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STRENGTHENING PEOPLE-TO-PEOPLE DEVELOPMENT INTO THE 1990s

Work in Process: Clarifying the Vision

December 1985

Prepared under a grant from the

U.S. Agency for International Development

Written by:

CAROL L. JAMES
Carol James Communications
530 Canal Square
1054 31st Street, N.W.
Washington, D.C. 20007

Editing and research by:

IRENE FISCHER
Irene Fischer Services
4101 W Street, N.W.
Washington, D.C. 20007

Consulting for:

National Cooperative Business Association
1401 New York Avenue, N.W., Suite 1100
Washington, D.C. 20005
ROBERT D. SCHERER, President
PEGGY A. SHEEHAN, Vice President - Food
Policy and International Relations

In cooperation with:

U.S. Overseas Cooperative Development
Committee
TED WEIHE, Executive Director

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"We must be knit together
in this work as one . . .
we must delight in each other,
make others' condition our own,
rejoice together, mourn together,
labor and suffer together . . .
as members of the same body."

-- Read aloud in 1630 by John Winthrop,
later the first Governor of Massachusetts,
to fellow Puritans aboard the Arabella
on their voyage to what has evolved as
the United States of America

PREFACE

As part of a larger effort by government and private groups to reexamine how we provide development assistance to Third World countries, the Office of Private and Voluntary Cooperation of the U.S. Agency for International Development initiated a process to clarify the U.S. approach to Third World development in partnership with voluntary-sector organizations and to assess opportunities for the future.

The aim is to contribute to improving the nexus between the federal government and the voluntary or "independent" sector and to strengthen the way they work together in the 1990s and beyond.

By improving this relationship--what some describe as a public/private partnership--we seek to further our national goal of assisting in the development of Third World nations and thereby enhancing the development of the United States and the world.

Our national capacity to make a measurable difference in achieving global development through contributions of money and goods admittedly is limited. To leverage our finite human and financial resources and hone our strategic thrust in advancing international development, we must examine our successes, comprehend the changing environment for development within the context of each continent and each nation, and define the issues and impediments to progress. Countries, organizations, and individuals make a difference in effecting change. Globally, development will continue to happen and it is incumbent upon the United States to determine how it can contribute in the most meaningful way.

The relationship between AID and private voluntary organizations has not been closely examined since 1981. Not surprisingly, many of the fundamental issues are the same. But the context is different. The relationship has become more important. Many within government and within the voluntary sector believe a stronger, more strategic relationship is possible.

Perhaps the major reason for reassessment is timing. The "basic human needs mandate" is now more than 15 years old and buried in a 1961 Foreign Assistance Act which exceeds 370 pages. Last year's House authorization bill was 366 pages. Appropriations bills usually are studded with more than 70 general restrictions and earmarks and require hundreds of "reprogrammings" for projects not justified in AID's 2,197-page congressional presentation. Mandates have been overlaid year after year in 28 sections. It takes 50 pages to detail AID's basic development objec-

tives. It is no wonder that House Foreign Affairs Committee Chairman Dante Fascell turned to Congressman Lee Hamilton and said, "It's time to rewrite the Foreign Assistance Act."

This future-directed study picks up on the impetus of Chairman Fascell's observation and the reexamination he has begun. With the assistance of participants in this process, we have sought to achieve a solid strategic document and to set forth actionable suggestions for strengthening people-to-people development in the future.

Our purview is restricted to AID's directly economic development activities as opposed to military assistance. Our focus is on programs to further development; we exclude "relief"--or feeding and donated commodity programs--from our scope of work, although these programs increasingly are devoted to achieving development goals. And we narrow the scope further to stress people-to-people rather than government-to-government approaches to delivering development assistance.

The issues and ideas set forth in this document are based in part on in-depth, personal interviews conducted during July 1988 with 20 senior agency officials and development professionals, data accumulated over the past decade by AID, and recent international development literature. A paper, "Toward a New National Consensus on Public/Private Approaches to International Development--Issues for Discussion," resulted from this research.

Using that paper as a discussion guide, we probed issues further during three focused roundtable discussions hosted by the National Cooperative Business Association in September and October 1988 involving 40 senior executives of voluntary agencies, scholars, and business strategists (participants are listed in an appendix). The process is modeled on an interdisciplinary research technique used for brainstorming, strategic planning, and consensus-building by major businesses.

Substantial portions of the roundtables and much of the discussion document revolved around such issues as: relationships between U.S. and indigenous groups, development education, independence, priority development, and capacity building for U.S. private voluntary organizations. A great deal of commonality in viewpoints on these issues was expressed by participants, leading to the observation, "I am really hoping that we can go beyond this to a somewhat broader vision."

While these issues merit further exploration and will continue to be written about and discussed in other papers and forums, the following document seeks to achieve a perspective relevant to defining a new national, perhaps even global, strategic thrust in

development assistance. Therefore, it delves into theoretical and philosophical issues affecting development assistance as opposed to weighing in on matters of a more operational nature. Actionable suggestions by roundtable participants on these procedural issues are included in the appendices.

To encourage openness, a critical and honest flow of opinions, and optimum debate, participants were assured that quotes used subsequently would be without direct attribution. Quotes attributed directly to persons involved in this process come from their publicly available writing; a bibliography is appended.

Release of this document at a followup conference in Washington on Capitol Hill, December 9, 1988, involving roundtable participants as well as the broader private voluntary organization community is intended to seek further input, collaboration, and reaction to some of the ideas it introduces.

What is clear from this undertaking is that "we are all still learning," in the words of one career officer. Availing ourselves of future opportunities requires reflection, a critical and realistic sense of national, organizational, and personal resources and resolve, and openness to new ideas.

In opening one of the roundtables, a participant offered a prayer for courage. Participants were urged to follow the late philosopher Buckminster Fuller's admonition: "Dare to be naive."

The development enterprise in many ways is an expression of our human solidarity.

A BLUEPRINT FOR THE FUTURE

Note: Early in the discussions, we asked roundtable participants what course they would recommend to the new administration with respect to international development. Our interpretation, which follows, attempts to summarize their answers, as well as to distill recommendations which emerged throughout the discussions.

It is incumbent upon you to lay out a vision for the United States' role in international relations into the 1990s and beyond.

May we suggest a shared enterprise in global development.

We are pleased you have been elected by the members of private voluntary organizations, many of which are active in international development. An overwhelming majority of the people of the United States are members of these independent sector associations, whether Catholic Relief Services, the AFL-CIO, the Farmers Union, the General Federation of Women's Clubs, Eagles, Lions, Garden Clubs of America, or credit unions and cooperative organizations.

If nurtured and provided with the requisite leadership, America's voluntary sector can and will play a central role in your global vision and can and will make a measurable contribution toward international development. The U.S. voluntary community working independently as well as collaboratively with the public sector has proven that we can achieve real, sustainable results.

Over the past two decades, our fundamental focus has become development, although relief and rehabilitation following natural and man-made disasters remain important. Hunger can best be alleviated by addressing its cause--poverty--and by improving the human capacity to solve individual and mutual problems.

We believe that neither national nor global development can be centrally planned or externally imposed; development occurs organically. Development consists of building people power--the essence of interdependence.

As you construct your approach to foreign policy, the theme of interdependence must be at its core, for the really critical issues of this administration will revolve around interdependence in the world:

- America's economy, jobs, and farms are tied to the economies of developing countries, which account for 40 percent of our trade. Our trade prospects will not im-

prove unless these countries develop and their economies grow; by the same token, their economies are dependent on the health of ours. Economic growth, but broadly based, participatory, and not just by the few but by the many, will achieve growth in the global context.

- While seemingly remote and abstract, the international debt crisis threatens the very financial institutions on which all Americans rely and retards not only Third World development but our own economic development as well. Solving that crisis, too, depends on the economic health of developing countries. Unless the United States sits at the development table, this nation will have very little say in how other countries urbanize and industrialize.
- The same is true of the environment--one of the powerful issues of the 1990s. Unless we all work together on a solution to issues such as the depletion of the ozone layer, the lives of humans and the other creatures of this planet are seriously threatened.

We believe the unique contribution U.S. private voluntary organizations can make today, into the next decade, and beyond, is to forge people-to-people linkages to enhance independent sector development worldwide. Private voluntary organizations contribute an added dimension beyond simply delivering aid, training, technology, or managerial capabilities for development assistance--they exert a "*democratizing influence*" within societies.

Undergirding our national strength is the strongest, most diverse, independent sector in the world:

- The actions of our government--a representational democracy--and the vigor of our business enterprise rest upon and arise from our voluntary or independent sector.
- It comprises the cultural, economic, and experiential matrix--the social equivalent of biomass--from which our national values emerge.

The best foundations for democracy are broad-based economic development and pluralistic institutions in which everyone is free to participate.

The efforts of U.S. private voluntary organizations in collaboration with the U.S. Government to assist grass-roots self-help and mutual-benefit activities in countries supportive of such a process can provide a turning point away from dependency and toward

self-determination, away from sometimes inappropriate or costly externally based concepts toward subsequent internally generated development.

The issue is how best to apportion and invest our national resources, including our organizational commitment and creativity, and our personal capabilities as professionals and volunteers. If we are to have a measurable effect in influencing development into the next decade and beyond, we must learn to do more at less cost. We must harness human potential for local determination.

What is required is a renewed realization that, globally, we are mutually vulnerable. Individual survival depends upon shared enterprise. Human development is fundamental to social and economic development. If we could train ourselves to stop tomorrow, we should stop saying the words "foreign aid."

Marshaling the public will to support issues of Third World development and global interdependence will be a more rigorous and complex undertaking than riveting public attention on bloated bellies and the plight of world hunger, though just as fundamental to human as well as global survival.

We must strive toward a new national as well as multilateral consensus on global development--an approach that will encompass democracy, human rights, and pluralism through independent sector development. This idea has magnitude and fundamental significance. When supported by the leadership of this administration and these United States, it can yield enduring benefits to our planet.

A DEVELOPMENT RETROSPECTIVE

In many respects, the United States can look around the world with a measure of pride in recognizing that our statesmanship since World War II has played a role in building a new international economic system.

Through American efforts both private and governmental . . . personal and public . . . through the Marshall Plan in Europe and assistance to Japan and throughout Asia after World War II . . . through creation of the Agency for International Development and establishment of the Peace Corps . . . we have helped strengthen individual well-being and build democracy in many countries.

More than 200 voluntary agencies invest millions of dollars of private donations in this cause annually.

The U.S. Agency for International Development (AID) is the federal agency currently responsible for delivering U.S. public assistance. It is an understatement to say that implementation of AID's "basic human needs" mandate, as established in the Foreign Assistance Act of 1961, has become progressively more complex.

The United States' relationships with other nations of the world are undergoing unprecedented change. As the quickened responses between stock traders on Tokyo's Nikkei and New York's Wall Street illustrate, it is an interdependent world.

Seminal events and overriding cultural trends in the years since the 1961 act have altered America's vantage point: the assassination of a president, strife and a large degree of conflict resolution over U.S. civil rights, the women's movement, the foment of the Vietnam years, an Asian and Latin population influx, the "internationalization" of American tastes from sushi to salsa, development of a global telecommunications industry with instantaneous information linkages, the space program, the ecology movement.

When the first astronauts viewed Earth from space what struck them is that there were no lines. They saw--we saw--a shimmering, fragile globe against vast darkness.

Since then, 125,000 Peace Corps volunteers have lived and learned overseas and have returned to jobs in this country--some of them to posts, both public sector and private sector, involved with America's international development efforts. Many families who lost a loved one in Vietnam were profoundly scarred. How positively touched, how changed for the better are American families who have internalized a shared experience with another culture as

they go about living and making their livelihoods?

Today, there is a much more sophisticated understanding of how to provide assistance in a meaningful way--a "professionalization" of development, which AID has purposefully promoted.

"Back in the 1960s, AID as a development agency had a very incomplete understanding of the Third World," one career officer with decades of service abroad said.

AID's senior officials characterize their agency's carrying out U.S. development assistance as increasingly less direct, but rather as a "bureaucracy manager as opposed to an implementer" and a "portfolio manager" for "projectized" funds. With diminishing human and financial resources, the agency has streamlined and sought to leverage resources. "AID should be catalytic" rather than "comprehensive" in its approach to development, one senior official said. "We are no longer a relevant resource-transfer agency; there simply aren't enough dollars." AID must look for niches of opportunity to affect development.

If AID must become, as this officer suggests, a much more opportunistic, catalytic, creative force in international development, it is clear that the agency must focus on ways in which it can understand and improve its nexus with the independent sector.

By a ratio of \$5:\$1, the bulk of AID's development assistance funds is appropriated for bilateral, government-to-government development assistance. "As government workers, AID personnel think in terms of governmental solutions to development problems. That is their mindset and their culture," one agency official said.

Despite its "government-to-government" cultural and operational norm, AID relies increasingly on independent-sector organizations as a "people-to-people" channel for delivering U.S. economic development assistance. The proportion of dollars appropriated for people-to-people programs is growing during a time of severe cutbacks in overall funding for foreign assistance.

People-to-people programs can be seen as having evolved since World War II from "handouts" (relief and welfare) to "hand-ups" (technical assistance especially small scale local reliant development) to "handshakes" (through true partnership and cooperation between U.S. and local organizations) for catalytic and systemic change.

**'Back in the '60s, AID
had a very incomplete
understanding of the
Third World.'**

-- AID official

AN EVOLVING RELATIONSHIP

Private voluntary organizations have been active in international humanitarian assistance for more than 100 years, predating by more than half a century formal U.S. public-sector involvement. Since the end of World War II, the U.S. Government has funded various aspects of their work.

Their organizational development can be characterized as moving from helping, to teaching, to empowering; from commodity hand-outs, to knowledge and technology transfer, to organizational and infrastructure development. Many have evolved from humanitarian relief organizations to become technical assistance providers and project managers and now are "going global" by establishing relationships with counterparts in other developed and developing nations.

The core responsibility for maintaining the relationship between AID and private voluntary organizations rests with the Office of Private and Voluntary Cooperation (PVC). However, this responsibility is shared with other bureaus within the agency as well as field missions. The vast majority of public funds to private voluntary organizations currently are provided through AID field missions. While coordinating closely with mission directors, PVC has among its goals to achieve strategic growth in voluntary agencies' institutional capacities for undertaking development assistance programs and to identify and build upon synergies between their objectives and AID's overall mission.

The private voluntary community is diverse and, as a result, care needs to be taken in generalizing. Private voluntary organizations work overseas on behalf of a U.S. constituency. They are development innovators and employ low-cost methods. Their approach is people-to-people, focusing on having an impact at the village and community level. As a grass-roots delivery system, they often serve as intermediaries for official assistance programs.

Private voluntary organizations have varied relationships with AID: their decision-makers hold divergent opinions about the agency, and there are varying degrees of dependence and independence. To maintain total independence of action and approach to development, some private voluntary organizations will not accept any AID funds. Others limit AID funds to activities befitting their specific organizational goals and objectives.

There are 229 U.S. organizations currently registered with PVC. In fiscal year 1986, the latest year for which data are available, 105 were carrying out grants or contracts. Of these, 22 are prin-

cipally AID intermediaries, receiving 75 percent of their funding from AID.

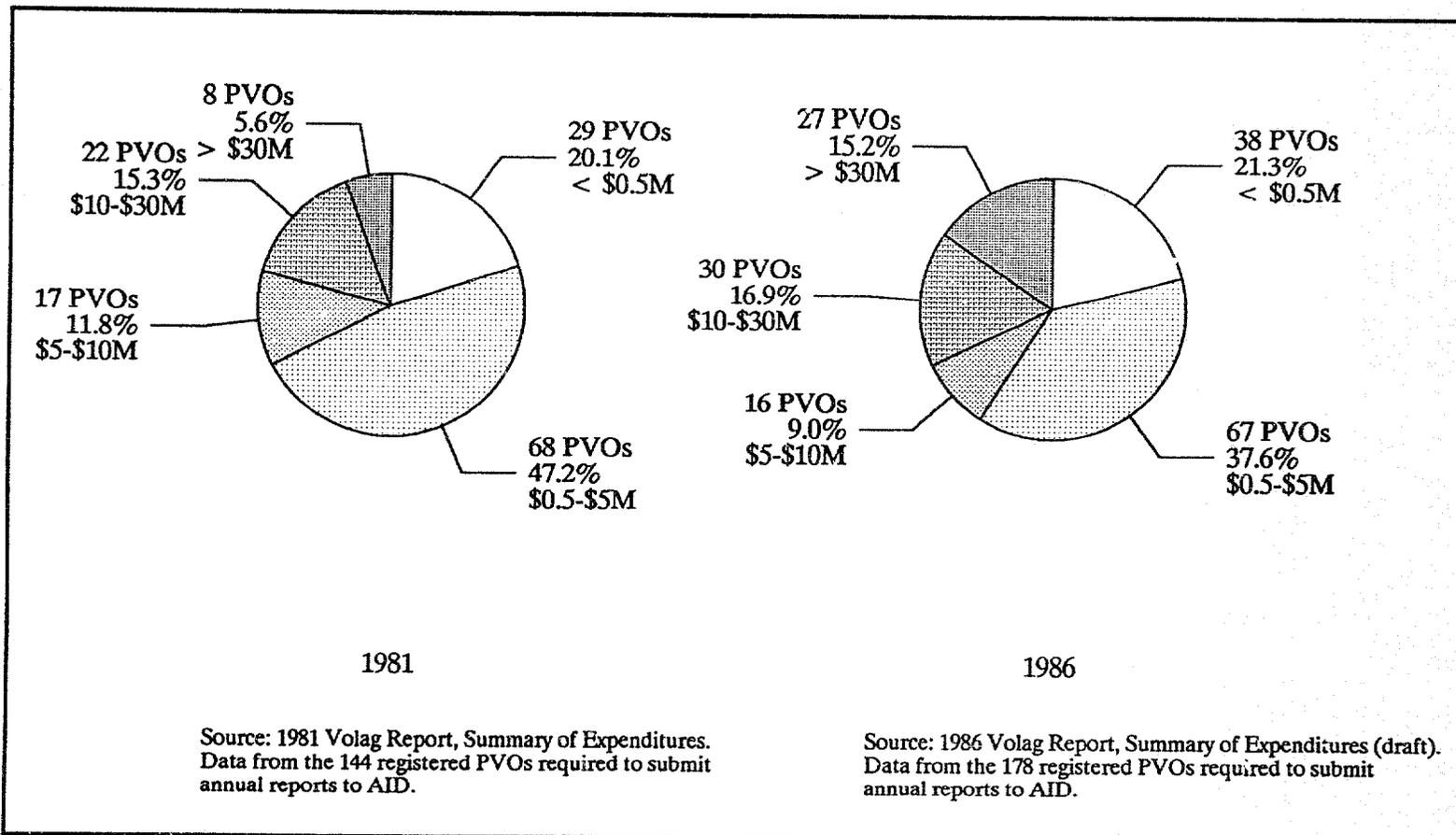
'We cannot afford to lose this sector--it is bigger than we are.'

-- AID official

AID's FY 1989 Congressional Budget Presentation allocates \$367 million, or 22 percent, of a total development assistance account of \$1.7 billion to private-sector, people-to-people programs. Private voluntary organizations have increased their participation in AID projects from \$39 million in FY 1973 to this projected level of \$367 million in FY 1989. When measured in constant dollars, AID's use of people-to-people channels for delivery of development assistance has grown more than threefold.

Said one AID official matter-of-factly: "We don't have enough resources. The more the private sector will become involved, the more likely we can achieve our objectives. We cannot afford to lose this sector -- it is bigger than we are." That is, in fact, the case.

Private voluntary organizations (PVOs) registered with AID expended \$3.3 billion in 1986, 54 percent more than their 1981 expenditures of \$1.8 billion (Figure 1 - Expenditures of PVOs from All Sources).



**Figure 1. Expenditures of PVOs from All Sources
(1981 Total = \$1,758,932,279; 1986 Total = \$3,286,767,943)**

Despite substantial growth in government support to these organizations, private contributions and revenue far exceeded growth in government contracts and grants (Figure 2 -- Sources of PVO Revenue [AID-Registered PVOs]).

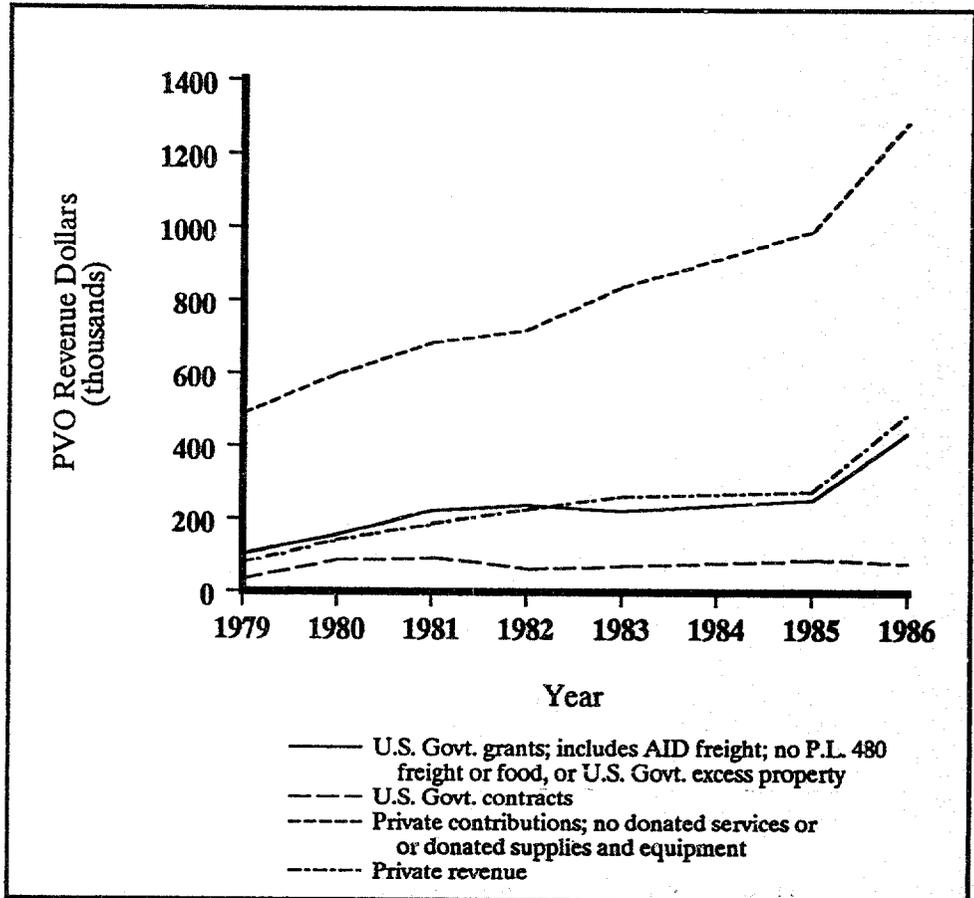
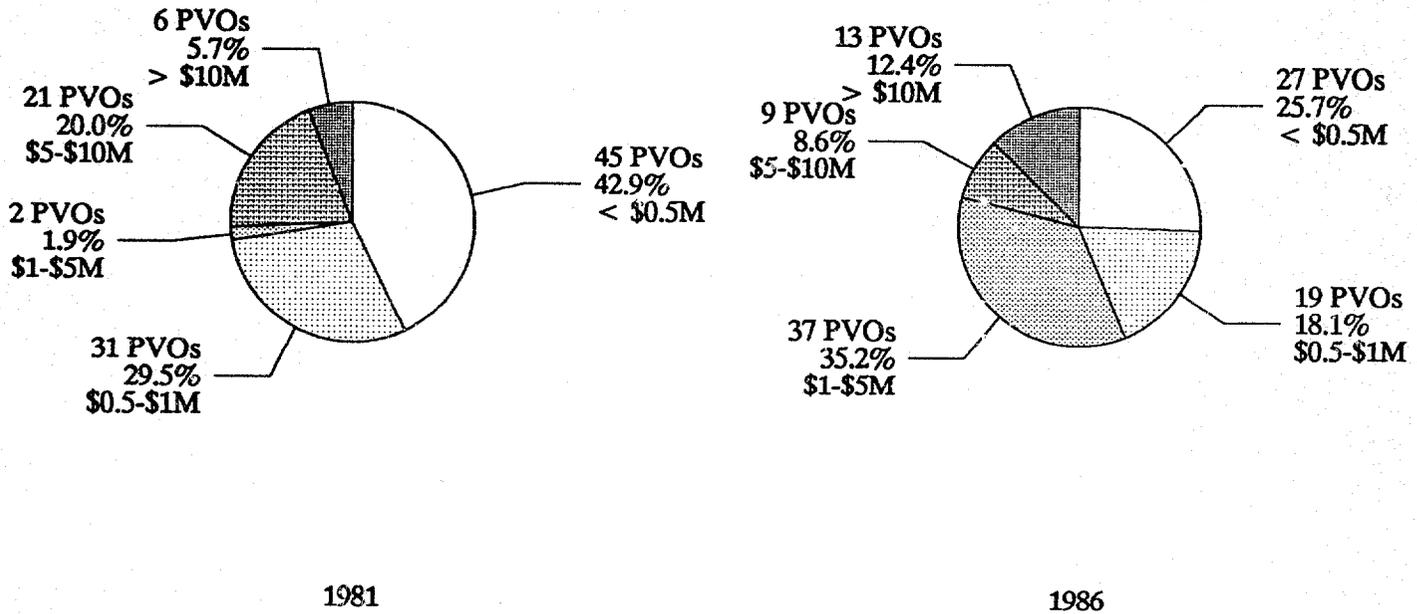


Figure 2. Sources of PVO Revenue (AID-Registered PVOs)

Total AID grants to private voluntary organizations nearly doubled from 1981 to 1986, from \$215 million to \$424 million (Figure 3 -- PVO Income from AID Grants).



Source: 1981 Volag Report, Summary of Support and Revenue. Data from the 105 PVOs receiving AID grants in their FY 1981.

Source: 1986 Volag Report, Summary of Support and Revenue (draft). Data from the 105 PVOs receiving AID grants in their FY 1986.

Figure 3. PVO Income from AID Grants
(FY 1981 Total = \$215,111,048; FY 1986 Total = \$423,775,572)

Larger organizations are providing increasingly greater shares of assistance (Figure 1) and, although more groups now fall into the category of receiving more than \$10 million in grants, over all AID is making more grants between \$1 million to \$5 million (Figure 3).

The number of grant recipients stayed the same, despite increasing numbers of registered organizations (Figure 4 -- Number of PVOs Registered with AID and Figure 5 -- U.S. PVO Registration Rates).

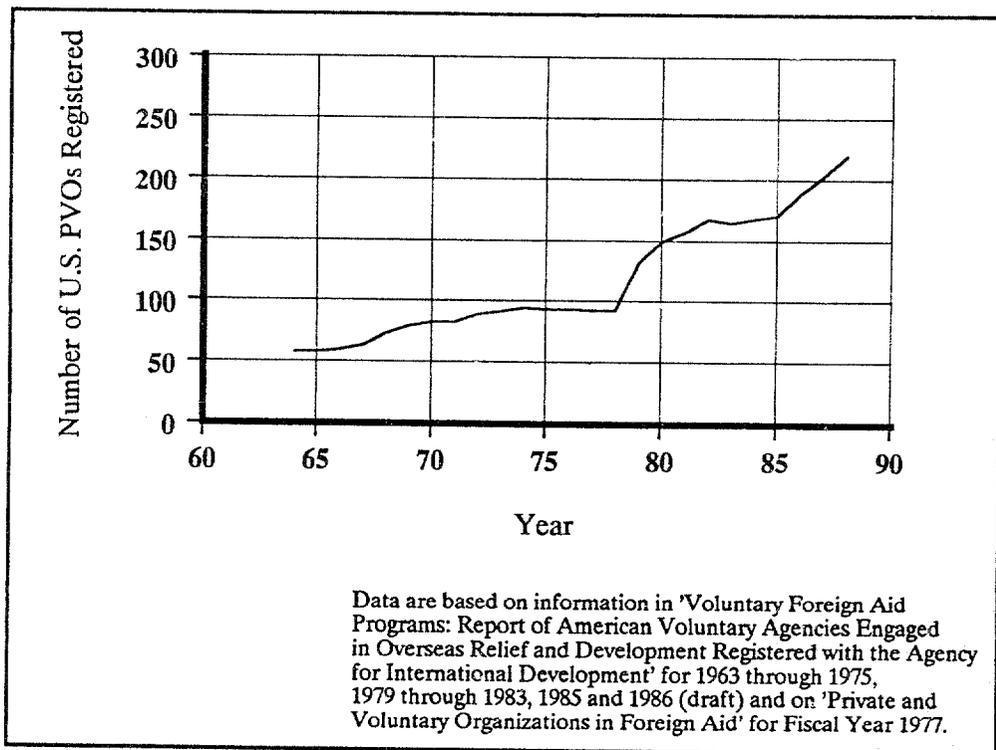


Figure 4. Number of U.S. PVOs Registered with AID

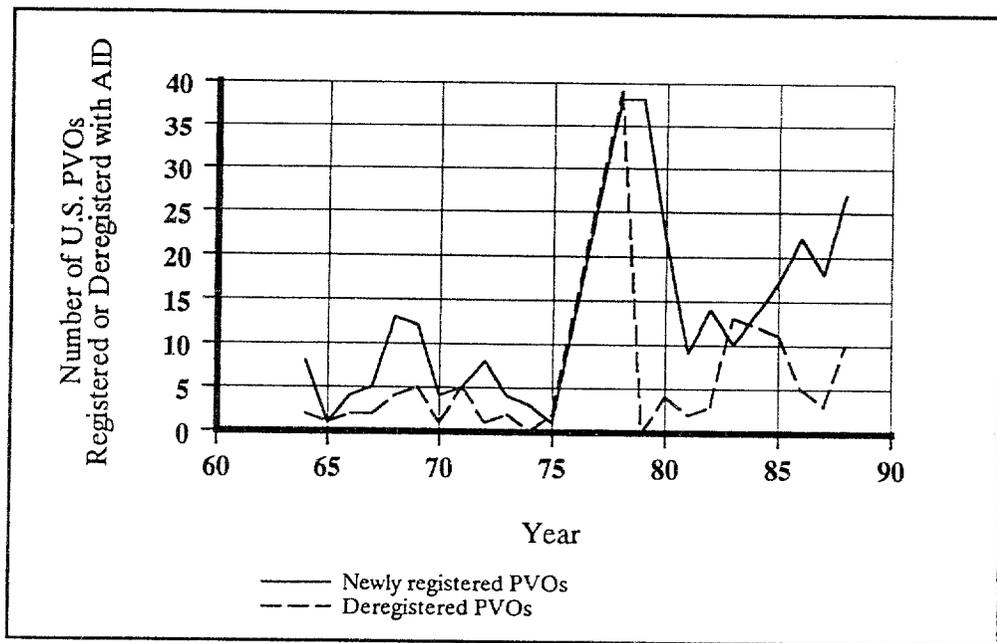


Figure 5. U.S. PVO Registration Rates

POLICY AND THE DYNAMICS OF CHANGE

Charts are merely snapshots. They cannot impart the dynamics of the changing organizational structures of voluntary agencies, the theory and practice of development, or the public policy climate. Implications of change in part and in sum are not fully analyzed by participants within the sector, AID officials, or public policy-makers.

The overall importance of, scope, and opportunity for involvement by U.S. independent-sector organizations in international development remains ill defined, despite the fact that private voluntary organizations involved in development have evolved as an identifiable and quantifiable sector. Hallmarks of increasing professionalism are that they have trade associations and consortia, hold meetings, publish journals, engage in sophisticated direct mail campaigns, and lobby.

No one has fully identified or articulated their unique characteristics and competitive advantages in achieving development objectives.

Two environmental factors affecting the well-being of the sector are cited repeatedly: escalating competitive pressures and changing public-sector policies/priorities. Some cite these issues as threats to their future viability. To a degree, the two are interrelated.

As voluntary agency numbers rise (Figure 3) and, predictably, solicitations grow in number and frequency, competition for revenue will increase from private philanthropic as well as from AID and other public sources.

This competitive squeeze is coming at a time when private voluntary organizations are recognized as increasingly important in the delivery of development assistance. Their ability or inability to grow may restrict their prospects as agents of improved U.S. international relations.

From a public policy perspective, there is a trend both domestically and internationally to rely increasingly on the independent sector. A platform of the Reagan administration was to increase reliance on the voluntary sector in the delivery of social services and to decrease the role of government. In a recent study, University of Wisconsin Professor Burton A. Weisbrod reports that in 1980, government support equalled private contributions

to the nonprofit sector at a total of \$45 billion. Currently, according to roundtable participants, government support to the U.S. nonprofit sector as a whole is approximately 40 percent.

Weisbrod says, "Despite reductions in income-tax rates and a continued decline in the proportion of taxpayers who itemize--both of which discourage charitable giving by increasing after-tax costs of donating--private contributions doubled to more than \$33 billion in 1987 compared with 1980, far outpacing inflation. . . . In 1986, the latest year for which data are available, the number of nonprofits grew twice as rapidly as it did at the beginning of the Reagan years [when there was a substantial decline in numbers]."

As a sector, U.S. domestically and internationally oriented nonprofits are outpacing inflation. They even exceed growth rates of the enterprise or business sector. From a growth standpoint, those voluntary agencies with international programs appear to outperform the U.S. nonprofit sector at large. And, as a group, private voluntary organizations receiving AID funding are comparatively less dependent upon government funding than are U.S. nonprofits overall.

From ideological conviction as well as from the need to confront continued pressures on the federal budget, the Bush administration likely will continue to emphasize voluntarism.

However, to succeed, this strategy will require supportive public policy to enhance independent-sector growth and to build the capacities of private voluntary organizations active domestically and internationally. Any one of a number of adverse public policy actions could hurt voluntary agencies' capacities to raise money.

As Weisbrod cautions, ". . . the ability of the voluntary nonprofit sector to substitute for government depends partly on government. Government cannot reduce funding of nonprofits, change tax laws that discourage private charitable giving, and restrict nonprofits' commercial activities, while expecting the nonprofit sector to expand its social welfare activities. . . . [O]utput cannot be expanded without revenue."

Not only will a continued favorable public policy climate be required, but any increased reliance on the voluntary sector to "pick up the gap" or "leverage scarce federal resources" in the field of international development will also require "cultural" changes within AID as an agency.

AID exists as a public channel of development assistance to further U.S. foreign policy goals; private voluntary organizations, as people-to-people channels of development assistance have goals and objectives determined by their private constituencies.

Domestically and internationally, the trend is to rely increasingly on the independent sector.

'The ability of the voluntary nonprofit sector to substitute for government depends partly on government.'

-- Weisbrod

In major ways and to varying degrees, private voluntary organizations and AID have differing objectives.

Said an agency official, "AID is a government-to-government organization, and recently we have been trying to get into the private sector. Our principal means . . . is through the PVOs. We have had some successes, and it is a high priority of the agency. But frequently I think we don't do that very well. AID is a government-to-government concept. It doesn't have to be, but it is. We negotiate our programs with other countries' governments."

Despite this, not only is AID increasingly seeing private voluntary organizations as the delivery mechanism of choice but it is "acknowledging their perceptions and experience in contributing to the overall understanding of development," reports AID's Advisory Committee on Voluntary Foreign Aid.

AID increasingly acknowledges PVOs' perceptions and experience in contributing to the overall understanding of development.

It is important to note that not only are increased funds flowing to the community, but their significance and visibility is growing as well. Private voluntary organizations have not been relegated merely to the fringes. They indeed are in evidence in remote locales, but also in such hot spots such as the West Bank, South Africa, Ethiopia, and Nicaragua. In instances where diplomatic relations between the United States and another nation have been suspended, private voluntary organizations serve as a means of reestablishing contact. In Afghanistan, for example, U.S. private voluntary organizations will assist in resettling refugees long before any representative of the U.S. Government is assigned to a duty post. They increasingly are seen by AID as reliable, cost-effective instruments in international relations.

There are inherent tensions in the relationship between AID and private voluntary organizations.

Some AID officials see AID's increasing reliance on private voluntary organizations as a threat to the future viability of the U.S. position in foreign assistance. They describe the agency as "hostage to its contractors" as a result of its dwindling internal capacity to deliver assistance directly. "We can no longer do the business we are about with our own staff." They chafe over what they perceive as growing political clout within the private voluntary community and cite an increasing lack of control over federal resources provided to and through private voluntary organizations.

The typical private voluntary organization perspective is: "They have to understand that their money isn't private money. Their money comes from the taxpayers. It comes from us. It comes from the thousands of members of our organizations who pay their

taxes and they have a right to be involved in the development dialogue that sets priorities."

Other agency officials and private voluntary organizations characterize their evolution as moving toward an era of "shared enterprise"--an opportunity to improve each others' capabilities in accomplishing development.

Both camps acknowledge that AID and private voluntary organizations are moving closer to each other's views as they hire from the same resource pool. A cadre of professionals has emerged with university degrees in development. "PVOs are becoming easier to work with" as they employ more former AID and Peace Corps personnel, one agency official noted.

Some officials and roundtable participants hypothesize that AID could manage its development assistance program as a publicly funded foundation, with a board of directors comprised partly of representatives from private voluntary organizations.

Other representatives of private voluntary organizations distrust this concept, fearing their independence could be compromised. They espouse the viewpoint that AID and the voluntary sector must necessarily stand apart and negotiate contracts at arm's length.

EFFECTIVENESS, LOCAL AFFILIATION, AND INDEPENDENCE

AID's Advisory Committee on Voluntary Foreign Aid recently has studied the "effectiveness of private voluntary organizations in the delivery of development assistance" and has identified four "attributes of effectiveness, regardless of the subject matter or the context in which organizations are working":

- a clear, well-articulated, and focused vision,
- strategic planning,
- systems for management and evaluation, and
- local affiliation.

At this point in the organizational development of most private voluntary organizations, the first three of the four items on the advisory committee's list are noncontroversial.

Fundamental to the first point, "a clear, well-articulated, focused vision," is communicating effectively with various stakeholders--donors, field staff, the public, policymakers, employees, and so forth--and involving especially significant groups in some sort of feedback loop to assess organizational performance from their view. Roundtable participants and interviewees discussed "development education," or more precisely "communications," at length--naming it "a survival issue" for private voluntary organizations. "One of our jobs is here, not there."

**'One of our jobs is
here, not there.'**
-- Participant

The level of agreement on the committee's fourth point--the need for "local affiliation"--is remarkable. It represents a turning point in the evolution of U.S. development assistance theory.

Private voluntary organizations have evolved from a donor-driven, charitable emphasis to a greater awareness of and focus on people who are receiving development assistance. As a result, recipients are working with donors to design more collaborative approaches, to identify needs, and to design projects and programs.

This increasingly "client-driven" method of approach can be described, using marketing terminology, as a movement from "push" to "pull," or from a supply-driven approach to a consumer need or consumer desire-driven approach to the marketplace. Private voluntary organizations are recognizing another lesson consumer-driven businesses have learned, that all markets are local. In other words, as one participant said, "if you're going to have a strategic approach, it can't be a global one."

Says David Korten, "The large donor organizations were founded on the premise that financial resource transfers are the key to stimulating development. . . . The logic of a people-centered development approach dictates an emphasis on more effective use of those physical and financial resources that are already available, by changing the ways they are controlled and managed."

Said a participant, "We really need to address the issue of relations with indigenous organizations not simply as a matter of transferring resources, which in itself is not necessarily developmental, but within the whole context of what we mean by development and what is the distinctive role of the voluntary sector in development. Everything else must flow from that."

'We need to address the issue of relations with indigenous groups within the context of what we mean by development . . . what is the distinctive role of the voluntary sector . . . Everything else must flow from that.'

-- Participant

A "client-centered focus" including work with indigenous groups to foster independent-sector development overseas is the driving trend influencing public/private initiatives in development assistance. The need to improve the capacity for working with local affiliates is the major point of agreement among participants in this future-study process.

Reasons for doing so are numerous. Use of local counterparts is seen both by AID and private voluntary organizations as:

- crucial to sustainable growth;
- more cost-effective than direct delivery programs;
- more appropriate because they reflect locally determined needs, concerns, and knowledge; and
- more effective in reaching target recipients--the poor or disadvantaged--as opposed to inflating the public sector through government-to-government channels.

Says a participant, "Channeling assistance funds through central governments strengthens central authority and works directly against the forces of democratization. If we're serious about broadly based development, the whole foreign assistance mechanism needs to be rethought so that it does indeed become more of a people-to-people kind of activity. In that regard, AID missions overseas funding indigenous PVOs is far more positive than their funding central governments. On the other hand, it seems from my experience that AID's ability to work effectively with international private voluntary organizations is very, very limited."

There is widespread recognition of the need to develop linkages with local organizations in development assistance. This recognition indicates that support is coalescing toward a new strategic ap-

proach in defining the United States' future role in international development. In this emerging rationale, a strengthened public/private nexus for development assistance may provide a unique competitive advantage or point of difference in U.S. efforts.

While the rationale and the will to work with indigenous organizations and to involve recipients in determining their needs and priorities is central to development theory, research indicates that the practice has yet to match fully the need or desire. Yet, U.S. private voluntary organizations increasingly are working through international nongovernmental organizations and local affiliates (Figure 6--Local Counterparts of U.S. PVOs). AID has attempted to compile U.S. private voluntary organizations' expenditures statistically according to technical codes. While not fully reliable, this compilation indicates types of private voluntary organization activities with indigenous nongovernmental organizations (NGOs).

U.S. private voluntary organizations have indigenous nongovernmental organization counterparts in just under half (47.5 percent) of the activities they undertake overseas and work with local affiliates in 21.1 percent of the cases; thus nearly 70 percent of their activities are undertaken with with counterpart organizations.

U.S. private voluntary organizations channel AID funds through local governments in 28.5 percent of their activities. The 248 local government counterparts shown through an examination of the 871 counterparts listed in 2,454 AID grants/contracts, though slightly more prevalent in Africa (39.5 percent of the 28.5 percent total), are also widely found in Asia (29 percent) and Latin America (24.6 percent). It should be recognized, however, that the high percentage of local government counterparts to private voluntary organizations reflects both the need to work through local governments in some contexts as well as the absence of viable private sector organizations in some geographic regions of the developing world.

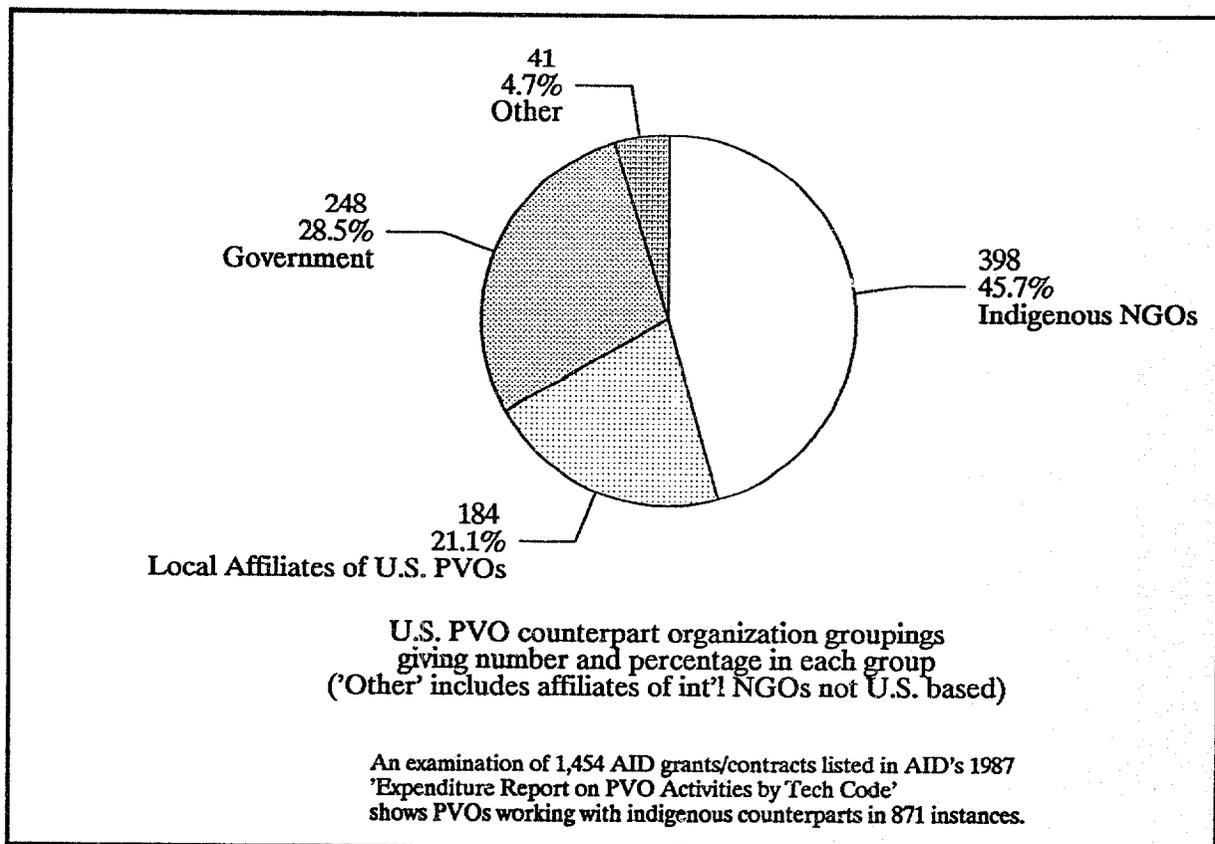


Figure 6. Local Counterparts of U.S. PVOs

Some roundtable participants note that the implications of working with and through indigenous organizations are not clearly understood and caution against "rushing headlong into the embrace of indigenous organizations . . . the use of the words 'private voluntary organization' is very indicative of this lack of clarity. They may not be private and may not be voluntary . . . They may be creations of AID with AID retaining . . . the power over decisionmaking."

The issue of 'local affiliation' is fraught with difficulties.

One participant observed that U.S. organizations are "in a real bind with respect to indigenous PVOs—does this relationship represent real solidarity? Paternalism? Competition?"

The issue of "local affiliation" is fraught with difficulties.

Said one participant, "We as a community are very vulnerable. Even a 20-year-old, medium-sized PVO can go down the tubes in 10 minutes through bad management or just bad luck. The margins are very slim for a lot of U.S. PVOs. That's tripled by a factor of 10 for indigenous organizations."

As complex as the relationship is between AID and the private voluntary community in the United States, the relationship between indigenous nongovernmental organizations and their host governments is equally and frequently more complex. Taking the

model of the public/private partnership which functions well in U.S. development assistance and replicating it with a counterpart relationship in a developing country context is a daunting feat. Frequently relationships between the governments and indigenous groups are not clear and could be either hostile or complementary.

With these relationships come political overtones.

Each country context is unique. In some circumstances, NGOs may work closely with governments, but in others they may be hostile to governments. In any given country, private voluntary groups both hostile and friendly to government may coexist. In each country, there are different degrees of affinity or even tolerance to the expression of pluralistic views.

An underlying reason for U.S. private voluntary organizations to work with local groups is so that they can initiate grass-roots efforts to influence broad development within a country. To what degree does assistance to them, whether directly by AID or through U.S. private voluntary organizations, represent outside interference in policy formulation of a sovereign nation? On the other hand, what good does development assistance do if host government policy mitigates against development?

"There is an inability of aid agencies to grasp our domestic experience [of the need to support pluralism and a healthy independent sector through sound public policy] and apply it internationally," said a participant.

Rhetorical circumlocution has led to a lack of clarity in the strategic thrust of U.S. development assistance.

Korten describes the development of a "mosaic of independent yet interlinked local organizations through which people define and pursue their individual and collective interests within a guiding framework of national policy."

U.S. private voluntary organizations view the delivery of goods and services as a more appealing way to describe their work to donors and a less controversial way to describe their work to host country governments than the end goal of development assistance: to help people develop. This kind of rhetorical circumlocution has led to a lack of clarity in the strategic thrust of U.S. development assistance.

Said one participant, "Our transitive verbs get us in trouble in development: we say we will 'develop' a country or a community or whatever, but the fact is that we know increasingly that this is a very reflexive process and you can't develop anyone. They have to develop themselves."

What does the "delivery of development assistance" mean?

This lack of precision in talking about development goals is explained away as a matter of tactics.

The goal of organizing people is "what you talk about in the huddle. You don't say . . . that these programs are building militant interest groups and pluralistic representation." Instead, the program "can be painted with motherhood slogans about delivering services to starving babies, which is simply tactical common sense."

On the other hand, many people believe that militancy and pluralism are countervailing forces; rather than being destabilizing to a society, pluralism is stabilizing. Increasing pluralism fosters stability by making it less likely that extreme views will dominate. Thus, pluralism mitigates against militancy, or elite groups' dominating power.

It is seen as intrinsically valuable to deliver goods and services. This outer manifestation of development is worthy in itself of support. If organizing people, for example, to provide health care helps them stay healthy, but also "brings them into a better consciousness with their inner selves and organizes people to participate," then so much the better.

The challenge to Congress is how to use public funds and public policy to promote diversity and the freedom to be diverse.

The challenge to Congress in rewriting the Foreign Assistance Act becomes, "Can we come up with a policy and a way of funding and structuring that policy to get the best of doing good both in the outer and the inner senses without compromising . . . everybody simply because it's public funds. . . . Everybody is going to expect you to be accountable . . . in the sense that the inspector general of AID and financial management of AID are the only two growth industries in the agency. . . . The challenge is how can you use public funds and public policy to promote the kind of diversity and the freedom to be diverse that we're all interested in seeing happen."

Structural questions abound, such as whether indigenous activities should be funded centrally by PVC or through AID missions, directly to local groups or through U.S. PVOs, whether policy toward them should be administered regionally by AID bureaus, or strictly on a bilateral basis, or whether multilateral institutions and organizations should be the appropriate mechanism or at least included in policy formulation.

Programs funded centrally to private voluntary organizations, rather than through AID missions, retain their people-to-people character.

Although there are no easy answers to these and other questions, the organizational will and capacity to work with and through

local organizations are viewed both by AID and voluntary agencies as increasingly central to their effectiveness.

"The distinctive role of the voluntary sector in development . . . in many respects, is the value domain which, in the current development context, among other things, makes it a sector that must be concerned with political and institutional issues and what they mean in terms of society's expression of its values, which is the extreme opposite end of treating development as a purely financial [resource] issue."

Fundamental to the effectiveness of private voluntary organizations is their "independence," an attribute roundtable participants identify, vociferously, as crucial to their success. They consider independence of action or a perception of freedom from official constraints as a, if not the, major contributing factor to effectiveness. Independence is more critical in some country contexts than in others as U.S. private voluntary organizations work with indigenous groups. Few AID studies or reports have delved into the issue of independence and how to enhance it.

Because of the resource-oriented focus of the agency and the goods and services-centered vernacular of the development community, "independence" is measured by a proxy, "privateness." The measure is a monetary standard, quantified in terms of resources from nongovernmental sources. In some circles this concern for privateness has substituted for "the real concern for independence . . . that is, we are interested in maintaining and increasing pluralism, not making PVOs more like government . . . that's what we're about; that's why we work with PVOs. That's why we want to encourage the development of these kinds of organizations overseas," says an AID official.

Representatives of voluntary organizations carry "authority and credibility" beyond that of an AID official abroad because they represent an independent U.S. constituency and come from a base of experience outside government.

Thus, the extent to which private voluntary organizations become or are perceived to be agents of government may mitigate against their effectiveness. To the extent private voluntary organizations become indistinguishable from government contractors, and potentially lose their ability to mobilize and represent a base of volunteer constituents, they may minimize their effectiveness.

Private voluntary organizations' ability to establish informal or personal, people-to-people relationships abroad is an attribute perceived as a major advantage, even to the point where it is considered to give the United States an advantage over some other developed nations. For example, the Japanese recently sent a

delegation to Washington to visit with AID officials to learn how the United States has nurtured private voluntary organizations and enhanced their effectiveness and participation in international development.

INDEPENDENT SECTOR DEVELOPMENT

Understanding the theory of the functioning of the independent sector within a free society is significant in elucidating why U.S. people-to-people programs have become increasingly useful mechanisms both in delivering development assistance and in the conduct of foreign policy.

One senior AID official said, "Understanding the role of this independent, nongovernmental, nonbusiness sector and its functions is a missing ingredient in the development community's analysis of what makes societies function abroad."

While not alone as a participatory culture, the United States is unmatched in numbers of persons, proportions of the population, and impact of giving, volunteering, and nonprofit organizations, according to Brian O'Connell, president of Independent Sector, a Washington-based umbrella organization.

Complex societies may be viewed as comprised of governmental, business or enterprise, and independent sectors. The divisions between the sectors are not sharp; rather, they are overlapping--the relationships are dynamic, more organic than mechanistic. However, beyond the United States little attention is given to the existence of an independent sector, much less its nurturance or understanding its importance to a free society.

'There is no greater danger to our liberty than allowing those in power to have any control over their potential reformers.'

-- G. Connell

It is no accident that the United States has a highly developed independent sector. A nation largely of immigrants, this government was founded by people determined never again to be ruled, resolved that power should be spread, suspicious of central authority, and terribly interdependent for survival.

It is important to comprehend the implications of the independent sector on our abilities as individuals and as a society to be unique and free.

"Most of the great movements of our society have had their origins in this independent sector, for example, abolition of slavery, civil rights, public schooling, public libraries, and care and opportunities for the handicapped. Some who led those efforts were viewed as unpopular, troublesome, rabble-rousing, and maybe even dangerous. One of our largest responsibilities is to keep open the freedoms that will allow their successors to establish the new causes of tomorrow," says O'Connell.

"There is no greater danger to our liberty than allowing those in power to have any control over their potential reformers."

It is clear that when people make the effort not only are causes and other people helped, but something very special happens to the giver, too, and in the combination, the community and the nation take on a spirit of compassion, comradeship and confidence, says O'Connell.

This theory applies to the Third World as well, according to Al Hirschman, the most noted practitioner of grass-roots development, who has confirmed this U.S. experience in his studies of self-help activities in Latin America.

Giving and volunteering remain pervasive activities among Americans.

One of the reasons so many misconceptions exist about volunteering and nonprofit activity generally is that this is an aspect of our national life we take for granted and have never really felt a need to study. Now that there seems to be a growing realization that citizen participation is a valuable part of our national character, there is greater interest in having a clearer grasp of the facts, trends, and impacts.

While private voluntary organizations are one component of the independent sector, little attention has been paid to this experience base as it applies to development theory in Third World countries. This is really quite remarkable and may be a result of the fact that most groups have a background as charitable organizations and have only recently evolved as having a development agenda.

According to a national survey by Independent Sector commissioned from The Gallup Organization:

(1) The average U.S. charitable contribution for all households in 1987, including noncontributors, was \$562, or 1.5 percent of income.

(2) The average hours volunteered per week in 1987 for all adults 18 years of age or older, including nonvolunteers, was 2.1.

A far larger proportion and many more parts of the U.S. population are involved in community activity today than at any other time in history. Seven out of 10 households in America contributed an average of \$790 to charitable organizations and almost half of Americans (45 percent) volunteered an average of 4.7 hours per week to charitable causes and organizations in 1987. This rate of participation by Americans stands in stark contrast to a level of activity in newly industrialized countries of only 15 to 20 percent of all persons participating in voluntary activities, one roundtable participant noted.

Respondents to the Gallup survey expressed more confidence in private education, federated campaigns, and health and social services organizations than in all other major institutions, including Congress.

Eighty-seven percent of respondents believed that charitable organizations play a significant role in American society.

Roundtable participants were asked to use a bubble diagram technique to describe the functioning of the independent sector within any complex society (Figure 7 - A Description of Independent Sector Attributes).

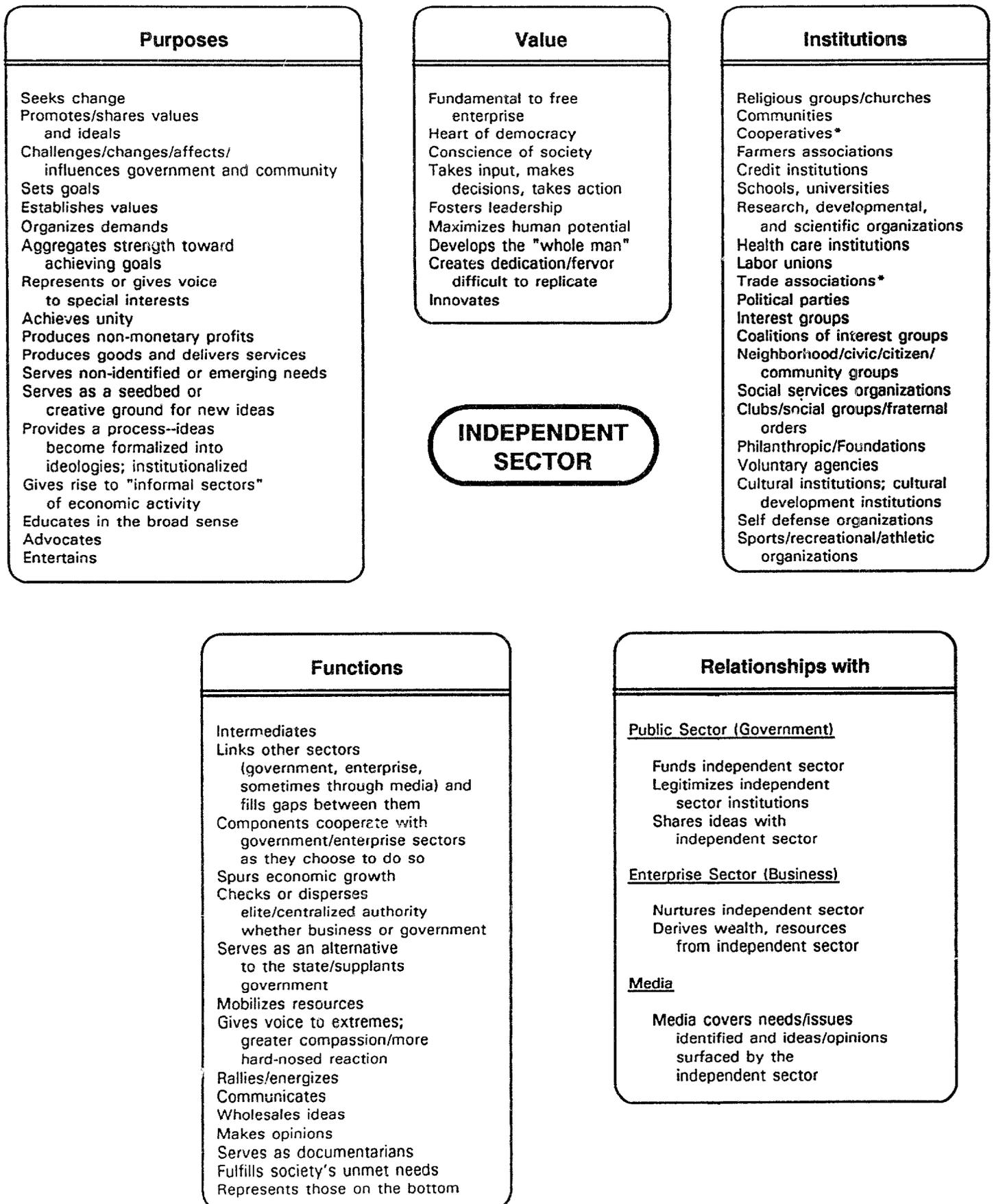


Figure 7. A Description of Independent Sector Attributes
Source: A Compilation of Views from
AID/PVO Future Study Roundtable Participants, 1988

*A few participants define cooperatives and trade associations as part of the business sector

They were then asked to use the same technique to describe the functioning of private voluntary organizations within the independent sector (Figure 8 -- PVOs: A Subset of the Independent Sector).

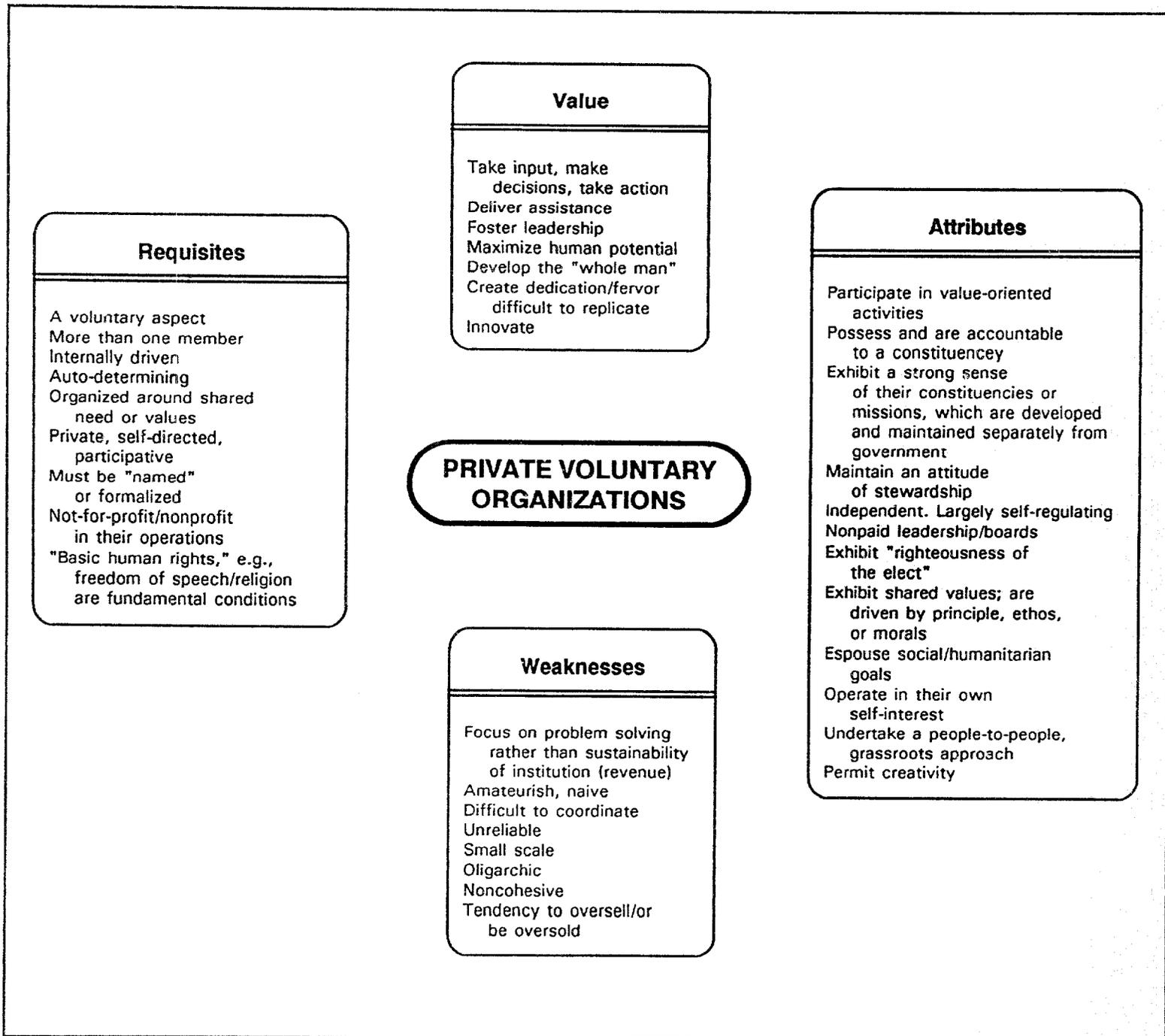


Figure 8. PVOs: A Subset of the Independent Sector
Source: A Compilation of Views from
AID/PVO Future Study Roundtable Participants, 1988

The independent sector is value-driven and its institutions can be segmented into groups which are "for others" and those which are "for self." The sector is comprised of a wide range of types of institutions, from churches to research institutions to sports teams. All of these institutions have a voluntary aspect to their nature, are "auto-determining," "self directed," or "internally driven." Ascriptive groups, or group affinities over which one has no choice, such as family or race, are excluded. Its institutions need to be named or acknowledged in some way, such as through law, custom, practice, or formation as an entity. They are accountable to a constituency.

**The independent
sector:
'conscience of
society,'
'heart of democracy,'
'fundamental to
free enterprise.'
-- Participants**

The sector intermediates or "brokers relations between individuals and society," or "acts as the conscience of society" and performs a catalytic role. It is "the heart of democracy" and "fundamental to free enterprise."

People organize to . . . influence . . . aggregate strength . . . demand . . . give voice to . . . protect . . . educate . . . supplement or supplant . . . produce . . . deliver . . . share . . . maximize human potential . . . stand up and be counted . . . fight . . . approve . . . oppose or propose . . . improve . . . expose . . . enforce . . . protest.

"Private voluntary organizations will never be seen as central to economic development until they develop a cohesive theory," said a participant.

The concept that U.S. private voluntary organizations can be pivotal to a new U.S. development strategy to emphasize independent sector development in the Third World may prove to be such a theory.

VALUE-DRIVEN DEVELOPMENT

'Development is not primarily a matter of resources . . . we have a tremendous task reorienting the whole development effort, starting with us.'

-- Participant

"My 20 years of work in development now make me more and more persuaded that development is not primarily a matter of resources," declared a leading academic and development theoretician at one roundtable. Looking at financial and other resource constraints, one often is duped by this masquerade. And, AID is "so heavily hung up on resources: funding for them, allocating them, evaluating them, as a substitute for changes, progress, results. We have a tremendous task reorienting the whole development effort, starting with us. Not that resources are not important; they are." A reductionist view, breaking a problem down into its resource components, will not provide a solution. What is needed is a more integrative approach.

"From what all of us have experienced, and we in the private voluntary community have realized, is that we have made life more productive, worthwhile, stable, more expanding in terms of ideas, by relying on the institutions that have realized the human potential around us."

The past two decades have witnessed a shift in the values, procedures, and even balance of power within and between professions and organizations engaged with development, according to Robert Chambers, Institute of Development Studies, University of Sussex. Donor organizations now seek to support more small projects identified and implemented by nongovernmental organizations. More attention is given to people, especially women and others who are disadvantaged.

Chambers believes these changes embody parts of "the new paradigm and the new professionalism of development which have been emerging." Key elements are to put people before things, to decentralize, to enable and empower the poorer and weaker, to value and work on what matters to them, and to learn from clients rather than always to teach them.

"The very nature of the new paradigm makes its examples inconspicuous and easy to overlook or undervalue. Decentralized small-scale activities are less visible than centralized infrastructure. Social development is harder to see or photograph than physical development. Evolutionary change is less noticed than revolutionary. The enhanced capability of a resource-poor farmer to experiment and adapt is not as evident as a new pump or tractor. Perhaps because of its poor visibility, the paradigm is already more prevalent than some observers realize," he writes.

His paradigm has four interacting tenets:

- Development should be people-centered: people come before things; and poorer people come before the less poor. It is right to put the last first, to give priority to those who are more deprived--the poor, physically weak, vulnerable, isolated, and powerless--and to help them change those conditions. It is also right to enable them to identify and demand what they want and need.
- Development is not progress in a single direction, but a process of continuous adaptation, problem-solving and opportunity-exploiting under pressure. Causality is complex and circular, not simple and lineal . . . Development is not movement towards a fixed goal but continuous adaptation to maximize well-being in changing conditions.
- Conditions are diverse and complex. Rates of change are accelerating. Poor rural people know a lot. Rural people are capable of self-reliant organization.
- The above concepts are interrelated . . . The central thrusts of the paradigm are decentralization and empowerment.

The Independent Sector's O'Connell quotes historian Merle Curli: "Emphasis on voluntary initiative . . . has helped give America her national character . . . All these philanthropic initiatives give support to the thesis that philanthropy has helped to shape her national character . . . [by] implementing the idea that America is a process rather than a finished product."

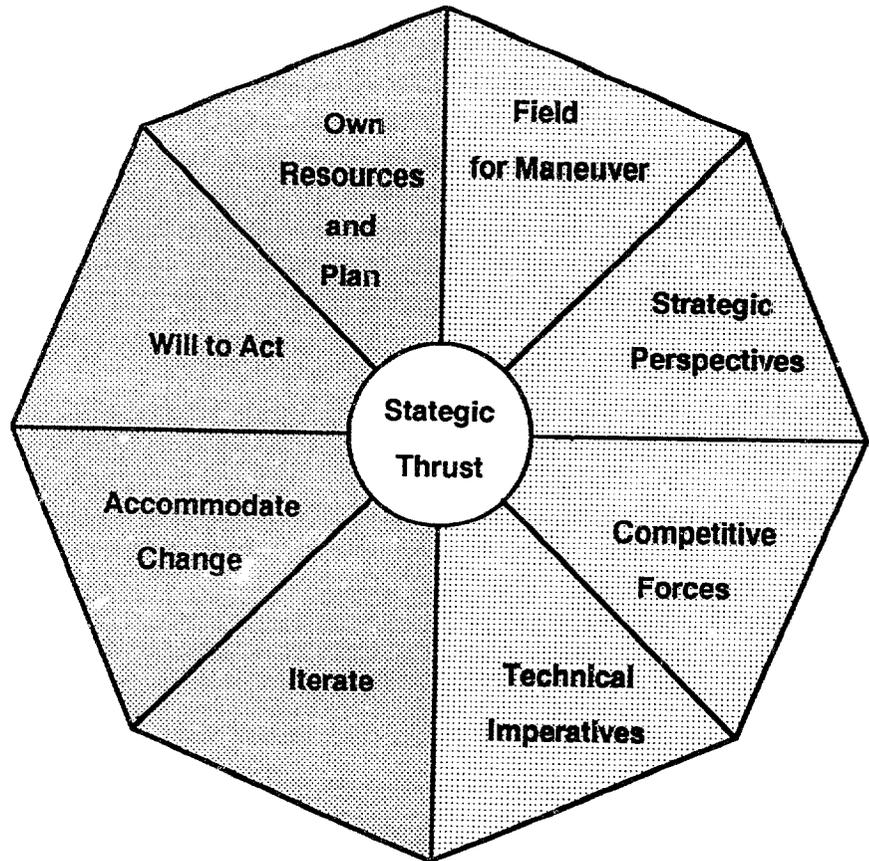
Chambers' characterization well summarizes the views of roundtable participants in describing overriding trends in development, despite the fact that one participant declared vehemently that he wanted nothing of the word "paradigm" and cautioned against "decaditis," the tendency to promise a solution 10 years off.

Korten says that to succeed, voluntary agencies need to have "strategic vision" to comprehend the requisites for independent sector development.

Chambers concludes that voluntary agencies are well placed to develop and implement the new paradigm and he suggests the need for "new professionalism."

In his essays, Tom Veblen, a senior business strategist with Food System Associates, Washington, says that to achieve excellence, an organization must have a viable vision, understand the dimensions of strategy, and execute with skill and luck (see Figure 9 --

Dimensions of Strategy). Of equal importance to effective leadership are vision, strategy, and tactics.



Source: Food System Associates

Figure 9. Dimensions of Strategy

All dimensions of strategy must be fully in play at the same time. As the strategic thrust changes, so do the requirements of each of the eight elements of strategy. Applied to private voluntary organizations, this means that each shift in strategic thrust—from helping people to teaching people to empowering indigenous groups—requires that organizations change their fundamental approach in each dimension.

When asked to describe where private organizations are weak in strategy, roundtable participants pointed to the elements central to planning: understanding the field of maneuver, defining strategic perspectives, comprehending the competitive forces, and accommodating the technical imperatives.

**To survive, PVOs
will have to become
better strategists.**

Evidence in the literature and interviews also supports that private voluntary organizations are resourceful, flexible, and survive through changing requirements. But they are better implementers than planners or strategists.

To survive in the future, they will have to become better strategists. The pace of change has accelerated. The complexities are growing, including the trend toward working with indigenous organizations.

Designing a strategic approach whereby AID and private voluntary organizations collaborate to encourage independent sector development will be highly challenging.

As the United States redefines its global presence and its relations with other nations, there likely will be an increasing recognition that competitiveness is a concept that must be applied to development as well as other facets of the American agenda.

As one participant said, "Asian NGOs . . . are developing both in capacity and perspective on their roles. They're defining their objectives in terms of reshaping the institutions of those societies in which they work, dealing explicitly with issues of power, policy, people's roles, the development of people's organizations beyond the village level so they can really have a voice in national development. As I see this development, these changes in perspectives, I become concerned whether U.S. PVOs can remain relevant to that process of development. I deeply believe they can and I hope they will.

**Competitiveness must
be applied in
development as well
as to other facets
of the U.S. agenda.**

"This requires reexamination of their roles in this process of development in which they are working."

Developed nations such as Japan, Canada, and the Scandinavian countries are in many respects outcompeting the United States in development assistance.

When asked to describe why, roundtable participants cited:

- superior "development education" or ways of informing and educating their citizens about global interdependence,
- a parliamentary form of government which is seen as providing greater continuity in decision-making and funding for development assistance,
- development assistance strategies tied to national trade or market-development strategies, whereas the United

States ties its development assistance programs to its foreign relations policies.

When asked, however, if development assistance should be unbundled from other foreign policy concerns, participants expressed a belief that it is appropriate to continue funding private voluntary organizations under the mantle of the Agency for International Development.

The U.S. comparative advantage may be its ability to solve problems collectively. Building on its independent sector in addressing global development may be its unique benefit.

If the United States has a comparative advantage into the 1990s in international development, it will not be in financial resources, or in long-standing ties, or in its cultural linkages. Other nations are likely to contribute more and to continue to build on their colonial ties and their common languages.

The United States' one comparative advantage may be its "can do" spirit, its sense of optimism, its ability to solve problems collectively. Perhaps the opportunity to build on the strengths of its independent sector, that value-driven component of society, in addressing the issues of global development is its unique benefit in development assistance.

The concept of shared enterprise emerges. "We need to get away from the distinction between government and nongovernment and get a real working coalition among new professionals, whether they're located in the U.S. or abroad or within government or within the independent sector," a participant noted.

TOWARD A NEW VISION

To the extent that this process takes just one step further in clarifying the strategic vision of what the public/private approach to international development assistance should be into the 1990s and beyond, it will have succeeded.

Its intent has been to strengthen and help focus public assistance efforts in conjunction with private voluntary organizations' initiatives.

It is likely in the future that there will be opportunities for shared enterprise where public-sector and private voluntary community goals will coincide. At other times, each sector may well go its own way.

The need will continue for each to understand and respect the other's perspective in trying to improve human well-being on a global basis.

The following actions will improve future effectiveness:

- Explore the development rationale of the independent sector on the basis of private voluntary organizations' own programmatic experience--analyzing what they do from the perspective of creating and assisting in independent sector development in countries where they are working. If the development rationale of independent sector growth fits, it needs to be confirmed by the community, adopted, and related to each organization's strategic vision.
- From that base of better understanding, define how to accomplish independent sector growth and how to measure growth from a baseline of knowledge--undertake country studies to describe characteristics of its independent sector: what are strong elements, weak elements, where are opportunities for assistance.
- Develop goals for each country, region, and continent--emphasizing development of independent-sector strategies by issue, such as health, agriculture, environment, and population (different types of strategies are needed for each issue--not one approach, but many).
- Improve the strategic capacities of organizations to deal with changes in how they go about accomplishing their

missions and implementing their goals to help them surmount constraints to their effectiveness.

We hope this effort will continue to be "work in process" as part of the evolution in development and a beginning toward clarifying a new vision for people-to-people development in the 1990s.

APPENDICES

ACTIONABLE SUGGESTIONS

ACTIONS TO IMPROVE THE AID/PVO NEXUS

NOTE: At the end of each day-long roundtable, participants were asked to make "actionable suggestions" toward improving the AID/private voluntary organization nexus into the 1990s and beyond. The following is a compilation of suggestions. They do not necessarily represent the views of all participants.

1. Build a consensus within the private voluntary organization community as to its identity, purpose, and distinctive characteristics.

Refine goals for the future.

Rearticulate voluntarism as the way to accomplish development.

Define development assistance and its purpose.

Bring together the strategists to counsel with the visionaries.

Listen elsewhere such as to non-AID-registered private voluntary organizations and cross fertilize with other sectors. Form linkages with other sectors and players and ideologies. Broaden the base. Even create an advisory board within AID similar to BIFAD.

Articulate the vision. It is indeed possible to develop a shared vision, especially among clusters of organizations. The vision and resource potential has to match.

Target in terms of a decade-long vision.

Figure out how to have the implementation capacity. Harness a number of different organizational elements.

Devise an implementation strategy.

Exert leadership in decision-making on programs which affect the private voluntary organizations and on broader issues of foreign assistance. Private voluntary organizations should inject themselves into the current strategic planning process.

4. Build local institutions in the Third World.

Recognize that what NGOs need is to have their capacity enhanced and leadership developed, not to be supplanted as service deliverers.

Place more emphasis on organizational development issues.

Charge private voluntary organizations with the task of building and nurturing NGOs. There is more likely to be a partnership than if NGOs receive funding directly from AID.

Reduce the amount of government-to-government funding and channel a greater percentage of funds through private voluntary organizations.

Encourage multi-year programs.

Strengthen the technical capability of private voluntary organizations so they have more technical expertise to deliver to NGOs.

Use caution regarding NGO capacity for resource absorption.

Foster more cooperation among developing countries in a region.

5. Improve the North/South dialogue and build a broader coalition.

Be supportive of the idea that people ought to be involved in the decisions that affect their own development and the development of their country.

Collaborate with other northern donors, including multi-lateral agencies.

Apply lessons learned overseas to alleviating problems in U.S. cities and of rural development.

Apply lessons learned by U.S. foundations doing community development work in large urban settings in the U.S. There is a danger that such development becomes very political.

Apply lessons learned in development education messages, especially regarding the strengths of the Third World.

Take initiative within the private voluntary organization community.

2. Improve the understanding and collaboration/cooperation between AID and private voluntary organizations.

Initiate staff exchanges between AID and private voluntary organizations.

Provide a training segment on private voluntary organizations for all AID officers.

Inaugurate a program of mini-sabbaticals for private voluntary organization staff to enable them to build an R&D capacity.

Improve AID's institutional memory.

Get away from some of the rhetoric that has characterized the development community.

Give PVC a greater role in policy coordination for field offices rather than just grant-making functions.

Include private voluntary organizations in missions' country planning processes.

Find a mechanism to incorporate the beneficiaries of aid into decision-making on the policies about aid.

3. Institutionalize development education.

Bring the development education message more in line with the development reality. The reality is usually two steps ahead of the perception.

Separate fund-raising from development education. Or even replace development education with a public affairs outreach which tries to link what people are interested in with development in the Third World.

Focus development education efforts on the U.S., particularly in the school curriculum, starting in elementary school. Work with NAFSA on curriculum development at the university level.

Use private voluntary organization networks and boards of directors to gain greater constituency understanding of foreign assistance and interdependence.

6. Measure the success of development assistance by the level of development of strong local pluralistic institutions in the countries being assisted.

Require that every project proposal by a private voluntary organization contain an "internal democratic impact statement" assessing how the project will affect the degree of internal democracy in the counterpart indigenous organization.

Be more willing to accept failure. Risk-taking is important.

7. Streamline procedures to facilitate a smoother AID/private voluntary organization working relationship.

Scrape off the "barnacles" (the regulations that encumber the process).

Integrate the contracts office into the grant approval process.

PARTICIPANTS

PARTICIPANTS

Frank Ballance

*President
Action for World Development
Washington, D.C.*

Dr. Janet Ballantyne

*Office of the Deputy
Assistant Administrator
Bureau for Program and Policy
Coordination
Agency for International Development
Washington, D.C.*

Norman E. Barth

*Executive Director
Lutheran World Relief
New York, N.Y.*

Andrea Baumann

*Project Director, Arias
Office of Rural and Institutional Development
Bureau for Science and Technology
Agency for International Development
Washington, D.C.*

Stephen Bergen

*Chief, Projects Division
Office of Private and Voluntary Cooperation
Agency for International Development
Washington, D.C.*

Paul A. Bisek

*Coordinator for Cooperative
Development
Bureau for Food for Peace and
Voluntary Assistance
Agency for International Development
Washington, D.C.*

Rich Bissell

*Assistant Administrator
Bureau for Program and Policy Coordination
Agency for International Development
Washington, D.C.*

Richard N. Blue

*Advisor on Development
House Foreign Affairs Committee
U.S. House of Representatives
Washington, D.C.*

The Honorable Thomas Byrne

*Executive Director
Private Agencies Collaborating
Together
New York, N.Y.*

Sharon Camp

*Vice President
Population Crisis Committee
Washington, D.C.*

Wallace J. Campbell

*President Emeritus
CARE
Washington, D.C.*

Eric Chetwynd

*Director (Acting)
Office of Rural and Institutional Development
Bureau for Science and Technology
Agency for International Development
Washington, D.C.*

Catherine Coughlin

*Director
Advisory Committee
on Voluntary Foreign Aid
Office of Private and Voluntary Cooperation
Bureau for Food for Peace and
Voluntary Assistance
Agency for International Development
Washington, D.C.*

Owen Cylke

*Assistant Administrator (Acting)
Bureau for Food for Peace and
Voluntary Assistance
Agency for International Development
Washington, D.C.*

Peggy Curlin

*Vice President
The Centre for Development and Population
Activities (CEDPA)
Washington, D.C.*

Dr. Thomas W. Dichter

*Vice President, Replication & Policy
Analysis
Technoserve
Norwalk, Connecticut*

John A. Donnelly

*Senior Director
Office of Project Resources Management
Catholic Relief Services
New York, N.Y.*

Dr. William A. Douglas

*Consultant on Developing Democracy
American Institute for Free Labor
Development (AIFLD)
Washington, D.C.*

Anne Drabek

*PVO Liaison Officer
AFR/DP/PPE
Agency for International Development
Washington, D.C.*

Thomas H. Fox

*Director
International Institute for
Environment and Development -
North America
World Resources Institute
Washington, D.C.*

Peter Gubser

*President
American Near East Refugee Aid
Washington, D.C.*

John Maxwell Hamilton

*The World Bank
Washington, D.C.*

Elizabeth Hogan

*Chief, Public Outreach
Office of Private and
Voluntary Cooperation
Agency for International Development
Washington, D.C.*

The Reverend Stanley W. Hosie

*Executive Director
The Foundation for the Peoples of
the South Pacific
New York, N.Y.*

George Ingram

*Senior Staff Consultant
House Committee on Foreign Affairs
U.S. House of Representatives
Washington, D.C.*

Fred K. Kirschstein

*Program Development Director
Foster Parents Plan
Warwick, Rhode Island*

Burton Knauft

*Executive Vice President
Independent Sector
Washington, D.C.*

Dr. David C. Korten

*Vice President for Asia
Institute for Development Research
Makati, Metro Manila
Philippines*

Andrew J. Koval

*Executive Director
Council for International Development
Washington, D.C.*

Ellen Levinson

*Executive Director
Coalition for Food Aid
Washington, D.C.*

Cliff Lewis

*Deputy Assistant Administrator
Bureau for Program and Policy
Coordination
Agency for International Development
Washington, D.C.*

Carolyn Long

*Vice President and Director
InterAction
Washington, D.C.*

Thomas A. McKay

*Deputy Assistant Administrator
Bureau for Food for Peace and
Voluntary Assistance
Agency for International Development
Washington, D.C.*

Dr. Russell Morgan, Jr.

*President
National Council for International Health
Washington, D.C.*

William J. Nagle

*Senior Associate for Policy Affairs/
NGO Liaison
World Resources Institute
Washington, D.C.*

James R. Phippard

*Staff Advisor
Senate Agriculture Committee
Washington, D.C.*

Dr. Karen M. Poe

*Deputy Director
Office of Private and Voluntary Cooperation
Bureau for Food for Peace and
Voluntary Assistance
Agency for International Development
Washington, D.C.*

Thomas H. Reese III

*Deputy Assistant Administrator
Bureau for Asia and Near East
Agency for International Development
Washington, D.C.*

William S. Reese

*President
Partners of the Americas
Washington, D.C.*

Sister Margaret Rogers

*Coordinator for Africa
Coordination in Development (CODEL, Inc.)
New York, N.Y.*

Robert D. Scherer

*President and CEO
National Cooperative Business
Association
Washington, D.C.*

Dean B. Seiler

*Executive Director
Salvation Army World Service Office
Washington, D.C.*

Barry Sidman

*Vice President -- Programs in
Development and Training
The Experiment in International Living
Washington, D.C.*

Elise Fiber Smith

*Executive Director
OEF International
Washington, D.C.*

Lou Stamberg

*Assistant Director
Program Analysis and Budget
Office of Development Planning
Africa Bureau
Agency for International Development
Washington, D.C.*

Hope Sukin

*Evaluation Officer
Bureau for Food for Peace and
Voluntary Assistance
Agency for International Development
Washington, D.C.*

Dr. John Sullivan

*Program Coordinator and Director of
Legislative and Public Affairs
Center for International Private Enterprise
Washington, D.C.*

Randal C. Teague, Esq.

*Vorys, Sater, Seymour & Pease
Washington, D.C.*

Dr. Nelle Temple

*Minority Professional Staff
Subcommittee on International
Development and Finance
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
Washington, D.C.*

Lewis Townsend

*Deputy Executive Director
Pan American Development Foundation
Washington, D.C.*

Dr. Norman T. Uphoff

*Chairman, Rural Development Committee
Center for International Studies
Cornell University
Ithaca, New York*

Gerold V. van der Vlugt, M.D.

*Child Survival and Health Coordinator
Office of Private and Voluntary Cooperation
Agency for International Development
Washington, D.C.*

Tom C. Veblen

*Chairman
Freedom from Hunger Foundation
Washington, D.C.*

Ted Weihe

*Executive Director
U.S. Overseas Cooperative
Development Committee
Washington, D.C.*

Dr. John R. Wesley

*Associate Assistant Administrator
Office of Development Planning
Bureau for Africa
Agency for International Development
Washington, D.C.*

Roundtable Coordinators

Carol L. James

Carol James Communications

1054 31st Street, N.W.

Suite 530

Washington, D.C. 20007-4405

202-342-7640

Peggy A. Sheehan

Vice President, Food Policy and

Government Relations

National Cooperative Business Association

1401 New York Avenue, N.W.

Suite 1100

Washington, D.C. 20005-2160

202-638-6222

Rapporteur

Irene Fischer

Irene Fischer Services

4101 W Street, N.W.

Washington, D.C. 20007

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SELECTED BIBLIOGRAPHY

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