support to total International Program expenses; since this study uses total income, an allocation of support costs was not required.

Table # 1
Summary Comparisons, 1979-1983

	1979/80		1983/84		% * Increase/Decrease
	\$	%	\$	%	
<u>All PVO's</u>					
<u>Total Income</u>	<u>843</u>	<u>100</u>	<u>1556</u>	<u>100</u>	<u>+84</u>
AID Freight	6	1	6	-	+51
PL 480 freight	75	9	113	7	-22
PL 480 Food	237	28	292	19	+25
Excess Property	2	-	2	-	-
Grants	71	8	192	12	+170
Contracts	28	3	64	4	+178
Sub-total	(419)	(49)	(669)	(43)	(+61)
Other Gov't	72	9	140	9	+101
Donated Services	2	-	12	1	+1100
Donated Supplies	62	7	101	6	+80
Private Contrib.	224	27	411	26	+83
Private Revenue	62	8	233	15	+267
(Fund Raising)	(20)	(2)	(45)	(3)	+125
(Int Prog. Expenses)	(712)	(84)	(1161)	(75)	+79
<u>Minority PVO's</u>					
<u>Total</u>	<u>68</u>	<u>100</u>	<u>125</u>	<u>100</u>	<u>+84</u>
AID freight	-	-	-	-	-
PL 480 freight	-	-	-	-	-
PL480 food	-	-	-	-	-
Excess Property	-	-	-	-	-
Grants	12	18	37	30	+208
Contracts	9	13	12	10	+33
Sub-total	(21)	(31)	(49)	(39)	(+133)
Other Gov't	-	-	-	-	-
Donated Services	-	-	-	-	-
Donated Supplies	-	-	-	-	-
Private Contrib.	39	56	61	49	+61
Private Revenue	7	10	14	11	+100
(Fund Raising)	(2)	(3)	(7)	(6)	+250
(Int Prog. Expenses)	(39)	(57)	(66)	(50)	+62
<u>PVO's Effected by 123(q)**</u>					
<u>Total</u>	<u>28</u>	<u>100</u>	<u>65</u>	<u>100</u>	<u>+132</u>
AID freight	-	-	-	-	-
PL 480 freight	-	-	-	-	-
PL 480 food	-	-	-	-	-
Excess Property	1	4	-	-	-
Grants	12	43	31	48	+158
Contracts	9	32	23	35	+156
Sub-total	(22)	(79)	(54)	(83)	(+145)
Other Gov't	-	-	3	5	+200
Donated Services	-	-	-	-	-
Donated Supplies	2	7	4	6	+100
Private Contrib.	3	11	4	6	+33
Private Revenue	2	7	7	11	+250
(Fund Raising)	-	-	-	-	-
(Int.Prog. Expenses)	(15)	(54)	(47)	(72)	+213

* It is important to note that several PVO's included in the 1983/84 totals were not in existence or did not file a report for 1979/80. As a result, the increases tend to be overstated.

** These summary totals exclude family planning groups, cooperatives and labor organizations.

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Table 2
Percent of Income from the U.S. Government
 (Based on three alternative formulas)*

	<u>1979/80</u>			<u>1980/81</u>			<u>1981/82</u>			<u>1982/83</u>			<u>1983/84</u>		
	<u>#1</u>	<u>#2</u>	<u>#3</u>												
All PVO's in Study**	22	20	50	28	25	49	29	26	50	28	25	48	25	23	43
PVO's listed as minority	31	31	31	38	38	38	44	44	44	42	41	41	39	39	39
Coop- eratives	69	69	69	29	28	28	27	27	27	31	31	31	35	34	34
Family Plg. Orgs.	51	51	51	51	51	51	54	54	54	49	49	49	53	53	53
Labor Orgs.	95	95	95	96	96	96	96	96	96	84	84	84	96	96	96
PVO's that would be effected by formula #3 in 1984(if in effect)***	61	45	80	40	35	71	45	40	72	52	43	73	59	52	80
PVO's that would be effected by formula #1 in 1984(if in effect)***	80	74	74	83	75	75	87	78	78	85	84	84	88	83	83
PVO's with an income below \$25 M in 1984****	36	31	33	47	40	42	43	37	38	43	39	40	41	36	38

* Formula #1 is the percent of cash income from the U.S.G.; formula #2 is the percent of cash plus in kind income from the U.S.G. excluding PL480; formula #3 measures all resources including PL 480.

** Any PVO listing receipt of U.S.G cash &/or in-kind resources in 1983/84

*** For Formula #3, those PVO's that received 75% or more of all income from the U.S.G. in 1983/84; for Formula #2, those PVO's that received 80% or more of cash income. (Coops., labor groups & fam. plg. groups excluded.)

**** Excludes 13 PVO'S with individual incomes over \$25 million in 1983/84.

Table #3
Share of Resources Received from U.S.G. in 1984 by Institution

<u>Formula #1 *</u>		<u>Formula #3 **</u>			
<u>Over 80%</u>	<u>Over 65%</u>	<u>Over 50%</u>	<u>Over 75%</u>	<u>Over 65%</u>	<u>Over 50%</u>
Af.Am Instit.	Africare	Coop. Housing F.	Af.Am Instit.	NCIH	Africare
Af.Am Labor Ctr	Carib.Council	CODEL	Af.Am. Labor Ctr.	Seventh Day Ad.	Coop.HsqF.
ACDI	NCIH	IESC	ACDI	Sister Cities	CODEL
Am.In.Lab.Dev.	OEI	Int. EYE Found.	Am.In.Lab.Dev.	OEI	CARE
Asia Found.	World Vision	N.Council Negro W.	Carib.Council		Int.Ag.Ap.
Asian/Am Free L.	Center Applied L.	OEOR	CRS		IVS
Com. Systems F.		Planned Parent.	Center Applied L.		NAPA
Cons.Com Self H.		PAF	Com.Systems F.		N.Ccl.N.W.
CIUSA		Simon Bolivar	Cons.Com Self H.		OEOR
Dental Health I.		Seventh Day Advent.	CIUSA		Plan.Paren.
F.Peoples South P.		World Educ.	Dental Health I.		Simon Bo.
N.Office Soc.Resp.		IVS	F.Peoples South P.		Vol.O/S C.A.
New Transcent.		Int.Ag.Apicult.	N.Office Soc.Resp.		World Edu.
Sister City		NAPA	New Transcentury		World V.
OICI			OICI		
FFP			FFP		
Pathfinder			Pathfinder		
Phelps Stokes			Phelps Stokes		
EACT			EACT		
Vol.O/S Coop.Assist.			VITA		
VITA			Booker T.Wash.		
Booker T. Wash.			Asia F.		
IHAP			Asian/A. Free L.		

Share of cash resources provided by the U.S.G..

** Share of total cash plus in-kind resources provided by the U.S.G..

Table #4

Share of Government Support By Institution and By Year

1979/80		1980/81		1981/82		1982/83		1983/84	
80%	75%	80%	75%	80%	75%	80%	75%	80%	75%
ACDI	ACDI	Af.Am. Instit.	Af.Am.Institut.	Af.Am.Institut.	Af.Am.Institut.	ACDI	Af.Am.Institut.	Af.Am.Institut.	Af.Am.Institut.
Am.In.Lab.D.	Am.In.Lab.D.	Af.Am.Lab.C.	Af.Am.Lab.C	Am.In.Lab.D.	Am.In.Lab.D.	AMIDEAST	ACDI	Af.Am.Lab.Ctr.	Af.Am.Lab.Ctr.
Asia F.	Asia F.	Africare	Asia F.	Asia F.	Asia F.	Am.In.Lab.Dev.	AMIDEAST	ACDI	ACDI
C.Systems.F	C.Systems F.	Am.In.Lab.D.	C.Systems F	Af.Am.L.C.	Af.Am. Institut.	Asia F.	Am.In.Lab.D.	Am.In.Lab.Dev.	Am.In.Lab.Dev.
Holy L.C.M.	CRS	Am.Near E.R.	Africare	ACDI	Af.Am.Lab.Ctr.	Asian Am.Free	Asia F.	Asia F.	Asia F.
Int. Eye F.	CLUSA	Asia F.	Am.In.Lab.Dev.	Am. NearE.R.	ACDI	Cons.Com.Self	Asian Am.Free	Asian Am.Free	LAsianAmFree L.
NAPA	CARE	Asian Am.F.L.	Com.Systems F.	AsianAm Free L	AMIDEAST	CLUSA	Com.Systems F.	Com.Systems F.	Carib.Council
N.Transc.	Int.Eye F.	Com.Systems F.	CLUSA	Cons.Com.S.H.	Am.In.Lab.Dev.	Dental Health	CLUSA	Cons.Com.Self	CRS
OICI	NAPA	Cons.Com.S.H.	NCIH	Coop. Hsg.F.	Asia F.	N.Cl.Negro W.	CARE	CLUSA	Ct.App.Ling
Pathfinder	N.Transc.	CLUSA	N.C.Negro W.	CLUSA	Asian Am.Free	LN.Office Soc.R.	Dental Health	IDental Health	ICom.Systems F.
Plg.Assist.Inc	OICI	Int.Eye F.	N.Transcent.	Int.Eye F.	Cons.Com.Self	HN.Transcent.	F.People South	PIHAP	Cons.Com.Self H.
PACT	Pathfinder	Nat.Cl Negro W.	OICI	NCIH	Coop.Hsg.F.	OICI	N.Cl.Negro W.	F.Peoples South	CLUSA
Vol.O/SCoop.	Plg.Assist.Inc	OFF	OFF	N.C.Negro W.	CLUSA	OFF	N.Office Soc R	N.Office Soc.R.	Dental Health I.
World Vision	PACT	OICI	Pathfinder	N.Of.Soc.Resp.	CARE	Pathfinder	N.Transcent	N.Transcent.	F.Peoples S.P.
		Pathfinder	Plg.Assist Inc	N.Rural Elect.	NCIH	Phelps Stokes	OICI	Sister City	N.Office Soc.Resp.
	Vol.O/SCoop.	PACT	PACT	N.Transcent.	N.Cl.Negro W.	PACT	OFF	OICI	N.Transcent.
	World Ed.	Vol.O/SCoop.	Booker T.	OICI	N.Office Soc.R	Vol. O/S Coop.	PFP	PFP	OICI
		Booker T.		OFF	N.Rural Elect.	VITA	Pathfinder	Pathfinder	PFP
		World Vision		Pathfinder	N.Transcent.	Booker T.	Phelps Stokes	Phelps Stoke	Pathfinder
		N.Transcent.		PACT	OICI	World Vision	PACT	PACT	Phelps Stoke
				Salavation A.	OFF		VITA	Vol.O/SCoop	PACT
				Vol.O/S Coop.	Pathfinder		Booker T.	VITA	VITA
				Booker T.	PACT			Booker T.	Booker T.
				World Vision	Salvation A.				
					VITA				
					Booker T.				

Table 5
 Share of Private Contributions to Total Income
 &
 Share of Fund Raising to Expenses to Total Support Expenses *
 (All numbers in %)

	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>
Private Contributions/total Income					
All FVO's	27	25	26	26	26
Minority FVO's	58	50	44	48	49
Cooperatives	9	1	20	2	2
Family Planning Groups	35	26	27	35	35
Labor Organizations	5	4	4	4	3
Effectuated by formula #3	8	7	9	8	6
Effectuated by formula #1	11	8	7	8	5
FVO's under \$25 million	33	28	27	27	28
Share Fund Raising/total Income					
All FVO's	2	2	2	3	3
Minority FVO's	3	2	4	5	5
Cooperatives	0	1	2	0	0
Family Planning Groups	5	3	5	6	7
Labor Organizations	0	0	0	0	0
Effectuated by Formula #3	0	0	0	1	0
Effectuated by Formula #1	1	1	1	1	1
FVO's under \$25 million	4	3	4	3	4
Share Fund Raising/Support Costs					
All FVO's	35	30	30	29	32
Minority FVO's	25	17	26	29	32
Cooperatives	0	4	11	0	0
Family Planning Groups	28	32	32	36	35
Labor Organizations	0	0	0	0	0
Effectuated by Formula #3	9	4	5	11	8
Effectuated by Formula #2	11	4	4	5	4
FVO's under \$25 million	35	26	26	23	26

* Equals fund raising expenses divided by sum of administration plus fund raising publicity expenses.

Not Available Document

Institution	79			80			81			82			83		
	Share of Income from U.S.G.			Share of Income from U.S.G.			Share of Income from U.S.G.			Share of Income from U.S.G.			Share of Income from U.S.G.		
	Cash	Percent	Percent												
Action				0.45	0.45	0.45	0.36	0.36	0.36				0.39	0.39	0.39
Af. Amer. Inst.	0.74	0.74		0.84	0.84	0.84	0.81	0.81	0.81	0.79	0.79	0.79	0.86	0.86	0.86
Af. Am. Labor C.				0.93	0.93	0.93	0.94	0.94	0.94	0.94	0.94	0.94	0.93	0.93	0.93
Af. Med. Res. Fdn.				0.51	0.51	0.51	0.93	0.93	0.93	0.69	0.69	0.69	0.31	0.31	0.31
Africare	0.51	0.51		0.93	0.93	0.93	0.70	0.69	0.69	0.69	0.71	0.69	0.69	0.65	0.63
A.C.D.L.	0.31	0.31		0.53	0.53	0.53	0.89	0.89	0.89	0.91	0.91	0.91	0.97	0.97	0.97
Ag. Dev. Council	0.33	0.33		0.10	0.10	0.10	0.34	0.34	0.34	1.23	1.23	1.23	0.23	0.19	0.19
ADWAST	0.13	0.13		0.24	0.24	0.24	0.04	0.04	0.04	0.79	0.79	0.79	0.39	0.39	0.39
Am. Com. Sh. Zndk	0.13	0.17		0.24	0.24	0.24	0.04	0.04	0.04	1.82	1.82	1.82	0.39	0.39	0.39
Am. In. Lab. Dev.	0.95	0.95		0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96
Am. Jewish Dist. Com	0.13	0.13		0.36	0.36	0.36	0.25	0.25	0.25	1.03	1.03	1.03	0.01	0.01	0.01
Am. Near East Ref.	0.77	0.66		0.80	0.74	0.74	0.80	0.74	0.74	1.61	1.61	1.61	0.56	0.43	0.35
Am. O.R.	0.03	0.03		0.08	0.08	0.08	0.17	0.17	0.17	1.09	1.09	1.09	0.09	0.13	0.13
Am. O.R. (cont)	0.03	0.03		0.08	0.08	0.08	0.17	0.17	0.17	1.09	1.09	1.09	0.09	0.13	0.13
Asia Found.	0.87	0.87		0.82	0.82	0.82	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86	0.86
Asian/Am. Free Lab.				0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Paul S. Dack F.	0.02	0.02		0.09	0.09	0.09	0.15	0.15	0.15	1.12	1.12	1.12	0.10	0.10	0.10
Carrib. Council	0	0		0.42	0.42	0.42	0.65	0.64	0.64	0.64	0.64	0.64	0.64	0.75	0.75
Catholic Relief S.	0.38	0.16		0.12	0.10	0.10	0.69	0.17	0.14	0.69	0.18	0.13	0.70	0.71	0.76
Center Against Lin													0.76	0.76	0.76
Chr. Dev. & Pop.													0.39	0.39	0.39
Church World Ser.	0.21	0.16		0.42	0.34	0.34	0.44	0.44	0.37	0.43	0.22	0.18	0.24	0.18	0.14
Com. Systems F.	1.02	1.02		0.88	0.88	0.88	0.60	0.59	0.59	0.78	0.78	0.78	0.82	0.82	0.82
Com. Com. Self Help				1.00	0.68	0.68	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coop. Housing F.				0.99	0.99	0.99	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
C.I.U.S.A.	0.76	0.76		0.77	0.77	0.77	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
C.A.R.E.	0.19	0.18		0.12	0.09	0.09	0.70	0.70	0.70	0.78	0.78	0.78	0.16	0.08	0.07
CODEL	0.49	0.49		0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.50	0.50	0.52
Dent. Health Int.				0	0	0	0	0	0	0.94	0.94	0.94	0.94	0.87	0.87
Prot. Epis. Church				0.04	0.04	0.04	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.07	0.07
Thomas Dooley F.	0.03	0.03		0.30	0.30	0.30	0.30	0.30	0.30	0.48	0.48	0.48	0.48	0.35	0.35
Tom Dooley Hst. C.				0.30	0.30	0.30	0.30	0.30	0.30	0.48	0.48	0.48	0.48	0.35	0.35
Transportation				0.31	0.31	0.31	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57	0.57
Department				0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.12	0.12	0.12
Fund for the Hung.				0	0	0	0	0	0	0	0	0	0	0	0
Foster Parents				0	0	0	0.01	0.01	0.01	0.01	0.01	0.01	0.05	0.05	0.07
Found. South Pac.	0.67	0.64		0.39	0.31	0.31	0.68	0.63	0.63	0.78	0.71	0.71	0.96	0.87	0.87
Goatskill	0.21	0.21		0.27	0.27	0.27	0.76	0.78	0.78	0.78	0.78	0.78	0.18	0.18	0.18
Helmans	0.03	0.03		0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02
Helfer Project	0.10	0.09		0.13	0.12	0.12	0.07	0.06	0.06	0.21	0.20	0.20	0.08	0.08	0.08
HIAS	0.41	0.41		0.73	0.73	0.73	0.53	0.53	0.53	0.53	0.53	0.53	0.23	0.19	0.19
High Scope	0.40	0.40		0.67	0.67	0.67	0.67	0.67	0.67	0.48	0.48	0.48	0.47	0.47	0.47
Holt Int.	0.04	0.04		0	0	0	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Holy Land Chr.				0.09	0.11	0.11	0.11	0.14	0.14	0.14	0.08	0.08	0.08	0.01	0.01
Inst. for Int. Dev.	0.30	0.30		0.51	0.47	0.47	0.44	0.44	0.44	0.34	0.33	0.33	0.33	0.37	0.37
Inst. Int. Educ.	0.12	0.12		0.18	0.18	0.18	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.28	0.28
Int. Ag. Agricult.															
I.E.S.C.	0.39	0.39		0.45	0.28	0.28	0.45	0.27	0.27	0.49	0.30	0.30	0.52	0.32	0.32
Int. Eye Found.	0.82	0.75		0.75	0.87	0.87	0.85	0.33	0.33	0.64	0.50	0.50	0.60	0.23	0.23
I.H.A.P.	0.27	0.27		0.43	0.14	0.14	0.65	0.20	0.20	0.76	0.29	0.29	0.29	0.39	0.39
Int. Inst. Rural R.	0.12	0.14		0.13	0.13	0.13	0.13	0.22	0.22	0.22	0.29	0.29	0.29	0.38	0.38
Int. Nursing S.							0.04	0.04	0.04	0	0	0	0	0	0
I.P.P.F.							0	0	0	0.23	0.23	0.23	0.23	0.38	0.38
I.V.S.	0.65	0.65		0.62	0.62	0.62	0.51	0.51	0.51	0.54	0.54	0.54	0.60	0.60	0.60
Helen Keller	0.48	0.48		0.34	0.34	0.34	0.28	0.28	0.28	0.32	0.32	0.32	0.42	0.42	0.42
La Larche L.				0.11	0.11	0.11	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.07	0.07
Lutheran World R.	0.11	0.05		0.11	0.07	0.07	0.24	0.20	0.20	0.19	0.15	0.15	0.10	0.10	0.10
M.P. Int.	0.19	0.06		0.09	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Meds for Mill.	0.24	0.24		0.29	0.29	0.29	0.25	0.25	0.25	0.25	0.25	0.25	0.23	0.23	0.23
Med. Care Dev.	0.33	0.33		0.39	0.39	0.39	0.45	0.45	0.45	0.38	0.38	0.38	0.38	0.38	0.38
Mennon. Gen. C.	0.02	0.02		0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01
Nac. 4-H Coun.	0.01	0.01		0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.03	0.03
N.A.P.A.	0.81	0.81		0.65	0.65	0.65	0.69	0.69	0.69	0.69	0.69	0.69	0.66	0.66	0.66
N.C.I.H.				0.79	0.79	0.79	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.72	0.72
Nac. Coun. Negro W.	0.54	0.54		0.85	0.85	0.85	0.85	0.85	0.85	0.99	0.99	0.99	0.99	0.50	0.50
Nac. Off. Soc. Resp.							0.96	0.96	0.96	0.99	0.99	0.99	0.99	0.99	0.99
N. Rural Elec. Coop.	0.44	0.44		0.13	0.13	0.13	0.08	0.08	0.08	0.11	0.11	0.11	0.11	0.11	0.11
Nat. Wildlife F.				1.00	1.00	1.00	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
New Trm. Found.	0.98	0.98		0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
CODE				0.97	0.97	0.97	1.00	1.00	1.00	0.96	0.96	0.96	0.96	0.96	0.96
O.L.C.I.	0.99	0.99		0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
OFF	0.74	0.74		0.85	0.85	0.85	0.81	0.81	0.81	0.82	0.82	0.82	0.82	0.71	0.71
P.A.D.F.	0.06	0.01		0.17	0.17	0.17	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.23	0.23
PPP	0.54	0.54		0.66	0.66	0.66	0.66	0.66	0.66	0.78	0.78	0.78	0.80	0.80	0.80
Pacific Int.	0.50	0.50		0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Project Hope	0.40	0.37		0.38	0.38	0.38	0.20	0.20	0.20	0.82	0.82	0.82	0.82	0.88	0.88
Philips-Scotch							0.71	0.71	0.71	0.71	0.71	0.71	0.71	0.61	0.61
Planned Paren. Fed	0.56	0.56		0.14	0.13	0.13	0.11	0.11	0.11	0.07	0.07	0.07			

The Performance of PVO's in Development
(A Summary of Three Recent Reports)

This section briefly reviews findings and conclusions from three studies that evaluated the performance of the PVO community as a whole. The first, prepared in May, 1982 by the General Accounting Office was based on interviews with AID staff, PVO officials and a random sampling evaluation of 16 overseas PVO projects. The second was prepared by Judith Tendler on the basis of an analysis of 75 evaluations of individual PVO projects. The third is a recent volume, Private Voluntary Organizations as Agents of Development, edited by Robert F. Gorman.

The 1982 GAO study examined, in part, the question, "What do PVO's do, and how well do they do it.?" On the plus side, the GAO analysts concluded that with respect to projects included in the study:

- o PVO's are effective in accessing the poorer groups in countries in which they function and PVO projects by and large serve the poor;
- o PVO's are effective in locating their projects in remote areas;
- o PVO projects emphasize training, community development and public works projects;
- o PVO's are good at sharing management responsibility with local groups;
- o PVO's with religious affiliations appear to have stronger links with indigenous groups than secular PVO's.

With respect to those projects studied, the GAO study concluded that in the majority of cases PVO projects were effective in meeting planned targets, sustaining project benefits, spreading and replicating project approach and strengthening indigenous organizations. However the study did note deficiencies in the case of seven of the sixteen projects under review and concluded that project success tended to be correlated with some or all of the following factors:

- o In-country experience;
- o The degree of collaboration between the PVO and indigenous organizations;
- o The depth of sector experience on the part of the PVO or the indigenous implementing organization;

- o Access to technical skills;
- o Adequate headquarters support.

In sum, the GAO analysts concluded that:

"PVO's play a distinct role in development. Their local work allows for relatively direct assistance to the poor, commonly in remote locations. Working with local organizations they strengthen and expand institutions so the poor can participate in the development process. Thus PVO's provide alternatives to government channels through which assistance can be transferred to the poor and the poor can tap donor resources.

"Nevertheless, the potential impact of PVO's is not being fully realized. . . country experience, sector experience, access to technical skills, relationships with indigenous organizations and headquarters support differentiated successful from less-successful projects.

While not directly relevant to an evaluation of PVO performance, the same GAO study expressed serious concern regarding excessive dependence of PVO's on federal sources of support and noted that some PVO's were increasingly moving toward a predominantly intermediary role with the danger that these organizations might sacrifice their private and independent character. The report noted that "an unhealthy focus on obtaining new program funding shapes some PVO activities rather than the PVO's own program focus."

In April, 1982, Judith Tendler prepared a report for AID titled Turning Private Voluntary Organizations into Development Agencies: Questions for Evaluation. The findings in the Tendler report were based on a reading of 75 project evaluations. The purpose of the study was to provide guidance to those evaluating PVO activities. The conclusions and impressions are extensive and cover a wide number of subjects. But in general Tendler concluded that:

- o In many instances, the PVO claim that they "use a participatory process, are low cost, innovative and experimental and good at directly reaching the poor" is overstated.
- o In fact, Tendler concluded, "Many PVO projects will be top down, non-participatory, reliant on known techniques or dependent on government. Some of these projects will be working well; some will be benefiting the poor."
- o Tendler's analysis suggests ". . . a conception of PVO's and what they do that is distinct from the prevailing mythology. Though this image may be less noble, it also may prove to be a fairer way of measuring what PVO's have

accomplished. . . . In many cases, succesful projects will involve a style that is top down, though enlightened and decentralized. Participation may or may not be involved. In certain cases, PVO's may be more successful as precursors to government than as innovators. . . . PVO's may in many cases be providing a service to local elites that was previously not available thereby contributing to the economic development of a region. They will not in these cases be reaching the poor directly. They may be reaching the poor indirectly however through spread effects. . . . In these cases, PVO's will be practicing a community level version of trickle down or non-targeted approaches to development --- just what PVO's and others have criticized large donors for."

The volume, Private Voluntary Organizations as Agents of Development, includes 8 papers on the effectiveness of PVO's. Several general themes emerged:

- o PVO programs need to be subject to greater scrutiny and evaluation than is now the case and PVO's themselves need to be more sensitive to the importance of evaluation;
- o There is disagreement whether the growing PVO/AID relationship is healthy or not. "Over the next several years PVO's will be grappling with the consequences of maintaining an acceptable degree of organizational and program autonomy."
- o Some PVO's are effective in working on basic human needs problems facing the very poor, some are not. There is much to be done in working with middle income groups and a "slavish or insincere commitment to basic human needs is not desirable."
- o The strengthening of indigenous PVO's is particularly important and the linkages between US and indigenous PVO's can be very useful in this regard.
- o PVO's in general need to expand their roles as policy advocates and as development educators. In particular, university/PVO relationships should be deepened .
- o PVO's are important agents for development but their potential has not been fully realized. "They do not yet constitute a potent alternative to traditional development assistance. Their existing contribution is rather small and modest. But there is room for an increasingly larger role for PVO's should they and governments be willing to pursue and permit one. As PVO's shift from a welfare-dominated to a development-dominated focus and as they learn more about how then can promote self reliance, one might expect with a fair degree of confidence that the marks they make and the legacies they leave in the developing world will be on the whole positive ones."

List of Individuals Interviewed

James Bond, Senate Appropriations
Morris Goldman, Congressman Lewis' staff
Margaret Goodman, House Foreign Affairs
Marion Chambers, House Foreign Affairs
C. Payne Lucas, Africare
Orin Parker, AMIDEAST
John Pilshaw, Foundation for the Peoples of the South Pacific
Alan Rubin, National Association of the Partners of the Alliance
Joan Goodin, Overseas Education Fund
Thomas Byrne, PACT
Edward Bullard, Technoserve
Thomas Gittins, Sister Cities
John Swenson, CRS
Lou Stamberg, AID
Deborah Kennedy, AID
Thomas McKay, AID
Robert Lester, AID
Jan Miller, AID
Clark Wurzbarger, AID
Christine Burbach, Interaction
Thomas Fox, Council on Foundations