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REGISTRATION AND APPROVAL
of
VOLUNTARY FOREIGN AID AGENCIES
by
THE ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
of
THE AGENCY FOR INTERNATIONAL DEVELOPMENT

A Report
To the Committee and the Agency
by
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Preface: Scope and Method

The Advisory Committee on Voluntary Foreign Aid and senior officials of A.I.D. have felt for some time that the registration by the Advisory Committee of agencies serving the public interest in voluntary foreign aid had not been reexamined systematically for a number of years although there had been significant evolution both in registration practice and in the context of government relationships. This feeling was heightened by GAO investigation of five registered agencies at the behest of the Senate Subcommittee on Children and Youth, and the somewhat critical testimony given before Chairman Mondale on the operations of those agencies and the registration process.

The assignment for this study, as informally agreed to by the Advisory Committee and approved by the Assistant Administrator for Population and Humanitarian Assistance, is:

"It has been decided by both A.I.D. and the Advisory Committee on Voluntary Foreign Aid to study the registration process with the objective of identifying alternative optional forms of registration. In essence this requires a reexamining of the purposes to be served by registration and the means necessary to accomplish those alternative purposes. This study involves consultations and discussions with government and private citizens, including representatives of private and voluntary organizations.

"Historically the registration function stretches back to the late 30's and early 40's. Present A.I.D. staff most logically qualified to undertake this study have been associated with the present process for many years. Because of the importance and implications of the registration process to both the public and the government, it is deemed essential that the study be the work of an objective individual. It is for this reason that a consultant is being proposed rather than a member of the present staff.

"The study itself is justified because of the necessity to clarify certain anomalies in the present procedure and to reassess and restate the purposes to be served by such a process.

- "A. The questions to be pursued in the study should include:
1. (a) The Registration of Voluntary Agencies:
What is it? How is it perceived by the Advisory Committee, ...the voluntary agencies...A.I.D. ... the general public?
 - (b) Does registration carry with it implications concerning the bonafides of registered agencies with regard to their total program (as distinguished from the USC financed programs)?
 2. What is the validation process?
 3. To what extent does Regulation 3 coincide with the actual practice?
 4. Role of Advisory Committee with regard to (1) subventions, (2) grants, (3) contracts. (Legal aspects of these roles.)
 5. Particular questions:
 - (a) paid staff on boards of directors?
 - (b) ratio of fund raising costs to total administrative costs?
 - (c) ratios of administrative costs to total budget of an agency?
 - (d) examination of financial statements?
 - (e) examination of field programs (financed by USC or PVO funds.)
- "B. The study will identify various registration (including validation) process options. The options identified may be based on different assumptions than those presently pertaining to the registration process. Each option (1) will specify the purposes registration would serve, (2) the criteria which would be applied in determining PVO eligibility, and (3) the related ramifications and consequences of that option. These latter would include information on the cost of monitoring the process and the probable relationship of the process to the public. In this latter area would be questions such as (1) How does each form of registration benefit the public?, (2) What is the likely public reaction to the criteria and the required monitoring process?, and (4) What legislative, administrative and/or other changes are required?
- "C. In considering the future, the following questions should be considered:
1. If new rules are developed, how will they be applied to previously registered agencies?
 2. De-registration. How has this functioned? What procedures should be developed? (Note: proper attention should be given to due process in developing new procedures.)
 3. In establishing criteria, consider establishing standards rather than rigid requirements.

4. Consider need for periodic reaffirmation that criteria for registration are still being met. Along with this, consider developing a system for performance evaluation of registered agencies.
5. Consider costs and staff required to implement recommendations.
6. In reaching conclusions regarding any of the above matters (and others pertinent to the study) do not confine the examination to the bare issues, but to their ramifications as well.

"D. The study will conclude with a written report containing the above and making a specific recommendation. It will choose one of the options and discuss the pros and cons of implementing that option. The final product will include draft modifications of Regulation 3 and any pertinent sections of the legislation.

"E. The consultant will be expected to review the legislative history and the agency files concerning Regulation 3. He will also be expected to obtain information, ideas and comments from the following groups:

1. Registered voluntary agencies both those now receiving subventions and those not receiving subventions;
2. Non-registered private and voluntary organizations;
3. Members of the Advisory Committee on Voluntary Foreign Aid;
4. A.I.D. staff from the offices of the Bureau of Population and Humanitarian Assistance as well as other A.I.D. offices, e.g., the PVO Liaison Officers in the regional bureaus, PPC, TAB, as well as appropriate principal personnel in the General Counsel's Office, Food for Peace Office, and the Contract Office;
5. The American Council of Voluntary Agencies for Foreign Service;
6. The National Information Bureau (New York City);
7. As well as other individuals whose perceptions, view and roles may be perceived as pertinent to the identification and assessment of viable optional registration processes."

The consultant acted entirely on his own in approaching this assignment and takes full responsibility for the results. At all times the Director of the Private and Voluntary Cooperation Division, the Executive Director of the Advisory Committee and the other members of PVC whose offices and files he shared, were extremely cooperative in responding to his requests for background or documentation, but the analysis, conclusions and suggestions in this report are strictly his own. They have no status other than that of a consultant's report pending consideration of them by the Advisory Committee and A.I.D.

The approach to the problem was simple, consisting of (1) review of registration files, regulations, committee minutes, prior reports and related documents; (2) interviews in New York and Washington with a few

voluntary agency leaders, A.I.D. officers and other concerned persons (listed in Appendix), and (3) a questionnaire sent to each of the 94 registered agencies and to most of the interviewed officials (full text and compilation of responses in section IIB). No attempt was made to reach non-registered voluntary agencies nor to pursue the majority of registered agencies who did not respond to the questionnaire.

The interviews were exploratory in nature and were carried out at an early stage in the review before the consultant had reached even tentative conclusions. No attempt has been made to explore voluntary agency reactions to the draft analysis and recommendations, since the consultant did not wish to disturb agencies with the prospect of actions affecting them which might be unacceptable to the Advisory Committee and A.I.D.

SUMMARY

Voluntary foreign aid accounts for perhaps one-tenth of American private philanthropy, not including the support for formal religious and educational institutions, and one-tenth of total American foreign aid and investment. The 94 registered agencies would seem to provide about two-thirds of voluntary foreign aid although the number of non-registered agencies working abroad is very much larger, nearly 500 being included in the roster of the Technical Assistance Information Clearing House.

Registration of agencies serving the public interest in voluntary foreign aid by the Advisory Committee on Voluntary Foreign Aid (ACVFA) thus relates to only a small part of the complex problem of the appropriate relationship between private philanthropy and the public interest which is the subject of a major current commission ("Filer Commission") whose report is due this spring. That report may set a new frame for government relation to and regulation of private fund raising. In the meantime significant progress is being made in self regulation by the industry through agreement with the Institute of CPA's on a newly published Standards for public financial reports, through the National Information Bureau and more recently through the Better Business Bureau, which bureaus provide contributors with facts and judgments on the bona fides and programs of soliciting organizations.

The Advisory Committee originated as the temporary post-World War II successor to the War Relief Control Board which had reduced an anarchy of 900 war relief efforts to one-tenth as many licensed agencies for whom it recommended allocations of scarce materials and shipping space. While the basis for the Committee is departmental regulation at Presidential suggestion, registration has had statutory recognition since it was made a prerequisite to eligibility for ocean freight subsidy in 1948 and for receipt of PL 480 food in 1954.

Over the years voluntary foreign aid programs have evolved away from the simple provision of relief supplies into greater concentration on rehabilitation and development services. This trend has been reflected in the decline in the number of registered agencies that actually use the government subventions for which registration makes them eligible. By the late 1960's half were not, at which time the Advisory Committee decided to open registration to agencies not seeking the material subventions but only the status of governmental approval. Only 30 of the 94 registered agencies currently receive freight, excess property or food support for which registration is prerequisite, the others enjoying the governmental approval and "assurance to the public of their bona fides" which registration also promises.

The Advisory Committee and registration pre-date A.I.D. and its predecessor agencies. While they used to be the primary locus of the relationship between voluntary foreign aid agencies and the government, this is no longer the case. Refugee and immigration matters and funds are now in the hands of a Special Assistant to the Secretary of State, who operates with virtually no reference to the Advisory Committee, though most of the related agencies remain registered. Food aid has for years been programmed jointly with agencies through a complex set of A.I.D. and interagency channels, again with little reference to the Committee though the few voluntary agencies involved are, and must be, registered. A.I.D. has developed its own rules and procedures without reference to registration for grants and contracts with private and voluntary organizations for developmental and emergency relief operations, which relationships are now more numerous and much larger than the resource flows dependent primarily on registration. The latter remain ocean freight subsidy and excess property accounting for \$6-10 million a year out of the over \$300 million of food and finance allocated annually by the A.I.D. and State to PVO overseas programs.

Registration of voluntary foreign aid agencies with the Advisory Committee is stated by A.I.D. Regulation 3 and by the Committee Charter to have three functions: (1) eligibility for subventions as required by statute; (2) assurance to the public of agency bona fides; and (3) source of information on voluntary foreign aid. There are deficiencies in the way current registration practice serves each of them.

As indicated above, the primary function of agency eligibility for government resources has been effectively supplanted by A.I.D. and State procedures for most purposes. Only the relatively minor freight subsidy and excess property remain primarily dependent on registration and on each of those, actual approvals depend on additional criteria checked by A.I.D. staff, and eligibility is to some degree limited by registration criteria not relevant to these particular purposes.

Assurance to the public has, in fact, become the most prevalent registration benefit, but it is inadequately supported by current procedures. While the Committee has assured itself of the integrity of an agency's leadership at the time of registration, it has made no attempts systematically to monitor agency management controls, fund raising practices, or program effectiveness, and has permitted the review of annual financial reports to become superficial and deficient. While registration with and approval by an A.I.D. Committee can reasonably be presumed to imply some use of A.I.D.'s unique capacity for monitoring agency overseas activities, this has not, in fact, been done except as agencies were the recipients of major financial or food support. With the continued reduction in A.I.D. personnel, such monitoring is not to be expected.

The register is little used as a source of information, either by government officers dealing with voluntary agencies, or by the public. Agency program, contracting and financial officers typically need greater depth of information on the program capabilities and management and financial systems of agencies with which they deal than is available in registration files, although they find the PVC staff helpful. Public inspection of agency documents and reports in the registry file, while permitted, has not been encouraged or exercised. Public inquiries have been few (275 in 1974 compared to 4,000 a month at the Better Business Bureau). The annual published report on Voluntary Foreign Aid Programs, which is based on reports received from registered agencies, covers only part of the scope indicated by its title, covers agency fiscal years ranging over a wide time span, does not correlate with A.I.D. and other related figures, and is published one to two years after the end of most of the periods covered. The information given is also not explicit on agency fund raising and general administrative costs.

However, the great majority of those registered agencies that responded to the consultant's questionnaire said that they would register even if the law were changed to no longer require it for any material benefits. Many commented favorably on the status accruing from such approval and on the need of the public for such protection. However, anticipation that "other benefits" from registration would be important was reported by many more than those reporting them actually important recently or in the past.

Out of the responses to the questionnaire, highly imperfect though they are, comes a clear consensus on minimal essential requirements for either access to government support or approval status. These include that A.I.D. have copies of the agency's charter and by-laws establishing its character as an independent, U.S. private, non-profit organization, the nature of its activity and the locus of control in an active responsible group; that the agency have tax exempt status; that it notify A.I.D. of any change in these and undertake no activity inconsistent therewith; that it obtain its funds ethically; that the agency's overseas activities be open to U.S. Government inspection; and that the agency's annual program and financial report, audited by a CPA and in line with published standards, be available to the public and provided to A.I.D.

On many other criteria of registration and program validation there is no such consensus, different criteria are appropriate to different purposes, and/or declared criteria are inconsistent with current practices. Many agencies objected that the criterion "primary purpose is foreign aid" undesirably excluded from access to subventions agencies which also have major domestic programs. It is a useful

boundary marker insofar as registration relates to status, but eleven registered agencies reported larger domestic than foreign program expenditures in one or both of the last two years. Exclusion of evangelical or sacramental activity is appropriate in the allocation of U.S. Government resources, but may not be in endorsing agencies for purposes of voluntary fund raising. Most agencies felt that it was inappropriate to insist either that there be no paid staff on an agency's board or that staff never be a majority of a board quorum. The Advisory Committee has recently been holding up applications if there were any paid staff on the Board, although seventeen previously registered agencies violate this rule, which has a probable, not a necessary, relation to operational integrity. Agencies would not object to A.I.D. field staff monitoring their overseas operations to a greater extent than they do or could, but a majority do not separate out general management or fund raising costs on their financial reports in accord with agreed accounting standards. On-going monitoring of agency financial and management controls and fund raising practice is the weakest aspect of current registration practice. Most agencies disagree with the standing requirement for a resident U.S. citizen representative for country programs to receive subventions. On all these points modification of criterion or practice is recommended, in many instances differentiating between criteria appropriate to receipt of government resources and those appropriate to public endorsement only.

The review of areas where change appears needed in the relations between A.I.D. and voluntary agencies ends with the suggestion of an area for a substantial new program relation of major mutual benefit: a program of matching incentive grants under which A.I.D.-financial support for agency programs of agreed kinds would be an automatic result of voluntary agency fund-raising success in an agreed ratio, with agencies expected to advertise the pledged A.I.D. support as part of their fund raising appeal. This might well encourage additional private support for voluntary agency developmental activities. It would also help impress millions of individual contributors that A.I.D. shares their concern with poverty and backwardness abroad and supports their kinds of programs, not just those that are security related.

Several alternative directions of change in registration are considered, including (1) expanding registration to precede all A.I.D. relations with voluntary agencies, (2) adequately staffing the status quo, (3) improving registration practice and rules within existing statutes and staff constraints, confining registration to either (4) eligibility for government resources or to (5) assurance to the public of bona fides, and (6) abandoning formal registration altogether. All are rejected save the third and the sixth.

"Registration and approval by" A.I.D.'s Advisory Committee inherently gives rise to public expectations of governmental monitoring of voluntary agency effectiveness and efficiency, as well as integrity, that have not been supported and are not feasibly supportable by Agency action. It also confuses the responsibility for A.I.D. relations

with voluntary agencies, and it eliminates from consideration agencies properly eligible for either subventions (e.g., domestic agencies with minor overseas activities which it would be in the public interest to support with freight subsidy) or endorsement of bona fides (e.g., church-sponsored service missions seeking public support), but are not appropriate for both. However, if A.I.D. and the Advisory Committee decide that these inherent risks and costs are less than those that would result, at least temporarily, from abolition of registration, a number of specific changes are suggested to improve the situation within existing statute and with minimal added cost. These include, in Regulation 3:

1. Elimination of inoperative clauses relating to the timing of registrant fund raising, notice to the Committee of government contracts, withholding of registration pending program validation, and Committee acceptance of agency dissolution plans;
2. Shift in formal locus of program validation, an operational step in fact carried out by A.I.D. staff without reference to the Committee, from the Advisory Committee to A.I.D.;
3. Upgrading the work relief alternative in line with actual practice and A.I.D. priorities;
4. Relaxation of the U.S. citizen representative requirement by authorizing alternatives on "notification to and approval by A.I.D." Further analysis is needed for new ground rules on this point, in order to support sensibly the development of indigenous voluntary capabilities and open the way to constructive cooperation with non-U.S. agencies without converting A.I.D. support into an unwarranted bonanza for them.

In addition, there should be a major improvement in on-going monitoring of agency financial and program reports and fund raising appeals. This would involve redesign of the required financial report in line with the newly published accounting Standards for voluntary agencies and follow up on its use with the help of the A.I.D. Controller, requirement that registered agencies submit annual program reports and copies of fund raising appeals, and acceptance by each member of the Advisory Committee of a "case load" of eight to ten agencies for personal continuing review at least of the submitted reports, in the lack of A.I.D. staff to do an adequate follow-up.

If, on the other hand, the Advisory Committee and A.I.D. decide that the risks for A.I.D. in the public status conferred by formal registration cannot feasibly be reduced to an acceptable level, that the needs of voluntary agencies for government support and of the public for

protection from fraud can be more simply met otherwise, and that registered agencies can be brought to understand and accept the change, it would be feasible and desirable (1) for the Congress to simply drop the phrase "registered with and approved by the Advisory Committee on Voluntary Foreign Aid" from the five points where it appears in the Foreign Assistance Act and PL 480, leaving to the President (by delegation A.I.D.) the selection of agencies to receive still-authorized subventions, as is now the case with financial grants.

At the same time it would be desirable (2) to request that the Congress provide in section 635(c) a statutory mandate for the Advisory Committee to help A.I.D. make more and better use of voluntary agencies in its programs and provide more and better support for their qualified programs in the public interest, through such innovations as the matching-grant program suggested above; (3) to expand the contract with TAICH to include an annual publication more adequately reflecting the dimensions of voluntary foreign aid; (4) to arrange with the Better Business Bureau to respond to public inquiries regarding agency bona fides, possibly in return for occasional field checks for them of overseas agency activities; and (5) to reassure all PVO's working overseas that the A.I.D. Private and Voluntary Cooperation Division, remained their point of liaison, source of information, and allocator of freight funds, Development Program Grants and matching grants and that PVC was prepared to respond through the U.S. Embassy to foreign government inquiry concerning the bona fides of any agency currently dealing with A.I.D. or providing requisite reports to TAICH or the Better Business Bureau. These changes would free the Advisory Committee of operational concerns to focus on policy advice to the Administrator on program criteria, innovation, and evaluation.

This seemingly negative change could open the way to clarification of responsibility and continued positive evolution of mutually supporting relations between official and voluntary foreign aid. I so recommend.

Registration and Approval
of
Voluntary Foreign Aid Agencies
by
The Advisory Committee on Voluntary Foreign Aid
of
The Agency for International Development
A Report
To the Committee and the Agency

I. Background

This introductory section will sketch three disparate aspects of the background against which registration of voluntary agencies engaged in foreign aid must be considered: the broader context of outside activities and potentially regulatory agencies within which registered and non-registered agencies operate; the historical/legal development of registration by the Advisory Committee; and the various processes of A.I.D. program decision making resource allocation to voluntary agencies, both registered and non-registered.

A. Context

Magnitudes

Voluntary foreign aid is a relatively small part of a large business, whether one looks at either the overseas part of voluntary agency activity, or at the voluntary, privately supported part of foreign assistance. In neither case is there a complete measure.

But there are over 174,000 "public charities" provided tax exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, and some 5,000 charitable, fund-raising organizations of international, national or regional scope identified in the files of both the National Information Bureau and the Better Business Bureau. Less than 500 non-profit organizations engaged in welfare and development assistance abroad are included in the directory of the Technical Assistance Information Clearing House of the American Council of Voluntary Agencies for Foreign Service, of which 94 are registered with the Advisory Committee.

The annual expenditures of the Section 501(c)(3) charities run upwards of \$7 billion annually, while the estimated total private contribution to foreign aid by U.S. voluntary agencies for 1972 is given in the OECD Development Assistance Committee's Chairman's report of \$669 million. For the same period economic foreign aid provided by the U.S. Government was \$3,545 million while the investment flow from private business was \$3,250 million. Thus voluntary foreign aid appears to be of the order of one tenth of American private charity and one tenth of foreign aid and investment.

Of this tenth, roughly \$200 million was provided through registered agencies to Israel, \$260 million through registered agencies elsewhere, and \$200 million through foundations, missions, and other non-registered agencies. (It is probable that the figures for non-registered agencies are far from complete, while those for registered agencies relate to agency fiscal years ending late 1972 through mid-1973.)

Thus the Advisory Committee and A.I.D. are dealing with a relatively small part of a much larger phenomenon. The peculiar characteristic of the part is overseas activity, the remoteness and strangeness of the areas in which the agencies work. But voluntary foreign aid agencies share with other philanthropic organizations their dependence on public confidence and generosity. A.I.D. has a unique ability among government agencies to monitor overseas activities of voluntary organizations to which it is entrusting government resources or with which it is collaborating. A.I.D. does not have a special concern, capability or mandate to judge the fund-raising behavior of such agencies or the general bona fides of other charitable organizations which happen to be working overseas.

Commission on Private Philanthropy and Public Need

Some check on the bona fides of charitable and fund-raising organizations is, however, a legitimate concern of the contributing public, of government, and of the agencies themselves. Many states require registration of and annual financial reports from non-profit organizations which solicit public contributions, but to date the only efforts on a national scale have been the tax exemption rulings of the IRS and various approaches to self-regulation and standards setting by "the industry". Currently concern with the general problem of government relationship to private charity is focussed in the Commission on Private Philanthropy and Public Needs ("Filer Commission"). This privately financed effort was organized at the initiative of John D. Rockefeller III with the informal support of then Secretary of the Treasury Schultz and Chairman of the Ways and Means Committee Mills. The Executive Director is Leonard L. Silverstein a Washington attorney, senior partner in a firm which specializes in tax law, and the Research Director is Gabriel Rudney, a senior tax planner loaned from the Treasury, but the Commission's focus is not only the appropriate tax treatment of non-profit, pro bonum activities but the entire question of the proper and necessary relationship of government to such activities. The Commission has a budget of some \$2 million, including contributed professional time, and has engaged a wide array of reputable talent to prepare a series of consultant studies for the Commission's consideration. Originally the Commission's Report was scheduled for the end of 1974, but now it is not expected before spring, nor, so far as I have been able to learn, has the Commission yet made any basic decisions as to its content. However, the need for federal regulation in the charity solicitation field is a question before the Commission, and the incomplete draft consultant reports which I have seen point in the direction of some form of SEC-type regulation of fund-raising activity, including requirements for public reporting. In the likely event that the Commission will recommend and the Government will implement such a proposal, possibly to be administered by the IRS, the need for special governmental endorsement of agencies working overseas through registration with the Advisory Committee would be reduced or eliminated.

Internal Revenue Service

IRS tax exemption does not now provide adequate assurance to the public. As Senator Mondale has pointed out, an organization can legally maintain its tax exemption while spending virtually its entire income on fund raising and othersupport costs and practically nothing on the program for which the funds were contributed. Tax exemption is provided to non-profit organizations engaged in a wide range of public interest activities and is provided on submission of an application, including a charter establishing the non-profit nature of the organization and that its purpose is to carry out exempt activities. The IRS does require exempt agencies to file a financial report within five and a

half months after the end of their fiscal year (Form 990), but the focus of this report form is appropriate to the Service's revenue concerns, e.g. costs and revenues from non-exempt supporting activities, major individual contributions, salaries of principle officers and top staff, etc., and no breakdown is prescribed of expenses for exempt activities including program, fund raising and administration. The IRS has a nationwide net of offices and some 1,000 staff concerned with exempt organizations, but their scheduled audits of such organizations have since 1969 been aimed entirely at private foundations and the relatively few audits of other exempt organizations have been only in response to complaints or adverse publicity. While the IRS has the potential in terms of size, skills, and tradition of disinterested administrative judgment to regulate charitable organizations in the public interest, it does not now have the mandate and is not doing so.

Three efforts at self-regulation and standards setting need mention as relevant to this report. One is by leadership groups of the agencies themselves, the others by contributor-oriented organizations.

Uniform Accounting Standards

There has been an effort over many years among charitable organizations to develop uniform accounting standards to establish the comparability and improve the informativeness of financial reports. The first major effort was by a committee of distinguished accountants sponsored jointly by the National Health Council and the National Social Welfare Assembly. Their report was published in 1964 as Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations, which was recommended to their members by both sponsoring organizations. Following a major, foundation-supported, implementation campaign, many agencies modified their accounting practices and categories in line with the Standards. In 1966 the Advisory Committee resolved that registered agencies should prepare their required annual financial reports in accord with the Standards, and established a two year schedule for compliance. A number of agencies had difficulty with this, however, and the schedule was allowed to slip away. In 1968 the American Institute of Certified Public Accountants Committee on Voluntary Health and Welfare Organizations produced an "Industry Audit Guide", which was briefer and more general than the Standards, differed from it in certain specifics, and did not endorse its use. This too was sent to registered agencies by the Executive Director of the Advisory Committee with the suggestion it be provided the agency's auditor for his guidance. Following further and more successful effort at cooperation between the welfare organizations and the CPA Institute, the "Audit Guide" was revised in 1973 to eliminate many differences from the Standards. A revised version of the Standards is scheduled for publication in January 1975. Reportedly it will achieve maximum possible uniformity with the "Audit Guide." When available it will provide the basis for a renewed effort at comparability in voluntary agency financial

reports, and thus the availability to the public of information with which to form its own judgments.

National Information Bureau (NIB)

The National Information Bureau was organized in 1920 by a New York group of private philanthropists to establish standards for welfare agencies and to evaluate individual soliciting agencies against those standards. It is a membership organization which provides "confidential" (but widely circulated) reports to its members, which now include many foundations and major corporations. It operates on a budget of about \$200,000 with a staff of a dozen, maintains current 6-10 page reports on some 500 organizations and file information on perhaps 5,000. The NIB obtains its information primarily from the agencies, but also from the IRS, from state regulatory offices, and from contributors. Its annual follow-up is particularly thorough, requesting not only financial and program reports on the past year, but the dates and attendance of board meetings, budget, board membership, staff names and salary range, and fund-raising materials of the current year.

The NIB standards are briefly stated and contain no surprises. The following are the NIB "Basic Standards in Philanthropy":

Philanthropic operations entail a high degree of responsibility because of the element of public trusteeship involved. Compliance with the following basic standards is considered essential for approval by the Bureau:

1. Board - An active and responsible governing body, serving without compensation, holding regular meetings, and with effective administrative control.
2. Purpose - A legitimate purpose with no avoidable duplication of the work of other sound organizations.
3. Program - Reasonable efficiency in program management, and reasonable adequacy of resources, both material and personnel.
4. Cooperation - Evidence of consultation and co-operation with established agencies in the same or related fields.
5. Ethical Promotion - Ethical methods of publicity, promotion and solicitation of funds.
6. Fund-Raising Practices - (a) No payment of commissions for fund-raising. (b) No mailing of unordered tickets or merchandise with a request for money in return. (c) No general telephone solicitation of the public.
7. Audit - Annual audit, preferably employing the Uniform Accounting Standards and prepared by an independent certified

public accountant, showing all Support/Revenue and Expenditures, in reasonable detail. New organizations should provide an independent certified public accountant's statement that a proper financial system has been installed.

8. Budget - Detailed annual budget, translating program plans into financial terms.

They have been essentially unchanged since founding, but despite their generality have been rigorously applied. NIB reports state that an agency meets the standards, or that it has not supplied sufficient information to tell, or that it does not in specified respects. Most inadequacies relate to unethical fundraising, e.g. exaggerated or misleading claims.

The NIB reports on many but not all registered agencies. It will not report on religious or church-related organizations, because they have not had to file annual reports with the IRS and their boards are typically dominated by officials of the parent body. The National Advertising Council relies heavily on NIB reports in evaluating requests for public service advertising space, but does not necessarily restrict itself to agencies which meet NIB standards in all respects. The NIB is doing an effective job and would be capable of expanding to review all publicly supported voluntary agencies working overseas, but in doing so the staff and Board undoubtedly would insist on maintaining their independence of judgment. An arrangement with them to take over the bona fides review of voluntary foreign aid agencies would thus imply endorsement not only of the eight standards, but of the NIB's application of these standards in particular cases, which many agencies and some disinterested observers have felt was sometimes too rigid.

Better Business Bureau (BBB)

Comparable activity of the Philanthropic Advisory Department of the Council of Better Business Bureaus has recently become prominent. Originated to support local Better Business Bureaus with information on national agencies that were making local appeals, the Department provides brief factual reports on request to the public, media, corporations and government as well as member Bureaus and Chambers of Commerce. The reports summarize the structure, control, program and finances of the agency and are based on information gleaned, as in the case of the NIB, from agencies themselves, the IRS and state agencies and also local Bureaus. The focus of the BBB is on integrity in solicitation and they have recently published and widely distributed a "Standards for Charitable Solicitations" which goes into considerable detail. So far the Department has confined its reports to the presentation of available facts, but now with the adoption of the "Standards" it will attempt with the help of a new Advisory Council, to evaluate organizations against these standards in its reports. The "Filer Commission" consultant felt that, given

its established channels of communication, and its repute with the public as watchdog against malpractice and false advertising, "the Council of Better Business Bureaus may well prove to be a most effective force for standard maintenance in the private sector of philanthropy. Several years will be needed and a considerably expanded commitment of Council funds for staff before the impact of this endeavor can be assessed." 1/

To date that commitment is tiny - three staff members. Yet their files contain some information of 5,000 organizations and prepared reports are available on 500. In addition to a monthly news letter, the Department has responded to a rapidly rising tide of queries - 4,000 a month in early 1974. Clearly, with such limited capacity and such demand, depth of investigation must be sacrificed, and the response must frequently be only that the agency has failed to reply to repeated requests for information.

The Department is also dependent on the cooperation of local and government organizations, such as the Bureau of Indian Affairs for program verification. "The problem of groups operating overseas is almost impossible to resolve. When people see, on solicitation material, that an organization is 'Registered with the U.S. Government Advisory Committee on Voluntary Foreign Aid,' they frequently assume that an organization has passed some sort of 'test' of its reliability and that such an organization is 'approved' by the government. One of the Department's jobs has been to explain to people that such registration does mean that an organization has met certain criteria, but not necessarily that it has been approved as a government-accepted, approved organization." 2/

Cooperative arrangements for overseas program verification could be part of a mutually beneficial arrangement with the BB to handle for the Advisory Committee the domestic public assurance aspects of registration.

1/ Peter B. Meek, Consultant "Self-Regulation in Private Philanthropy" page 103, prepared for the Commission on Private Philanthropy and Public Needs.

2/ Ibid. page 101

B. Origins and Development of Registration

Establishment of the Advisory Committee

In the absence of any government agency authorized to handle foreign aid, public or private, the Advisory Committee on Voluntary Foreign Aid was formed by the Secretaries of State and Agriculture in response to letters of May 14, 1946, from President Truman. On that day the President by Executive Order terminated the President's War Relief Control Board which, by a mix of licensing power and persuasion, had reduced a chaos of some 900 war relief groups to less than 100 registered agencies. But citing the desirability "during the present critical period that provision be made for coordinating relationship with voluntary relief agencies," he suggested that the Secretaries, acting jointly, appoint a new Committee on Voluntary Foreign Aid "to tie together" the private and governmental relief programs and "to work with" the Famine Emergency Committee and other interested agencies and groups. The Committee was to inherit the staff and records of the War Relief Control Board, be provided staff and facilities by appropriate departments and be subject to foreign policy guidance of the Secretary of State.

The Secretary invited Charles Taft who had been a member of the predecessor three man Board to chair the new Advisory Committee and Chester Davis, chairman of the Famine Emergency Committee and William Batt to be members. Department Regulation 182.6 effective May 14, 1946, provided the following mandate, which was approved by the Committee at its first meeting in July.

"The Committee exercises advisory functions to guide the public and agencies seeking support of the public, in the solicitation and appropriate and productive use of contributions for voluntary foreign aid, including projects of relief, rehabilitation, reconstruction and welfare and projects of a related character, other than religious, and donated as expressions of the humanitarian interest of the American people in the welfare of the war-stricken people.

"To this end the Committee undertakes: (1) Liaison and consultation between appropriate Federal, international and other public authorities and private bodies of related interests to facilitate policies and procedures. (2) Appraisals abroad of foreign relief and other wants appropriate for American voluntary support, and of the evaluation of American voluntary operations. (3) Maintenance of a public record of the organization, programs, operations, receipts, and disbursements voluntarily filed by agencies making appeals for foreign aid. (4) Evaluation of voluntary agency programs, budgets and operations, and correlation with related public programs in collaboration with appropriate public authorities and private bodies of interest."

The record does not elucidate the introduction of the word "Advisory" in the Committee's name after the President's letter, but the Department's mandate makes clear that advice to the public, not the Secretary, was called for, while the realities of the day required that the Committee's main function would be recommendations to the Departments of Agriculture and Commerce on allocations to agencies of goods in short supply and export licensing.

The Committee lacked the authority of the former Board to license fund raising efforts for overseas relief, to exempt agencies from the requirements of the Foreign Agents Registration Act and to require registration of agencies and their programs. The Committee decided to "invite the agencies' cooperation and voluntary registration of their activities as a matter of public record. The Committee decided that activities relating to material aid of any character for which the popular support of the American people is sought should be recorded, and that it should be the Committee's job to make available to the public the specific purposes for which aid is sought and through what means." (Minutes of the July 10, 1946 meeting of the Advisory Committee.)

Implementing this the staff had by September obtained Committee approval of a "Memorandum on Policy Governing the Public Board and its Use." Invitees were to include any "American voluntary agencies" (1) which administer projects in the foreign field, (2) which transfer funds and supplies abroad to other public or private agencies for distribution, or (3) which raise funds to be turned over to agencies which qualify under (1) or (2). Information requested was the same as that previously required by the Control Board. It included not only general information on the agency and its purpose and programs and an annual audit, but detailed program justification and project information including budgets, quarterly financial statements, monthly export and transfer reports, and copies of all publicity materials. "The Committee will make this information available for public inspection in the Committee offices, but no expression of opinion regarding the bona fides and competency of any agency will be given to the general public." Committee views on Agency bona fides, competence and the public interest need for their programs would be given by the Committee on request to U.S. Government Agencies, the Red Cross and, for their confidential use, to the American Council, the Better Business Bureau, the National Information Bureau, Community Chests and Councils, etc. The Committee would publish summary information on relief activities and information on relief needs.

By the fall of 1946 seventy-five agencies had recorded their programs and 1947 budgets with the Committee, most of them agencies formerly licensed by the Control Board. The information was "used by the Advisory Committee as the basis of its recommendations in relation to food allocations by the Department of Agriculture, export licenses by the Department of Commerce, and foreign policy by the Department of State; and also in relation to the programs of the American Red Cross and UNRRA. The ultimate purpose is to safeguard the American

interest, and through policies and procedures to guide the agencies charged with the responsibility of expressing the humanitarianism of the American people." (November 1946 memorandum from Taft to Chiefs of Missions requesting a special evaluative report of relief efforts and needs, including views on the necessity for continuation of voluntary emergency American assistance.)

I have gone into the origin of the Advisory Committee in some detail to emphasize the essentially informational nature and operational focus of its original mandate and activity, its policy orientation to advising the public, not the departments, and its refusal despite that mandate and the volume of information available to it to make public endorsements of voluntary agency bona fides, competence, or public needs.

Statutory Mandate for Freight Reimbursement

This latter was changed by the Congress, quite possibly inadvertently. A Joint Resolution (Public Law 84 providing relief to Austria, Greece, Italy, Trieste and China) in June 1947, authorized up to \$5 million reimbursement to "American voluntary and nonprofit relief agencies" of ocean freight payments on their shipments determined by the President to be "essential supplements to the supplies provided by the general relief assistance program ... in order to effect the economical and expanded use of American voluntary relief contributions." The Department of State, by Regulation 108.54 limited use of this authority to agencies recorded with the Advisory Committee on Voluntary Foreign Aid.

This precedent was bolstered by a ringing endorsement of the value, political/psychological as well as material, of voluntary agency contributions abroad by the Fulton Subcommittee of the Foreign Affairs Committee of the House of Representatives. The Subcommittee recommended that registration be compulsory for all voluntary agencies providing relief abroad and that government help to those efforts through freight reimbursement be extended. Thus it was natural that the Congress would include a parallel provision in the Economic Cooperation Act of 1948, using the Executive Branch's practice of registration, rather than substantive language, as the criterion of eligibility. Section 117(c) authorized use of ECA funds to pay freight costs on relief supplies being sent abroad by "U.S. private non-profit organizations registered with and recommended by the Advisory Committee on Voluntary Foreign Aid."

It is unclear why the Congress added "and recommended by," language which was changed to "and approved by" in the 1952 Mutual Security Act (without indication of intended change of meaning) and all subsequent reenactments and extensions. But the Committee was no

longer able to avoid implied public endorsement of any agency receiving freight payments just as the previous licensing of fund raising appeals by the Control Board had implied accreditation.

Furthermore, continuation of an important and politically popular subsidy was linked to continued life of the Committee, thus providing for the first time statutory endorsement of the Committee's operational role and, by political momentum, extending its life from "the present critical period" to the duration of foreign assistance.

The legislative history on food aid is similar. Sec. 416 of the Agricultural Act of 1949 (PL 81-439) authorized release of otherwise undisposable (including for domestic relief) surplus food, where is, as is "to private welfare organizations for the assistance of needy persons outside the U.S." Department of Agriculture regulation made the Commodity Credit Corp. responsible for determining eligibility and established ten criteria for selecting among U.S. voluntary non-profit relief agencies, the last of which was "registered with and its Foreign Relief programs approved by the Advisory Committee on Voluntary Foreign Aid." The previous nine criteria generally paralleled (and somewhat sharpened) those used by the Committee. In practice applications from registered agencies were accepted without the need for demonstrating again compliance with the other criteria.

When the section was rewritten for inclusion in Title III of the Agricultural Trade Development and Assistance Act of 1954 (PL 480) the single criterion "non-profit voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid" was adopted both in the statute and in the subsequently revised USDA regulation. Later "and approved by" was added here, too.

The statutory adoption in 1948 of registration with the Advisory Committee as the condition of eligibility for freight subsidy caused the Committee to set up new instructions for a register. The information sought from agencies was the same as that for the voluntary record, but the tone of the mandate was very different. The Committee's September 1948 "Conditions of Registration" emphasizes that "registration is prerequisite to permit the Advisory Committee to make recommendations on behalf of agencies seeking - (1) allocations of short supply commodities by the Department of Agriculture and the Department of Commerce; (2) issuance of licenses by the Department of Commerce for the export of relief commodities; (3) reimbursement of ocean freight charges by ECA or provision of transportation without cost by the Department of the Army for voluntary relief supplies to certain countries; (4) other facilities involving Federal responsibility." Registration was limited to agencies engaged in relief operations overseas related to World War II

and meeting eleven other listed conditions and was made a matter of formal acceptance by the Committee after review of agency documentation and programs, which the previous voluntary recording had not been.

The "Conditions" are silent on public purposes for or use of the registration data, indeed the virtually exclusive focus is on the operational relationship between government and agency programs, not public endorsement. However, the fact that this was then a matter of concern is shown by a Voluntary Foreign Aid staff memorandum to State Legal asking comment on proposed advice to agencies that they could say in their publicity that their "programs and financial statements were publically recorded under Register No. --- with the Advisory Committee on Voluntary Foreign Aid."

This broader concern was reflected in the revised regulation governing the register prepared under the Assistant Secretary of State for Economic Affairs after guidance of the Advisory Committee was delegated to him in 1950. The purposes of the register were stated in the 1951 Department of State Regulation (17 Fed. Reg. 6082) and with slight variations ever since, as "to foster the public interest in the field of voluntary foreign aid and the activities of non-government organizations which serve the public interest therein; to serve as a repository of information for public guidance; and to facilitate the programs and projects of the registrants through the good offices and facilities authorized by the laws and regulations..."

Staff memoranda at the time refer in passing to this preamble as simply expressing the acknowledged purposes of the register, and speak of the main change in the new regulation as opening the way for registration of agencies engaged in rehabilitation and reconstruction (i.e., development) activities, as opposed to war-related relief, in line with the strong trend in actual and approved programs of already registered agencies.

Registration of Service Agencies

During this period under State/E the Committee met rarely, the number of registered agencies declined as war relief groups closed down or consolidated, and new registrations were handled by the staff which informed the Committee by mail of their actions. Following a period of confusion and the shift to the Foreign Operations Administration under Stassen, membership was enlarged and the Committee reactivated. The main focus of activity was the rapidly expanding food aid program which, when cereals were made available to the agencies in 1954, made increasingly impossible demands on ICA freight reimbursement funds. By amendment of PL 480 in 1956, that burden was shifted to the CCC, following which the programming of food aid donations became an interagency committee matter and no longer an operating concern of the Advisory Committee or of the Voluntary Agency Division.

The development of an information file on non-profit agencies providing technical assistance overseas, which had started as a separate service to Point IV in the Voluntary Agency Division, was also contracted out under ICA to the Technical Assistance Information Clearing House of the American Council of Voluntary Agencies. The register of voluntary relief agencies was not used for the purpose.

Throughout the ICA and early A.I.D. years there was essentially no change in the regulations covering registration, the ICA/A.I.D. Regulation 3 having been taken over with little substantive change from the State Department Regulation. There was little registration activity and no increase in the number of agencies registered, which fluctuated around 60. The only general issue on registration troubling the Committee was whether to include agencies providing development or humanitarian services, not material goods, and thus not interested in the subventions. By 1967, although at least one validated program was still needed for new registration, half the registrants were not using the subventions. In December of that year "after extended debate," which unfortunately is not otherwise recorded, the Committee decided to open registration to service agencies and eliminate the requirement for a validated program. Since then the number of registrants has increased to 94, while the number using the subventions has remained at about 30.

Only 11 of 25 respondents to the author's questionnaire who are not receiving subventions reported that they had anticipated using one or more when they registered. That a majority did not, combined with the 15-1 indication that respondents receiving subventions would register even if doing so were no longer prerequisite for subventions, shows that for a large majority of registered and responding agencies, at least, the non-material, "status" benefits of registration are important to them. I can only judge by the silence of the larger numbers of unregistered and unresponding agencies that this view is not universal.

C. A.I.D. Resource Allocation

A.I.D. resource allocation to private and voluntary agencies serving the public interest in foreign aid does not follow the pattern set by registration, except in those marginal areas where to do so is a statutory necessity. Grouping agencies by registered and non-registered, and within the former by proportion of their total revenue derived from U.S. Government sources, the pattern is as follows:

A.I.D./State Resource Allocations to PVO's*
(Millions of Dollars)

Govt. Share	No. (1)	Agency Income		FY 1974 Obligations						
		Total	Private	AID Prog.	AID Emerg.	State Refugee	PL 480 Tit. II	Sec. 216 Freight	Sec. 607 Ex. Prop.	
<u>Registered Agencies</u>										
Over 50%	14	258.1	70.5	20.2	0.2	0.9	178.1	3.2	2.7	
10-50%	16	497.0 ⁽²⁾	436.2 ⁽²⁾	3.1	*	31.3 ⁽²⁾	6.4	1.9	2.1	
Under 10%	23	161.8	157.0	1.1	0.2	4.8	0.2	1.1	2.4	
None	37	30.5	30.5					*		
<u>Sub-Total</u>		90	946.7	694.2	24.4	0.4	37.0	184.7	6.2	7.2
<u>Non-Registered Agencies</u>										
	52	NA	NA	43.9	0.4 ⁽³⁾	1.0		* ⁽³⁾		
<u>Total</u>		138			68.3	0.8	38.0	184.7	6.2	7.2

- (1) The numbers receiving registration benefits were 2, 6, 18, and 3.
- (2) Include 429.8, 384.9, and 30.5 for United Israel Appeal.
- (3) Includes the American Red Cross which is eligible for benefits though not registered.

*Sources: Agency income from latest C-100 reports covering agency fiscal years ending 1973 and early 1974. Obligations from A.I.D. and State offices; State refugee obligations are for CY 1974.

Looked at in procedural terms, registration and program validation are dominant only in the case of the two minor subventions. In other areas A.I.D. offices proceed with their reviews and resource allocations quite independently of the Advisory Committee. These processes will be discussed in descending order of relationship to registration.

Program Validation: The first step in obtaining tangible registration benefits is the "validation" of specific country programs by the

Executive Director of the Advisory Committee on Voluntary Foreign Aid. Validation is approved on the basis of an application containing a complete description of the program in a country, documentation establishing governmental approval, duty-free entry privileges, and the name and address of the resident U.S. citizen agency representative. The criteria for program validation are specified in Section 203.5 of Regulation 3 as:

(1) the program is within the scope of an agreement between the U.S. and host governments covering the acceptable operations in the country of registered voluntary agencies; or

(2) the agency provides assurances (a) from the host government that it accepts the proposed program, that program supplies will be accorded duty free entry, and program supplies will be treated as supplementary to ongoing programs; and (b) on its own part that it accepts full responsibility for receipt, storage, inland transport and non-commercial distribution to ultimate recipients either free of cost to them, or in payment for work on self-help development projects; that distribution is made solely on the basis of need without regard to race, color, religion or nationality; and that distribution is under the charge of U.S. citizen representatives of the agency or non-U.S. citizens approved by the Advisory Committee.

There are agreements establishing such conditions for acceptable voluntary foreign aid with 22 governments:

Afghanistan	Honduras	Pakistan
Bolivia	Hong Kong	Paraguay
Chile	India	Peru
Ecuador	Iran	Philippines
Egypt	Italy	Taiwan
Ghana	Jordan	S. Vietnam
Greece	Korea	
Haiti	Libya	

Acceptability of proposed programs to the governments of those countries are checked by cable through the A.I.D. Mission or U.S. Embassy.

In other countries agencies must obtain and document requisite host government approvals without official help. There are 87 other countries and areas designated by the A.I.D. Administrator as eligible destinations for agency goods covered by Section 216 freight subsidy (the statutory criterion is "friendly peoples" which by legislative history excludes areas controlled by Moscow- or Peking-related Communists).

In view of the operating nature of program validation, the need for frequent changes, especially as the names and addresses of overseas

agency representatives change, and the close relationship of any issues that arise to A.I.D. regulations or program criteria, not to Advisory Committee on Voluntary Foreign Aid judgment on agency integrity, validation has long been handled in fact by A.I.D. staff in the Voluntary Foreign Aid Division (now Private and Voluntary Cooperation Division (PVC), although formal correspondence with agencies on program validation is signed by the Executive Director in the Committee's name in accordance with Advisory Committee on Voluntary Foreign Aid authorization to him in 1967.

Section 216 Reimbursement of Ocean Freight on Agency Supplies

Program validation by PVC is essentially the only A.I.D. program decision for the most widely used registration benefit: reimbursement by A.I.D. of ocean freight costs of sending agency supplies (including excess property) abroad. To the extent of fund availability, commitment of funds to agencies is made routinely by PVC for shipments to validated programs on the basis of actual use.

Forward estimates of freight requirements are requested from agencies as a basis for A.I.D. budgeting, and appropriation is requested on the basis of estimated need. Available funds are allocated by PVC on the basis of revised agency programs for the current year. In so far as freight costs meeting all criteria of the regulations exceed fund availabilities, allocations are reduced in line with actual agency experience to date and a pro rata sharing of short-fall among the major agencies.

Freight costs for agency responses to unforeseen disaster and other emergency relief needs often include air cargo charges and exceed the capacity of the limited and tightly budgeted funds available under Section 216. A.I.D. assistance on such charges may be provided by the Disaster Relief Coordinator from Contingency Funds. Such decisions are independent of registration and validation, though in practice most agencies receiving disaster relief grants are registered.

Excess Property: The other resource which is made available mainly on the basis of agency registration and program validation is excess property available under Section 607 of the Foreign Assistance Act. This too, is an extremely limited resource, since voluntary agency access for overseas use is only to items remaining after federal and local agencies, public and private, have had their pick for domestic and official foreign aid uses. Furthermore, while the agency does not pay for the property and is reimbursed by A.I.D. for ocean freight, it must pay for any repair, packing and inland freight costs as well as for the considerable staff effort involved in acquisition technicalities. In addition, the statute requires that A.I.D. maintain a tight specific veto over release of excess property items to voluntary agencies. Once the Excess Property Division has PVC's assurance that the agency is registered and has validated country programs for which the categories of excess property would

be useful, it obtains the agency's agreement to the terms of release of excess property and then clears the agency to check inventory records at the New Cumberland, Pa. depot and select specific items it wants from among those determined by the Excess Property Division to have sufficient residual value to justify acquisition for overseas use. EPD is required by Section 607 also to certify that the items and amounts selected are needed and suitable for the agency's program and that the agency's local organization is responsible and can use the property effectively. Advice on these points is generally sought by cable from the A.I.D. Mission.

Few agencies have found the program to be of sufficient value to be worth the trouble, the amount of property taken running between one and two million dollars (original cost) annually. In FY 1974, however, dismantling of civil defense medical stocks created unusual opportunities and the total acquired hit a momentary peak of \$7.2 million.

Title II, PL 480, Food Aid: Over the years the authority to make food available for overseas use of needy people has evolved amazingly. The Agricultural Act of 1949 authorized the Secretary to release surplus price support stocks, where is, as is "to private welfare organizations for the assistance of needy persons outside the United States" in order to prevent waste and spoilage, and after needs for barter and for domestic public and private welfare programs had been met. In 1954 USDA was authorized to pay for processing, packaging, and inland transport of donated commodities, and in 1956 ocean freight. Currently the President is authorized to determine needs for food aid abroad for a wide variety of purposes and to furnish it through such agencies, public and private, as he deems appropriate, including "to the extent practicable" registered voluntary agencies. The limit on the program has for years been budgetary, not the availability of surplus commodities, and while it has not maintained the huge size of the early flush years, it remains by far the largest governmental contribution to voluntary foreign aid.

Programming procedures have evolved similarly in view of the amount of resources available, the difficult administrative problems posed to the agencies by the limited nature of those resources, and the impact on the size and nature of agency programs. At the start the USDA relied heavily on the Advisory Committee register and staff in the selection of recipient agencies, a practice that was embodied in PL 480 in 1954. The increase in food aid programs with PL 480 made food aid a major concern of ICA country programming and placed impossible strains on ICA's limited funds for paying freight on agency commodities. After a year or two of intense Advisory Committee concern with food aid programming problems, responsibility for programming food aid through voluntary agencies, as well as government to government sales and grants, was shifted to the Food and Agriculture Division of ICA, and a complex system of annual programming and interagency review was established that in essence is still in effect.

Agency requests are initiated in the country and reviewed with and coordinated by the A.I.D. Mission and the host government. USAID sends its recommendations for the country, and reports government views to A.I.D./Washington, while the agency branch communicates its program needs to the home office. Consolidated agency and country programs are then reviewed, in the light of USAID recommendations, commodity availabilities projected by USDA, budget limits imposed by the President and the Congress, and policy priorities. This is done by an interagency committee of representatives from State, USDA, A.I.D. and OMB. For years now requests have exceeded availabilities, and allocations have had to be limited to the highest priority programs: (1) disaster relief, (2) maternal and pre-school child feeding, (3) food-for-work, self-help development projects, and (4) primary school lunch programs, in that order. These priorities have been set through interagency discussion at policy levels among the governmental agencies concerned, sometimes with too little consultation with voluntary agencies, and over their objections to the suddenness of change. The Advisory Committee has not attempted to recommend food-aid program priorities, although it has urged more consideration for humanitarian purposes and more voluntary agency participation in program decisions.

Disaster Relief: Voluntary agencies have long preceded governments in responding to foreign disasters with emergency relief. Frequently there are voluntary agency staff on the ground who know and are trusted by the local people and who can play an invaluable role in evaluating the scope of the disaster, communicating the needs of the victims, and establishing equitable distribution mechanisms. The A.I.D. Foreign Disaster Relief Coordinator welcomes collaboration with agencies that have these capabilities, whose requests for support for emergency relief make sense, and which have host government approval of their operation. In recent years the Coordinator has run seminars with established agencies on disaster response plans to improve coordination and reduce reaction times.

There is no requirement that voluntary agencies be registered with the Advisory Committee to receive A.I.D. cooperation and support in emergency relief operations, nor in the follow-on reconstruction efforts. However, generally the major foreign service organizations with a disaster response capability are registered.

In dramatic disasters which evoke a strong emotional response in the U.S., however, ad hoc groups spring up to help. Some of these groups are sound, others are self-serving or unhelpful. For example, the donated goods collected for Managua earthquake relief have turned out to include a high proportion of irrelevant and worthless items. The Coordinator has in fact fended off such groups by providing support only to registered agencies, with rare exceptions, and advising others to turn over their campaign proceeds to established agencies

with representation on the ground for shipment and distribution. In the Managua case he helped arrange through state governors for free trucking, sorting and shipment of the collected goods on a volunteer and space available basis. He is trying to arrange for a White House announcement at the time of the next stimulus to such activity that those moved to act should concentrate on raising funds for x, y, z agencies already on the ground, rather than collecting clothing, canned goods or other items of dubious utility.

This is a miniature, albeit recurrent, version of the problem of untested, proliferating, ad hoc appeals which first called forth the Advisory Committee's predecessor during World War II. In contrast to those days, however, other coordinating agencies now exist, including A.I.D.'s FDRC, The American Council's Committee on Material Resources and the U.N. Disaster Relief Coordinator in Geneva. Many major service agencies in addition to the Red Cross have developed considerable disaster response experience and capability. There usually is not time for registration of new disaster relief groups to be considered, except in prolonged disasters such as the Sahel drought.

A.I.D. Contracts and Grants: From the days of Point IV and the Technical Cooperation Administration there has been desire on the part of technical assistance administrators, and a Congressional mandate on them of increasing emphasis, to expand the role of non-profit private organizations in foreign assistance, including in A.I.D. financed operations. This has been an inherently difficult relationship because of the strong desire of most agencies to maintain their independence of government domination and foreign policy considerations, the difficulty many have had in meeting complex contract and administrative requirements, and most important, honest difference on priorities. A.I.D., coming at the problems of increasing production at the governmental level and with the economist's and technician's eye, has been impatient with palliative welfare operations and has tended to rely on market forces and local institutions to bring improvement from development centers to the lives of the poor. The agencies with their humanitarian and spiritual motivations have focused on immediate human needs and have been slow to equip themselves for technical and organizational assistance outside of school teaching and curative medicine.

Thus the development of A.I.D. contracts, and more recently grants, with voluntary agencies has been slow despite the policy mandate. The Assistant Director for Refugees, Migration and Voluntary Assistance reported in 1955 that during her two and a half years ICA technical assistance contracts with voluntary agencies had increased from 5 to 21 for a total of \$4 million. In 1974 there were obligations of \$68 millions on 158 grants and contracts with 61 private and voluntary organizations. Of the 158, which include task orders under open "umbrella contracts," 110 were for country or regional activities, handled by regional bureaus and charged to country or regional program funds. Forty-eight were non-geographic and handled by various central

technical divisions in A.I.D., only 14 of them by PVC.

Each of these responsible bureaus in A.I.D. has its own program priorities, needs to make its own determination that a contractor or grantee will in fact perform to meet those needs, and is bound by Federal and Agency regulations governing commitment of public funds. That they have not found the register of voluntary agencies a critical aid in these relationships is revealed by the relatively low incidence of registered agencies in A.I.D. contracting with PVO's:

<u>Agencies</u>	<u>Number</u>	<u>Contracts/Grants</u>	<u>Value (\$000)</u>
Registered	20	69	24,463
Non-Registered	<u>41</u>	<u>89</u>	<u>43,815</u>
Total	61	158	68,278

The non-registered include a number of professional associations and cooperative organizations which are not primarily concerned with foreign assistance activities. There are also several purely technical assistance groups that would have little need to apply for any of the three tangible benefits of registration.

Regional and technical people responsible for dealing with PVO's told me that they often did not know whether a contract or grantee agency was registered or not, that they made little use of the registry files and that they felt that the information requirements for contracts and grants either were different from or exceeded those for registration. One or two working in fields where in fact most agencies were registered said that this gave them confidence they were dealing with reputable organizations. But other than the prior availability of one or two documents such as the agency charter and tax exemption and the contribution of Advisory Committee approval to the agency's reputation, registration does not, and could not, contribute significantly to decentralized A.I.D. contract and grant decisions which of necessity are based on criteria of law, policy and effectiveness different from those applied by the Committee.

Development Program Grants and Operational Program Grants: The Advisory Committee can take major credit for the latest development in A.I.D.'s relations with voluntary agencies, opening the way on a systematic basis for financial grants at PVO, not A.I.D., initiative, not only for overseas project activity: Operational Program Grants (OPG's), but to develop the agency's capability to plan and mount such activities: Development Program Grants (DPG's). Each of these is backed by an Agency-wide set-aside of funds to be used first come,

first served. These new programs are in line with the recommendations in Chapter I of the Committee's Report "A Look to the Future," for increased A.I.D. funding of voluntary agency-initiated and -designed projects and a "Program Initiation Fund" to help them staff up for project design responsibilities. Members of the Committee have chaired workshop discussions with agency representatives at which the new programs were introduced.

The procedures for OPG's and DPG's make no differentiation for registered agencies. Agencies which have previously documented their non-profit, philanthropic, non-political nature and established their financial management capability, either through registration or in connection with prior work with A.I.D., need not repeat it. But the A.I.D. judgment of management and financial worthiness for grant support is made without reference to the Advisory Committee. For grants of any size, e.g., of \$100,000 or more, it is based on a pre-award survey of the agency's books and management practices by a team including an A.I.D. auditor, contract negotiator and program officer. In addition staff consultation and review of the specific proposal calls for documentation far beyond and of a quite different kind from that for registration and validation. Action responsibility on DPG's centers in PVC and on OPG's in the relevant A.I.D. geographic office, but in each case technical and program officers of several A.I.D. bureaus are involved, often including the country Mission (USAID), and the actual formal grant document is negotiated by the Office of Contract Management.

Thus the adding to A.I.D. contracts and grants with agencies to do what A.I.D. wants of DPG's and OPG's to enhance the agencies' ability "to do their own thing" is making less difference in the conduct of A.I.D. business than one might think. There still needs to be overlap of interest and priority. There still needs to be prior consultation and usually mutual accommodation. There still needs to be active collaboration on specific problems of agency capability or program need with which the Advisory Committee is unequipped to deal, even though the first question, that of appropriateness of an agency for consideration for grant support, is one on which the Committee could advise through an expanded registration coverage, if needed. A.I.D. has not felt it was needed.

II. Analysis of the Current Situation

In the discussion that follows registration refers to Advisory Committee acceptance of an agency's qualifications and issuance of a certificate of registration, not including the further, but no longer integral, process of validating specific country programs. This is done because the separation is manifest in regulation and Committee practice and because the criteria and purposes are quite different.

A. Legal Functions of Registration

The functions of registration have consistently been throughout the life of the Committee (as currently stated in A.I.D. Regulation 3): " (a) to serve as a repository of information; (b) to enable the Committee to facilitate the programs and projects of the registrants", now meaning in the words of the charter (1) "through the establishment and maintenance of appropriate standards for such organizations to assure their bona fides to the public" and (2) "the authoritative listing of those agencies which may apply to the U.S. Government" for reimbursement for transportation charges of donated supplies, receipt of Government owned excess property ... and receipt of agricultural commodities..., and of the agencies whose services and facilities A.I.D. is to use to the maximum extent practicable in its programs.

How well does the register as presently conducted perform these functions of eligibility, public assurance and information?

Eligibility for Government Support

This was the primary committee function from the beginning. Registration was the technique of recording the answers to the question: which agencies seeking government facilitation for non-government programs, whether allocations, licenses, or finances, are serving the public interests sufficiently in doing "their thing" to warrant such support? This is a different question from the usual government agency question of which agencies are qualified to do "our thing" for us, i.e. government programs?

However, it is a frequent question in federal/state relations, in research, in education and increasingly in technical assistance. The adoption by A.I.D. of grants, as opposed to contracts, for relations with PVO's, dozens of instances of A.I.D. financial collaboration through contracts with PVO overseas activities, and the development of DPG's and OPG's all show that this question of identifying and supporting areas of overlap of A.I.D. and voluntary agency interest has become a normal question for A.I.D. officials, as opposed to the situation the Advisory Committee faced two and three decades ago when no government office except the Committee's staff was concerned with facilitating voluntary overseas aid.

Since registration predates A.I.D. and its predecessors, it is difficult to say what difference there would have been in the allocation of resources if the Committee had been purely advisory and Congress had not added "registered with etc." to "U.S. voluntary non-profit agencies" in authorizing freight reimbursement, food aid, and excess property. Probably some but very little. Even though the law did not initially require it, the Departments of Agriculture, Commerce and State relied heavily, though not exclusively, on registration in making allocations that were not central to their major concerns. So does A.I.D. in disaster relief, but not in the allocation of program funds for development and support, despite the hortatory mandate of sec. 635 (c). In that case A.I.D. has developed its own criteria which overlap in part those of registration but go far beyond it in matters of technical, financial and management capability and in selective priority of program content. A parallel development of specific priorities, joint budgeting and end use audits has so enveloped food aid that registration, and program validation too for that matter, have been reduced to nearly forgotten preliminaries.

Only in the minor (in the sense of the magnitude of resources involved) cases of freight reimbursement and excess property release is registration in fact the relevant key to A.I.D. consideration of resource allocation and in those cases the Agency refuses to commit resources until it has further satisfied itself on need, appropriateness and capability to use the resources involved. (Program validation and sec. 607 determination). If there were no registration A.I.D. would need to satisfy itself as to the non-profit, voluntary, public interest nature of applicants for these resources, as it now does for financial grants, thus substantially but probably not entirely replacing the current registration criteria and process. Just as a majority of registered agencies do not seek these subventions, others probably would successfully do so who do not now meet all registration criteria.

In short, registration in practice is irrelevant to major resource allocations (finance and food) to voluntary agencies, and makes a convenient, now unnecessary, and to-a-small-but-unknown-degree-confining, contribution to minor resource allocations (freight, excess property and disaster relief). Its convenience lies chiefly in sheltering A.I.D. officers from responsibility for these minor allocation decisions, since eligibility is formally a function of Committee decision not Agency policy. This reliance on the Committee and its staff as buffer and friend-in-court fostered for many years a continued estrangement between A.I.D. program staff and the voluntary agencies that A.I.D. is now trying to overcome and which for long helped prevent the full development of mutually helpful cooperation.

Public Assurance

Assurance to the public was until 1967 a secondary and derivative aspect of registration. Even then half of the registered agencies were not, many of them no longer, using the subventions for which registration

made them eligible. But they continued registration because the cost was small, they might wish again to apply for subventions, and they valued the status of governmental approval inherent registration.

Since 1967 the Advisory Committee has dropped the requirement that, for registration, an agency have at least one validated program. This opened registration to agencies seeking only the status of governmental approval, not the use of government resources. The number registered has increased from about sixty to ninety-four, two thirds of whom use no subventions. As A.I.D. has increased its readiness to make grants to FVO's and relied less on registration as a criterion of eligibility, public assurance has become the primary purpose of registration. It is still linked, however, to a nominal eligibility for government support which eliminates from consideration many agencies which could be found "serving general purposes and fulfilling needs that justify appeals for voluntary support." (Regulation 3)

Governmental assertion of such public assurance is questionable in principle. "Approval" by a government body inevitably implies at least lack of inconsistency with the government's view of the public interest and may imply, and often will be deemed by outsiders to imply, a much closer relation to government policy. For this reason many agencies of impeccable integrity and reasonable effectiveness will not seek it. This is especially true when the approving body (A.I.D.) is part of a policy agency with no tradition of neutral, regulatory action. If such approval is to be given it would probably be better done by a government officer who would then be responsible for it, rather than by a Committee of private citizens which is in fact usually quite independent of foreign policy considerations. Illustrative of this point are the agencies concerned with international refugees which no longer have any significant relationship with A.I.D. or the Advisory Committee but work closely with State's Office of Refugee and Migration Affairs. They persist in including on their letterhead the fact that they are registered with "The Department of State's Advisory Committee VFA" when the more helpfully stated reality would be "selected for cooperation with the Department of State for work with refugees".

Furthermore, public assurance as currently asserted is questionable on grounds of feasibility and risk. The Advisory Committee through the application process, through insistence on documentation, through personal interviews has generally based initial registration on a reasonable and personal review. This has not always been so. For a period of years ending in 1954 registration was in fact carried out entirely by the staff with after-the-fact information to the Committee. If registration requires only compliance with clear criteria established by regulation with little need for case by case judgment on cloudy issues, there is nothing wrong with this, and the Committee can confine itself to advising on the criteria. Sometimes currently the Committee tends at least in its manner of expression to hide behind the letter of the A.I.D. regulation, forgetting that, as now constituted, regi-

stration is by the Committee, not by A.I.D. on the Committee's advice, and that the regulation does and should reflect the Committee's criteria, not vice versa. Were it not so the Committee would be only advisory.

In fact assurance to the public does involve case by case judgment of character and behavior. The Committee's review of applications for registration and the information available to it appear generally adequate to support a judgment of purpose and character, but not for an evaluation of performance and effectiveness. However, frequently, the Committee approves registration prior to and in anticipation of the receipt of an audited financial report, or in the case of a new agency, of a CPA's report on the agency's accounting system. Review of the content of an auditor's statement would appear to an essential input to a finding that appeals for voluntary public support are in fact justified by more than good intentions. Further, the Committee does not go behind agency statements of program activity to review management control systems or effectiveness, nor does it systematically review agency fund-raising practices for exaggeration and misrepresentation.

Once registered, the Committee has operated on the basis that no news is good news, which in this area it usually is. But the mechanisms to flag bad news for Committee attention are inadequate. Annual financial reports and auditor statements are required, but the staff review of them has been cursory in the extreme. In practice agencies often avoid reporting such key relationships as that of general administrative to program cost. Only very rarely is an agency gently remonstrated for fund raising costs or administrative costs that appear seriously out of line. The published report of data received from agencies is irreconcilable with A.I.D. data, is timed in a way that ensures that most of the information in it is two years old, (further discussed in II B below) and does not reveal that proportion of contributions which pay for fundraising. No other analyses of the salient features of agency finance are prepared for Committee review.

Agencies are not required to submit program budgets. No attempt is made to check on performance against budget, by agency report, staff visit, or enquiry to U.S. Overseas Missions. In fact, the Committee is unable to ascertain that agency boards can and do "exercise satisfactory controls to assure that agency services are administered competently in the public interest". (Regulation 3)

In addition, no continuing attempt is made by the Committee or its staff to ensure that public appeals by registered agencies follow accepted ethical standards. Agencies are not required to send copies of all their fund raising statements to the Committee for information. The Committee has not defined its view of ethical promotion nor instructed the staff to review agency promotional statements nor requested any reports on the relations between agency fundraising statements and program accomplishment.

In these respects of follow up on the completeness and integrity of the information made available to the public in support of fund raising claims the NIB and the BBB are doing a better job and providing a more widely used public accreditation service than is the Advisory Committee and its staff. That is their sole job, and they limit themselves to the evaluation of information, not of performance, except as reported by the agency itself. Governmental "approval" on the other hand is deemed to imply the use of government field resources to check agency field performance - which in fact happens only in the case of major use of government resources.

The risks that arise from providing public assurance without adequate follow-up have been dramatized by the Mondale Subcommittee hearings and the associated GAO field investigation of five registered agencies. While the GAO auditors did not find malfeasance, they did find serious accounting and management inadequacies and a number of cases of misrepresentation to the public of agency performance. The largest and most criticized agency involved has reacted with very positive improvements in its public appeals and internal controls, but it is a serious question whether the attendant publicity may not have damaged the public interest, at least for a time, as much as registration, which did not identify the problems, had enhanced it. It has at least embarrassed both the Committee and A.I.D.

Information: The registry is little used as a source of information. The register is not designed for and in fact is not useful as a data bank for A.I.D. of voluntary agency development assistance capabilities. The effort to collect and organize such information was initially a separate staff activity in the voluntary agency division, but has now for years been contracted to the Technical Assistance Information Clearing House (TAICH) of the American Council. Agency Charters, annual financial and program reports are also available in the TAICH files for all the registered agencies as well as for several hundred others which have not applied for registration or do not qualify.

Other offices in A.I.D. with somewhat comparable "interface" problems have developed ways of systematically scouting the field of relevant institutions for needed capabilities, but do not maintain registers of approved sources. TAB helps maintain a computerized data bank of university technical assistance and research capabilities and the research office asks the Institute of Science Information for a check of current publications for journal articles or theses relevant to a problem area. The contract office maintains a file on past contract-or performance and has mandatory advertising and invitation-for-bid procedures. In all cases these formal sources of information only supplement the knowledge of the field of experienced staff whose knowledge remains the most used key to availability.

The Committee staff and the rest of PVC are able to, and do, respond helpfully to public inquiries. There were some 275 of these in 1974,

compared to 4,000 a month coming to the Better Business Bureau on fund-raising, charitable agencies. Inquiries come particularly in the wake of disaster and the organization of new relief raising groups. Staff information about such groups comes more from the newspaper and personal contacts among voluntary agency people than from registry files, and queries are often referred to the Better Business Bureau.

While by regulation registration files are open to official inspection, and information on the organization, programs and finances of registrants are open to public inspection, little use is made of this facility. GAO auditors spent several days in the files in connection with the Mondale Subcommittee request and one inquiring reporter (subsequently on the Mondale staff) was rebuffed by the former executive director, but such queries are rare.

The PVC annual Report on Voluntary Foreign Aid Programs fulfills the requirement for publication of the register. It also contains a one paragraph sketch of each agency's program and tables summarized from the agency annual financial and shipment reports showing income and expenditure by category. The report gets wide circulation to registered and non-registered agencies, to U.S. embassies and in response to public inquiries and is the only compendium of its kind on overseas voluntary agency programs.

However, it has serious shortcomings. One is timing. It is based on agency fiscal years which end in nearly every month of the year; four in the first quarter, 27 in the second, 11 in the third, and 47 in the fourth. Reports are due 90 days after the end of the agency's year and are often late. Thus the current 9/30 cut off ensures that the data on half the agencies is at least a year out of date at the time of publication. The 1973 report came out in July 1974, and covered years ending December 1972 or earlier for 46 of the agencies covered. A 12/31 cutoff and spring publication would provide the freshest agency data. A 6/30 cutoff and fall publication would permit the best tie-in with government data. In either event timing of agency submissions should probably be the same as the annual report required by IRS, which is the 15th day of the fifth month after the end of the agency's fiscal year.

Another problem is coverage. The report covers registered agencies and is based on their figures including of receipts from government programs. These data are irreconcilable with reported A.I.D. commitment and disbursement data which are on the U.S. fiscal year, relate in the case of grants and contracts to non-registered as well as registered agencies, and do not include payments from other government departments as the agency figures do. For example, A.I.D. reports \$4.7 million of ocean freight reimbursement obligated on voluntary agency goods in FY 1973, and \$48.4 million on PL 480 commodities, while the 1973

Report shows \$42.9 million of freight reimbursements received from the government. And of course the report is silent on the overseas activities of the 400-odd non-registered agencies included in the TAICH directory. For purposes of compiling a better reflection of private and government resources and efforts for overseas relief and development, a collaborative effort between A.I.D. and TAICH attempting as complete coverage as feasible might be more useful.

A third problem is explicitness. The report lumps "private contributions and other income" including transfers from other agencies, endowment income, receipts from commercial activities, etc., while specifying four categories of government contributions and private donations of supplies. On the expense side both overseas and domestic program costs include field administrative costs, although this is not specified, and promotion and general administration are lumped and include training and support in the U.S. for overseas work. It is thus impossible to judge Agency fund raising costs in relation to contributions or administrative overhead in proportion to size of program administered. Finally, the categories "Transfer to affiliates" and "Other Miscellaneous Costs" while small overall present unexplained mysteries with some relatively large individual items. These matters relate to the requirements for financial reporting by registered agencies which should be reconsidered on the basis of the revised Standards as soon as it is available and basic decisions on the future of registration have been made.

In addition, the nature of the Report should be rethought in the light of its purposes, following publication of the one now in a fairly advanced state of preparation. I suggest that it not be confined to registered agencies, but be done in collaboration with TAICH and attempt as broad a reflection as feasible of the full sweep of PVO resource inputs to overseas development activities and of U.S. Government collaboration with them.

Purpose: Regulation 3 gives the purpose of registration as "To foster the public interest in the field of voluntary foreign aid and the activities, other than religious, of non-governmental organizations which serve the public interest therein." It is also to help the Committee meet its Charter objective "To serve as a focal point for relations between the U.S. Government and U.S. private and voluntary organizations active in the fields of relief, rehabilitation and development overseas." For responding registrants it appears to serve these purposes. Thirty-four out of 37 who responded to the question said they would register if it were unrelated to eligibility for government resources and 29 said registration should be pre-requisite to eligibility for any government resources. The great majority of respondents clearly feel that it helpfully contributes to their status and that such governmental oversight of fund-raising agencies is appropriate. On the other hand at least as many unregistered

potential registrants are included in the TAICH listing of U.S. Non-Profit Organizations in Technical Assistance Abroad as have registered. All agencies included in the listing provide or support educational, health, technical, welfare or other service activities outside the U.S. Two hundred thirty of those that are not registered are church-related and missionary efforts, many but not all of which assert evangelical as well as service activity. Forty-five are professional societies, foundations, cooperative organizations, etc., whose major concerns are domestic. Ninety-six are secular assistance agencies, most of them primarily aimed at work abroad. Some of the first two groups and most of the latter are, or could become, eligible for registration. That they have not chosen to must be borne in mind in assessing the responses to the questionnaire.

But clearly the arena of government (A.I.D.) cooperation with PVO's who can and do contribute to overseas development and welfare is broader than those that are registered. A.I.D. has long acted accordingly in its grants and contracts. To the extent that the Committee and its staff tend to focus on registrants and this diverts attention from potential relations with non-registrants, registration may interfere with the above purposes.

Furthermore, it can be said that registration by the Committee interferes with the development of potential mutually helpful relations between A.I.D. and the PVO's (1) by introducing the Committee as a buffer ("friend-in-court") between them and A.I.D. and (2) by encouraging A.I.D. to shirk responsibility for relations with voluntary agencies that are registered with the Committee. The fact that the Committee was taking care of them made it possible for A.I.D.'s predecessors for years to shove the minor relations with voluntary agencies off in the corner, out of sight, out of mind. When food aid became a major program concern, it was in effect pulled out of the Advisory Committee into a governmental interagency committee served mainly by a separate division of A.I.D. On the Committee's recommendation A.I.D. is now opening a broadening range of financial cooperation and support for PVO activities which contribute to development. This is not confined to registered agencies and should not be because of the differences in selection criteria involved, as discussed in the following section.

B. Criteria

Responses to the Questionnaire: During the course of this study a questionnaire on registration and the criteria deemed appropriate to its various purposes was sent to the 94 currently registered agencies and to 16 A.I.D. technical and regional officers who deal at the senior staff level with voluntary agencies. Replies have been received from 42 and 11. They are summarized on copies of the questionnaire at the end of this subsection.

The replies do not warrant major confidence. The sample was biased to begin with, being limited to agencies currently maintaining their registration. Replies are partial and incomplete in an uncontrolled way, probably increasing the bias (most agency replies are unidentified). The questionnaire is complex, imperfect, and in some cases misunderstood, and the answers in many cases hasty. However, they are also revealing of relevant attitudes, hopes and fears. Three themes that come through are (1) the value placed by many respondents, especially from the small agencies, on the status and intangible benefits conferred by registration; (2) the fear of some, including some of the same ones, of government control and red-tape; and (3) the indication by many that the benefits of registration had been less than anticipated. The number reporting that various registration benefits had been "important recently" is consistently and sharply less than those reporting anticipation when they applied or for the future.

Grouping the respondents by receivers of PL 480, receivers of freight reimbursement or excess property, and receivers of no subventions, the pattern of responses to questions 3, 4, 5, and 6 was as follows:

	<u>PL480</u>		<u>Freight & Property</u>		<u>No Tangible Benefits</u>		<u>Total</u>	
	Yes	No	Yes	No	Yes	No	Yes	No
3. Use registration in fundraising In other Publications	1	3	7	4	11	13	19	20
	3	2	9	2	17	6	29	10
4. Would Register if Unrelated to Tangible Benefits	4	1	10	0	20	2	34	3
5. Registration Should be Pre- requisite to any A.I.D. Support	2	1	9	1	18	6	29	8
6. Government Accreditation Should be Required Before Fundraising for Overseas Voluntary Aid	1	2	8	2	10	13	19	17

There was general consensus that a few of the suggested criteria were appropriately applied in judging the request of a voluntary agency for any kind of relationship with A.I.D., whether major support, minor subvention, or unsupported accreditation. These include that A.I.D. have copies of the agency's charter and by-laws establishing its character as a U.S. private, non-profit organization, the nature of its activity and the locus of control in an active responsible group; that the agency have tax exempt status; that it notify A.I.D. of any change in these and undertake no activity inconsistent therewith; that it obtain its funds ethically; that the agency's overseas activities be open to U.S. Government inspection; and that the agency's annual program and financial report, audited by a CPA and in line with published standards, be available to the public and provided to A.I.D.

This leaves a number of issues where criteria appropriately vary for one or another use, or where there is inconsistency with current registration practice. They will be taken up in turn.

Information Request to
Registration with the Advisory Committee on Voluntary Foreign Aid

(Check all boxes where response is positive. Further comment is invited.)

Returns from 42 Registered Agencies

1. Material registration benefits

- We intended to obtain at time of registration.
- We actually obtained recently (e.g., during past year).
- We anticipate obtaining in foreseeable future.
- We would request if criteria of approval were changed

Obtain Recently	PL 480 food and freight	Excess Property
25	7	14
15	4	7
20	6	12
10	4	8

What change(s)? _____

2. Other registration benefits

- a. Assurance to public of bona fides
- b. Liaison to government by Advisory Committee
- c. Influence on government policy through Advisory Committee
- d. Status with foreign governments
- e. Status with other voluntary agencies
- f. Information about AID procedures and benefits
- g. Information about other agency activities
- h. Improvements in own operations due to registration criteria
- i. Other _____

	Anticipated when applied for	Obtained recently*	Important* recently	Important* for future
a.	33	20	15	22
b.	21	13	12	18
c.	10	8	8	14
d.	23	16	14	20
e.	22	15	13	18
f.	31	22	19	26
g.	23	16	12	19
h.	15	11	10	16
i.				

* Worth spending significant executive time and effort to obtain or maintain.

3. Does your agency state that it is registered with the Advisory Committee
- in fund raising appeals? Yes 19/ No 20/
 - in published annual report? Yes 25/ No 13/
 - in other publications? Yes 27/ No 11/

4. If the law were changed so that registration with the Advisory Committee were no longer required for any of the above material benefits (as it is not now for AID grants and contracts), and if your agency were not registered, would you apply for registration? Yes 34/ No 3/ Why?

5. Do you think that registration with the Advisory Committee should be prerequisite to seeking any government material or financial support for voluntary agency work overseas? Yes 29/ No 8/ Why?
- AID Staff 5 6

6. Do you think that some form of government accreditation beyond IRS tax exemption should be a required prerequisite for public fund raising for voluntary agency overseas work? Yes 19/ No 17/ Why?
- AID Staff 2 8

Returns from Registered Agencies

7. Which of the following criteria do you think are appropriate for use by the Advisory Committee and AID in judging voluntary agency requests for registration and support and in reviewing their continuation or termination:

- a. for allocation to voluntary agencies on a grant basis of major government resources (e.g., food or finance) which permit significantly increased overseas activity?
- b. for allocation of minor government resources (e.g., freight subsidy or excess property) which generally do not change or much expand essentially privately financed programs?
- c. for the accreditation by the Advisory Committee or AID of voluntary agency overseas programs, disregarding the question of government resources?

(Check each box where you think the criterion is appropriate. Write "no" in each box where you would protest use of the criterion.)

	(31)	(30)	(29)
	Major Government Resources	Minor Government Resources	Accreditation No Government Resources
On bracketed sets only the more restrictive alternative is counted where more than one was checked.			
Private, non-profit organization	32	30	26
U.S. citizen membership and control	27	24	19
Main office and accounts in U.S.A.	28	25	21
Primary purpose carrying out overseas philanthropy	24	19	14
Primary purpose support for overseas philanthropy	19	18	11
Main program support private, voluntary contributions	16	16	13
Non-religious activity	21	18	13
Copy of charter provided Committee or AID	26	25	22
Ruled tax exempt by IRS under sec. 501(c)(3)	28	27	23
Controlled by active, responsible group serving without pay	24	23	20
including no paid personnel as voting members	17	15	14
with paid personnel a minority of any quorum	13	10	9
Copy of by-laws provided	10	11	13
No activity inconsistent with stated purpose	30	28	27
Agency required to notify Committee of changes in purpose, organization or program	28	24	24
Effective administrative control of operations	29	25	23
Organization chart provided	28	24	23
Administrative rules & procedures provided	19	15	13
Personnel rules & procedures provided	13	12	9
Program open to management effectiveness review by AID officers	11	10	8
Overseas activities open to U.S. Government field inspection	26	17	11
General administrative cost reasonable share of total program	28	21	16
Maximum share you deem reasonable ___%	27	21	20
All funds obtained ethically (Better Business Bureau Standards)	28	27	26
Fund raising costs reasonable share of proceeds	25	21	20
Maximum share you deem reasonable ___%	16	13	13
Copy of all public appeals provided	17	19	19
Factual annual program report avail. to public	28	25	24
Annual financial report available to public	28	26	24
C.P.A. audit provided annually	26	24	24
Financial reports conform to published "Standards"	16	11	9
Special financial report provided annually	26	21	14
Agency records open to U.S. Government audit	10	7	1
Agent responsible for receipt and use of resources overseas is:			
Resident U.S. citizen	10	7	1
Known to U.S. Embassy as reputable	10	10	8
Selected by agency as responsible to it	12	12	14
Host government has requested activity	14	8	5
Host government has approved activity	11	13	7
Host government is aware of activity	6	9	10
Duty-free entry of agency program resources	21	22	11
Host country coverage of share of costs	10	6	4
Activity is within AID priorities for country	20	13	5
Activity serves U.S. foreign policy interests	11	8	3
Activity is not incompatible with U.S. interests	12	14	16
No judgment on relation of activity to U.S. interests	4	6	8

Returns from AID Staff

7. Which of the following criteria do you think are appropriate for use by the Advisory Committee and AID in judging voluntary agency requests for registration and support and in reviewing their continuation or termination:
- a. for allocation to voluntary agencies on a grant basis of major government resources (e.g., food or finance) which permit significantly increased overseas activity?
 - b. for allocation of minor government resources (e.g., freight subsidy or excess property) which generally do not change or much expand essentially privately financed programs?
 - c. for the accreditation by the Advisory Committee or AID of voluntary agency overseas programs, disregarding the question of government resources?

(Check each box where you think the criterion is appropriate. Write "no" in each box where you would protest use of the criterion.)

	(7)	(9)	(8)
Number responding	Major Government Resources	Minor Government Resources	Accreditation No Government Resources
On bracketed sets only the more restrictive alternative was counted where more than one was checked.			
Private, non-profit organization	9	7	6
U.S. citizen membership and control	3	3	3
Main office and accounts in U.S.A.	1	2	3
Primary purpose carrying out overseas philanthropy	3	2	2
Primary purpose support for overseas philanthropy	2	1	3
Main program support private, voluntary contributions	5	3	7
Non-religious activity	6	6	5
Copy of charter provided Committee or AID	6	6	8
Ruled tax exempt by IRS under sec. 501(c)(3)	7	6	7
Controlled by active, responsible group serving without pay	6	6	6
including no paid personnel as voting members	2	2	2
with paid personnel as a minority of any quorum	1	1	1
Copy of by-laws provided	4	4	3
No activity inconsistent with stated purpose	6	6	8
Agency required to notify Committee of changes in purpose, organization or program	6	6	2
Effective administrative control of operations	8	7	7
Organization chart provided	9	8	6
Administrative rules & procedures provided	5	5	7
Personnel rules & procedures provided	7	6	4
Program open to management effectiveness review by AID officers	8	7	5
Overseas activities open to U.S. Government field inspection	9	4	4
General administrative cost reasonable share of total program	8	6	4
Maximum share you deem reasonable _____%	9	7	7
All funds obtained ethically (Berter Business Bureau Standards)	9	9	7
Fund raising costs reasonable share of proceeds			
Maximum share you deem reasonable _____%	7	7	7
Copy of all public appeals provided	2	2	3
Factual annual program report avail. to public	5	9	8
Annual financial report available to public	9	9	7
C.P.A. audit provided annually	9	8	7
Financial reports conform to published "Standards"	9	8	7
Special financial report provided annually	7	4	4
Agency records open to U.S. Government audit	8	6	4
Agent responsible for receipt and use of resources overseas is:			
Resident U.S. citizen	3	1	1
Known to U.S. Embassy as reputable	3	4	1
Selected by agency as responsible to it	2	3	2
Host government has requested activity	3	2	1
Host government has approved activity	5	3	2
Host government is aware of activity	1	4	
Duty-free entry of agency program resources	6	6	1
Host country coverage of share of costs	7	7	1
Activity is within AID priorities for country	5	1	1
Activity serves U.S. foreign policy interests	5	1	2
Activity is not inconsistent with U.S. interests	3	5	2
No judgment on relation of activity to U.S. interests	4	2	3

Primary Purpose Foreign Aid: Many of the PVO's which A.I.D. supports with contracts and grants for foreign development activity do not have such activity as their primary purpose. A good many responding agencies objected to the primary purpose criterion on grounds that it discriminated against agencies that also had "larger" domestic activities. There would appear no clear reason why registration benefits should be denied qualified overseas activities of primarily domestic agencies. Indeed they have not been in the past - eleven registered agencies show in either or both of the 1972 and 1973 VFA Programs Reports as having domestic program expenditures larger than their overseas programs.

Registered Agencies with Larger Domestic than Overseas Program Expenditures (\$000)

Voluntary Foreign Aid Programs Report for:

	1972		1973	
	Domestic	Foreign	Domestic	Foreign
American Friends Service Com.	3,948	2,610	3,668	1,760
American Children Relief	41	30	30	-
Community Development Foundation	503	408	436	601
International Social Service	351	-	-	-
Laubach Literacy	372	96	384	105
Operational Crossroads Africa	-	-	322	140
Polish Immigration and Refugee Rel.	29	9	26	2
Project Concern	687	409	985	390
Save the Children Federation	3,039	1,582	3,223	1,771
Tolstoy Foundation	512	462	500	523
VITA	568	189	446	146

A number of others simply do not include their domestic programs on their C-100 reports. In the case of the refugee and adoption agencies the preponderance of domestic expenditure may not be surprising, but the Friends Service Committee or Project Concern, among others might, if put to the test, be hard put "to establish that their primary purpose is to further or engage in voluntary foreign aid." (Regulation 3.)

This leads me to the view that what is wrong is not A.I.D. or Advisory Committee practice but these words of Regulation 3, so far as eligibility for A.I.D. resource support is concerned. The appropriate questions for such allocations relate to the use of these resources and the nature of the agency's voluntary foreign aid, not whether it carries out other activities at home.

However, in so far as the question is accreditation, clearly an authority concerned with foreign aid needs a sensible limitation of its area of concern and would not want to evaluate primarily domestic agencies that happened also to be engaged in some way abroad. For this purpose the "primary" is useful. This is one of a number of points

that suggest a separation of the question of eligibility for government resources from that of accreditation.

Main Support Voluntary Contributions: There are two problems here both having to do with "When does a non-profit agency cease to be voluntary?" One is the question of government grants and contracts; the other is the question of "other income" such as from endowments or from self-help commercial activity, as in sale of produce from a farm-school. Webster provides two tests for "voluntary" as applied to an organization: (1) "supported by action proceeding from (the supporter's) own choice or consent"; (2) "acting of one's own free will without valuable consideration or legal obligation." Agencies drawing the large majority of their support from government contracts or conditioned grants do not for IRS tax exemption purposes fail the first test, but they fail the second and are ineligible for freight reimbursement under Sec. 216 or excess property under Sec. 607 even though registered. Presumably this would not prevent such an agency being deemed an appropriate distributor of food under the less restrictive wording of Sec. 202 of PL 480. Nor should it prevent public endorsement of the credibility of agencies also seeking public contributions and independent relationships, provided the full facts are available to the public. Again criteria for eligibility and accreditation are different.

On examination the second issue turns into a non-problem from A.I.D.'s point of view, although it is critical for the IRS. If a tax-exempt, endowed foundation provides grant support to a non-profit agency engaged in philanthropic activity, that is voluntary support and voluntary activity. If the foundation carries out the same activity in its own name, does the activity cease to be voluntary? The more critical test would appear to be the independence and non self-serving nature of the activity, not whether support is external or internal, provided it does not impose binding constraints on the agency's independence of decision.

Regulation 3 does not define voluntary foreign aid. This deficiency has not been missed and can appropriately continue.

Non-religious Activity: It is inappropriate under the U.S. constitution to provide government resources in support of religious activities or government approval to them. It is not inappropriate to provide tax exemption to such activities and to contributions thereto. It would not seem inappropriate to receive and make available for public inspection such documents, reports and audits relating to religious activities as would support a judgment by a potential contributor as to their bona fides so long as this was unrelated to eligibility for government support and bore no implication of government approval. This is the position taken by the Better Business Bureau concerning

religious activities which "enter the market place" to seek contributions from a wider circle than their own membership. The National Information Bureau on the other hand, will not touch any church-related organization, including the registered service agencies, because of the domination of their boards by officials of the parent church organizations and the lack, until recently, of IRS required, audited financial reports.

All the 230 non-registered church-related organizations in the FAICH directory carry out developmental or relief activities abroad. Many, but less than a majority, also include evangelical or spiritual objectives in the summary statement of purpose, as do one or two of the 13 registered, church-related, service organizations. Many foreign missions undoubtedly would not wish any form of governmental endorsement, and/or seek no support outside the sponsoring membership. But some might appreciate the endorsement of credibility for fund raising and relations with foreign governments that registration with the government could give. This is also an area where different criteria might be appropriate for eligibility for government resources on the one hand and some form of credibility test on the other.

Agency Staff on the Board: This question brought forth evidence of difference of view among responding agencies in sharper degree than any other on the questionnaire. There was no consensus in favor of any criterion for board membership beyond "active, responsible." Roughly equal numbers expressed preference for or positive opposition to both the idea that no paid officer could vote on the board and the idea that a non-controlling minority of paid staff would be permissible, but the larger numbers thought either inappropriate.

Questionnaire Responses Concerning Board of Directors (1)

Criteria Relating to:	Eligibility for Major Govt. Resources			Eligibility for Minor Govt. Resources			Accreditation No Govt. Resources		
	yes	no	blank	yes	no	blank	yes	no	blank
Controlled by active responsible group	24	0	10	23	0	10	20	1	10
Serving without pay	17	0	16	15	0	17	14	1	15
Including no paid personnel	13	3	18	10	4	19	9	4	18
With paid personnel minority of any quorum	10	4	20	11	4	17	13	4	14

(3) Instructions were to check "yes" where criterion was appropriate, write "no" where its use would be protested, and leave blank where inappropriate. "Blank" column includes "no's" of those who left no blanks, as did most who write "no."

On this point the Better Business Bureau "Standard" is "paid staff members shall not constitute a majority in any decisions of the voting trusteeship" (board). The NIB simply says of the board "serving without compensation," which in practice means the same as the BBB, insofar as senior officers are not compensated for service as board members. However, the NIB director said they were considering adopting the more stringent rule of no paid staff as voting members, because the Board should have the right to discuss the effectiveness of its chief executive in his absence, and he should not be in a position to review his own conduct.

Clearly this is a preferable position in principle, but not a necessary position for effective, honest operation in every case. For many new and small agencies which are in fact the product of one person's drive and concern, it is an academic position. The more relevant points are the character of the Board members and of the Chief Executive, and the effectiveness of their management controls. A.I.D. has in some degree satisfied itself on these points before committing resources to PVO's, but has adopted no criterion of Board composition. I am inclined to agree that precluding the president or executive director from voting in the Board, while desirable, is no guarantee of either competence or independence, and if enforced as a flat rule would appear to prevent endorsement of worthy organizations. One of the reasons for making registration a matter of Committee judgment rather than A.I.D. staff action would appear to be to open the way to case by case judgments on such matters of leadership and integrity, rather than the Procrustean application of flat rules.

Some seventeen presently registered agencies have at least the chief officer as a voting member of the Board. This has not undercut their responsible use of government resources, and apparently not undermined their integrity in dealing with the public. I suggest that the presence of one or more agency officers on the board of an effectively managed organization not bar it from receiving subventions, and that for accreditation the Advisory Committee maintain its preference for no staff voting members but be willing to make exceptions. The need for serious consideration of exceptions is shown by the Salvation Army whose entire American Board is composed of officers who owe their appointment to London Headquarters, the Summer Institute of Linguistics which was formed by field workers who wish to keep control in their own hands to preserve the "sacrificial vision" of the work, and the number of agencies where the chief executive officer serves also as a voting board member. These situations deserve case by case judgment rather than arbitrary exclusion for lack of formal compliance.

Effective Administrative Control: Here there is a general favorable consensus in principle, the problem being how do you tell. A.I.D. staff want organization charts and administrative manuals, but a number of agencies object or perhaps don't have them. Most agencies see no problem in their overseas activities being open to U.S. Government field inspection, but USAID's and embassies have difficulty keeping in view PVO activities mainly supported by U.S. finance or food, to say nothing of the myriad others receiving minor or no tangible support.

Neither the Advisory Committee nor its staff have the time to monitor the administrative effectiveness of registered agencies, while A.I.D. does have the responsibility and staff capability of monitoring to some degree the use of A.I.D. resources by outside agencies. This capability did not exist when the Committee and registration were established. It does not appear to have been called on by the Committee, except for routine review by a member of the AID/Washington Controller's staff of agency annual financial reports. Other than interviews with agency leaders and very rare field trips, the Committee has not attempted itself to assess agency management or operational effectiveness and has received no support from A.I.D.'s field establishment in doing so.

This latter is a particularly serious deficiency, since registration by law implies "approval" by the government's agent, and by that specific part of the government known to the public to have numerous professional evaluators stationed overseas. It is an inevitable concomitant of public registration that public expectation is aroused of governmental monitoring of overseas effectiveness.

Even partial support justifying such expectations is not in sight. The cost would be considerable: one or more full time officers in each large country to do a decent job, at least a half man-year in most others. Given the proliferation of small activities, even that would scarcely satisfy A.I.D. "end-use check" standards, especially since what is involved is more often the provision of service than the receipt of commodities. But if the government is to continue public endorsement of voluntary agency overseas activities, such an effort would be needed to cover the risks involved and support the public interest asserted.

Reported Costs of Administration and Promotion: In line with the American Institute of CPA's "audit Guide for Voluntary Health and Welfare Organizations" the G-100 report has spaces for separate entry of general management, fund raising, and U.S. training and support of overseas activities. However, many agencies fail to report them separately and often report only "U.S. training and support." The three are lumped under "Administration and Promotion" in the report Voluntary Foreign Aid Programs. This gives a misleading impression both for agencies like CRS and United Israel Appeal which rely on parent organizations for fund raising or which are funds conduits, not program administrators, and for agencies like AFED and WITA whose work requires extensive U.S. training and support activity.

The relevant data and ratios from the 1972 and 1973 reports and currently available later G-100's follows, on succeeding pages.

"Administration and Promotion" in Relation to Total Agency Expenditures

	<u>1971/1972</u>		<u>1972/1973</u>		<u>1973/1974</u>	
	<u>\$000</u>	<u>%</u>	<u>\$000</u>	<u>%</u>	<u>\$000</u>	<u>%</u>
<u>All Agencies</u>	<u>33,744.1</u>	<u>5.5</u>	<u>43,200.4</u>	<u>6.4</u>		
ACCION International	66.6	20.9	65.7	17.9		
Agricultural Mission Foundation			*			
Aid for International Medicine	7.2	8.9				
American Bureau for Medical Aid to China	81.6	21.2	77.3	29.4	98.7	9.7
American Committee for Shaare Zedek Hospital in Jerusalem			371.6	21.9	482.6	11.5
American Dentist for Foreign Service	10.2	17.7	1.7	2.6	2.2	0.6
American Foundation for Overseas Blind	227.6	41.1	249.7	38.8		
American Freedom from Hunger Foundation	403.2	10.4	333.1	13.8		
American Friends Service Committee	1879.3	22.1	2043.5	27.4	2307.9	27.8
American Fund for Czechoslovak Refugees	13.6	5.0	13.5	4.9	15.2	4.7
American Institute for Free Labor Development	1830.0	32.3	2008.3	33.8	2332.4	37.1
American Jewish Joint Distribution Committee	2274.3	8.7	2088.9	7.5	2396.9	7.4
American-Korean Foundation	433.0	22.2	458.6	21.3		
American Missions to Greeks	32.9	6.9	35.2	10.7	43.7	8.1
American National Committee to Aid Homeless Americans	*	0.7	*		*	
American Near East Refugee Aid	160.4	53.5	159.4	44.0	163.0	6.7
American ORT Federation	376.1	6.4	413.1	5.8		
American Relief for Poland	43.2	83.1	8.6	81.9		
Americans for Children's Relief	92.8	52.8	57.3	65.6		
Andean Foundation	13.0	28.2	13.7	66.5		
Asian-American Free Labor Institute			381.9	31.4	492.3	29.7
Assemblies of God-Foreign Service Committee	6.8	4.1	18.3	4.5	10.3	3.6
Boys' Towns of Itlay	71.4	6.8	347.9	33.3	403.7	38.4
CRS - USCC	244.1	0.2	668.4	0.6	738.8	0.7
Children's Medical Relief International	16.2	2.5	54.6	11.2	172.1	38.8
Christian Children's Fund	3991.2	19.4	4811.2	19.0		
Christian Reformed World Relief Committee	199.7	16.5	126.1	8.6	142.7	9.9
Church World Service	1167.2	4.5	1682.3	7.7	1632.9	6.9
CODEL						
Community Development Foundation	28.1	3.0	29.3	2.7		
CARE	3155.5	2.9	4393.9	4.0	5088.9	4.1
Cooperative League Fund			47.1	26.1		
Direct Relief Foundation	124.6	3.3	117.5	4.4		

	<u>1971/1972</u>		<u>1972/1973</u>		<u>1973/1974</u>	
	<u>\$000</u>	<u>%</u>	<u>\$000</u>	<u>%</u>	<u>\$000</u>	<u>%</u>
Thomas A. Dooley Foundation	394.8	52.0	409.2	48.6	220.3	34.3
Forest Parents Plan	2089.7	18.7	2356.9	19.5		
Foundation for the Peoples of the South Pacific	80.2	34.3	40.7	10.7	54.9	15.2
Franklin Book Programs			2816.0	27.7		
Friends of the U.S. of Latin America	0.9	15.0	0.6	35.3		
HADASSAH	2162.3	11.4	2545.0	11.8	2827.6	11.2
Heifer Project	212.2	17.1	125.1	15.3	296.8	27.2
Holt Adoption Program	117.4	15.2	127.7	10.4	199.4	10.3
International Development Foundation	119.3	29.9	102.6	47.9	39.5	29.9
International Educational Development	31.9	13.3	56.5	11.2		
International Eye Foundation	106.6	30.8	60.2	19.0		
International Institute of Rural Reconstruction	102.3	18.0	100.2	18.2		
International Rescue Committee	335.5	11.5	307.0	8.8	368.4	9.7
International Social Service	147.9	25.0				
International Voluntary Services			187.6	26.7		
Iran Foundation	36.3	42.6	27.7	25.7	35.0	33.5
Laubach Literacy	120.8	20.3	120.1	19.6	130.5	18.6
Lutheran World Relief	320.9	3.7	336.5	4.3	368.6	4.9
Meals for Millions Foundation	81.0	21.2	137.7	30.8	137.7	30.8
Medical Assistance Programs	276.9	3.6	477.2	3.2	441.8	6.8
Mennonite Central Committee	759.0	12.9	786.1	12.1	455.1	7.2
Missions Health Foundation	8.6	47.4	9.2	38.3		
Mizrachi Women's Organization of America	235.2	16.3	256.6	14.8		
National Association of the Partners of the Alliance	265.9	54.0	1037.7	15.4	236.8	48.0
Near East Foundation	177.3	16.9	194.8	16.0		
Operation Bootstrap, Tanzania			18.6	31.7		
Operations Crossroads Africa			64.2	12.2		
Oxfam-America			161.3	65.1		
Pan American Development Foundation	10.4	0.7	10.5	0.9		
Pathfinder Fund	502.6	15.6	558.4	17.2		
HOPE	1644.9	17.7	1723.6	16.9		
Polish American Immigration and Relief Committee	30.5	39.5	44.9	61.3		
Project Concern	549.9	26.1	537.8	25.2		
Refuge des Petits	*	.02	*			
Dr. Jose P. Rizal- Gen. Douglas MacArthur Memorial Foundation	5.1	6.3				
Salvation Army -National Headquarter	94.7	3.7	36.3	1.1	161.8	5.2
Save the Children Federation	1352.3	19.8	1218.9	18.3		
Albert Schweitzer Fellowship	18.3	32.7	126.4	57.8	185.0	79.5
Seventh-day Adventist World Service	12.2	0.2	8.9	0.4	21.9	1.1

	<u>1971/1972</u>		<u>1972/1973</u>		<u>1973/1974</u>	
	<u>\$000</u>	<u>%</u>	<u>\$000</u>	<u>%</u>	<u>\$000</u>	<u>%</u>
Shoeshine Boys Foundation						
Stelios M. Stelson Foundation	.3	8.9	.3	8.8		
Summer Institute of Linguistics	1184.0	17.8	1593.9	19.4	1461.5	14.7
Tolstoy Foundation	53.5	4.7	68.0	5.7	69.4	5.3
Travelers Aid - International Social Service of America			286.5	29.0	386.9	33.6
Unitarian Universalist Service Committee	345.8	46.2	370.8	56.9	413.9	56.8
United HIAS Service	240.7	8.8	242.1	10.0	155.6	5.0
United Israel Appeal	423.6	0.3	622.3	0.3	701.1	0.2
United Lithuanian Relief Fund of America	18.0	14.9	23.4	18.7		
U.S. Foundation for International Scouting	3.1	0.5	*		--	--
United Ukrainian American Relief Committee			11.6	25.6	3.3	19.8
VITA	249.0	24.7	228.5	27.2	245.4	34.6
Volunteer Border Relief	*		*			
World Education	71.5	11.9	98.1	11.3		
World Neighbors	530.9	44.9	274.4	20.0	293.0	21.1
World Relief Commission, N.A.E.	219.7	8.3	237.3	11.6	233.3	9.3
World University Service	36.0	37.9	39.1	41.6	32.2	41.7
World Vision Relief Organization	81.5	6.1	91.5	11.0		
Y.M.C.A. - International Committee	868.6	36.3	620.1	24.5		
Y.M.C.A. - World Relations Unit	64.2	27.4	110.8	24.2		

* Less than \$50.

I have gone through the individual C-100's and audit reports that have come in for the 1974 report to separate administrative from fund raising costs. The result is attached. The most important feature is the last column indicating the agencies which did not report general management, publicity and/or special events costs separately on the C-100 form, the numbers given being my inexpert approximation thereof extracted from their audit reports. No public use should be made of these numbers where they differ from the C-100 without further examination and consultation with the agency.

Agency activities and accounting practices vary so much that uniform accounting is very difficult. Especially difficult for single activity agencies is the dividing line between U.S. support of overseas programs and general management costs. Also, special events are almost universally reported on a net basis, rather than a gross basis as required by the C-100. This can make such differences as \$275,800 for fund raising for Travellers Aid vs. \$100,100 (\$75,900 in the C-100 for no stated reason).

Financial reporting in accord with published standards is fundamental to public responsibility. The present financial reporting to the Advisory Committee has been permitted to become useless and misleading. So far this has done little harm as virtually no use has been made of the information that has come in. The Committee is not in a position to impose accounting practices on agencies, but it could require reporting from registered agencies in conformance with "the industry's" published standards. To do so would necessitate a complete reexamination and improvement of the C-100 and its instructions in the light of the newly published Accounting Standards of the National Health Council, etc., and the AICPA "audit guide" for Voluntary Health and Welfare Organizations, and then a persistent, professional follow-up with reporting agencies to improve the comparability of their reporting categories. Since the A.I.D. Controller will be making a comparable, but differently focused effort with many of the same agencies in connection with their use of A.I.D. resources, this should be done in closest collaboration with, or preferably only by that office. In fact, if the A.I.D. Controller is not willing and able to chew whatever the Advisory Committee feels should be bitten off by way of financial reporting to the Committee, it would be better to abandon entirely the requirement for a special financial report and require only that agencies file with the Committee copies of their annual audit report.

Voluntary Foreign Aid Agency General Support Costs According to Latest Available C-100's and Audit Reports

	General Management		Publicity and Fund Raising		C-100 Entries not made
	\$000	%Total Expend.	\$000	%Contributions	
American Bureau for Medical Aid to China	73.6	7.2	25.1	14.7	
Shear	161.7	3.8	320.9	16.7	
American Dentist for Foreign Service	2.2	0.6	--	--	
AFSC	1115.4	13.4	1192.5	13.6	
American Fund for Czechoslovak Refugees	14.6	4.5	0.6	4.3	
AIFLD					
American Jewish Joint Dist. Committee	921.9	2.9	?		
American Mission to Greeks	109.1	6.3	?		
American Near East Refugee Aid	103.2	4.2	59.8	2.4	
Assemblies of God- Foreign Service Com.	9.3	3.2	?		
American ORT Federation	307.9	3.8	206.1	32.1	
Boys' Towns of Italy	84.3	8.0	319.4	29.0	
CRS	482.6	0.4	256.2	0.7	
Children's Medical Relief International	?		172.1	38.5	
	65.6	4.6	77.1	5.5	
CWC	444.5	1.8	1188.4	6.5	
C. I. B.	1181.0	0.9	3907.9	12.3	
T. A. Dooley Foundation	85.4	9.3	234.9	26.4	
Foundation for the Peoples of the South Pacific	33.4	9.6	21.5	17.7	
HADASSAH	671.9	2.6	630.8	2.6	
Heifer Project	226.8	20.8	70.0	6.6	
Holt Adoption Program	123.9	6.4	75.5	16.6	
Inter. Development Foundation	39.5	29.9	--	--	
Inter. Rescue Committee	188.3	4.9	180.1	16.2	
Iran Foundation	33.9	31.9	1.1	0.9	
Laubach Literacy	88.6	12.6	41.9	23.3	
Lutheran World Relief	311.7	4.1	56.9	1.3	
Meals for Millions Foundation	17.5	3.9	120.2	35.0	
Medical Asst. Program	318.7	4.9	123.1	2.1	
Mennonite Central Com.	418.0	6.6	37.1	0.7	
Refuge des Petits	*	--	--	--	
Salvation Army	161.8	5.2	?		

Voluntary Foreign Aid Agency General Support Costs According to Latest Available C-100's and Audit Reports

	General Management		Publicity and Fund Raising		C-100 Entries not made
	\$000	%Total Expend.	\$000	%Contributions	
Albert Schweitzer Fellowship	17.0	7.3	168.0	100.2	*
Seventh-Day Adventist World Service	6.9	0.3	15.0	5.3	
Summer Institute of Linguistics	1367.5	13.8	94.0	1.2	
Tolstoy Foundation	46.2	3.6	23.2	5.1	
Travelers Aid - Inter. Soc. Serv. of Am.	11.1	9.6	275.8	31.9	*
Unitarian Universalist Serv. Committee	62.2	8.5	351.7	52.4	
United HIAS Service	80.9	2.6	74.7	3.0	
United Israel Appeal	701.1	0.2	?		*
U.S. Foundation for Inter. Scouting	?		?		*
United Ukrainian Am. Relief Committee	3.1	18.6	0.2	0.8	*
VITA	199.5	28.1	45.9	37.1	
World Neighbors	116.5	8.4	176.5	11.2	
World Relief Comm., N.A.E.	72.9	2.9	160.4	6.7	*
World Univ. Service	16.0	20.7	16.2	54.9	*

Reasonable Administrative Cost: There is general consensus that agency administrative costs should be reasonable in relation to total program, but there is a wide divergence of view as to what a reasonable maximum would be and of agency practice as reflected on submitted financial reports. Many respondents did not express a view on a reasonable maximum, but those that did ranged from 10- to 40%, averaging 22%.

Also, agencies vary greatly in character and general management. Their indicated ratios of management costs to total expenditures ranged from zero where the entire overhead is volunteer to 32%. By far the larger number are in the 4% to 10% range. Neither the Committee nor its staff has the time, knowledge or responsibility to dig into and judge the reasonableness of the different situations. Furthermore, the variations in accounting practice appear to be as great as those in reported relative overhead costs. It is doubtful that any guideline would both catch most cases that need to be tightened up and not waste time in probes of efficient but difficult administrative situations.

The government's more acute interest is in the effectiveness, not the costs, of agency management of any government resources in the agency's charge. The private contributor is interested in minimizing the share of his donation that is tapped off for overhead. Both are interested in efficiency, which cannot be received from the financial reports or ratios alone. Any general guide adopted by the Advisory Committee might appear unreasonably generous to many contributors and not in fact be adequate for many cases. I suggest that the Advisory Committee continue to leave open at this time the question of "reasonable" administrative costs and concentrate instead on improved financial reporting.

Reasonable Fund Raising Cost: This again varies widely. Indeed some of the largest publicly supported agencies show virtually no fund raising costs because they operate on funds transferred from the United Jewish Appeal which is not registered, while others so supported report large fund raising costs. Again there is general consensus that fund raising costs should be reasonable but a range of view as to the appropriate maximum, running from 7.5 to 25% and averaging 16%. That appears generous for the agencies with a church or other pre-disposed constituency and channel of communication, but low for those dependent on appeals to the general public, especially until they get established. Here the public interest is to protect the contributor from fraud and misrepresentation, leading to a greater concern with the content of the appeal and the information available to the potential contributor than with a priori judgment on what cost ratio is appropriate. The existing 20%, 30% inquiry guideline appears to be of the right magnitude. One would

hope that the inquiry would be such as to result in improved quality of appeal or consideration of the advisability of combining forces with another agency and not simply in provocation of a more emotional, less informative but possibly more efficient, approach to the public.

Overseas Agent: A majority of responding agencies felt that a requirement that the overseas agent responsible for the receipt and use of resources be a U.S. citizen is inappropriate. Agent overseas should be: 1/

In Relation to Use of

	<u>Major Govt. Resources</u>	<u>Minor Govt. Resources</u>	<u>Accreditation No Govt. Resources</u>
U.S. Citizen	10	7	1
Cleared by U.S. Embassy	10	10	8
Freely Chosen by Agency	12	12	14

In addition an unusual number wrote in "no" on the more restrictive criteria, meaning they would protest use of the criterion. A.I.D. senior staff who work with voluntary agencies showed a similar pattern of response:

	<u>Major Govt. Resources</u>	<u>Minor Govt. Resources</u>	<u>Accreditation No Govt. Resources</u>
U.S. Citizen	3	1	1
Cleared by U.S. Embassy	3	4	1
Freely Chosen by PVO	2	3	2

A.I.D. does not insist that the overseas chief of party of a contractor or grantee be a U.S. citizen, though he usually is. A.I.D. has not foreclosed grants to non-U.S., e.g., developing country or international PVO's. A.I.D. will wish to assure itself that the overseas receipt and distribution of A.I.D. financial resources are in responsible hands and that the receiving agency is capable of assuring their use for agreed purposes. Regulation 3 now contemplates the validation of programs where distribution is "... or by non-U.S. citizens upon notification to and approval by the Committee of justification of their selection on account of the character and economy of the operation and the degree of cooperation and acceptance of responsibility of the indigenous agency." The Advisory Committee's "Here's How" handbook, on the other hand, starts right off with a page and a half on the importance and duties of the "U.S. Citizen Representative resident in the country" as a prime requirement for program validation and does not mention the alternative permitted by the regulation. This reflects the requirements stated in the form letter response to applicants for registration and subvention. In fact, very few exceptions have been requested or approved, and a number of agencies feel excluded from the freight reimbursement program by this requirement.

1/ Many respondents checked more than one alternative. In this case the most restrictive is counted.

Now that (1) the U.S. is no longer the sole or even preferred source of welfare goods and (2) so many agencies provide services or funds but few goods, continuation of the ocean freight reimbursement is questionable as to need and highly uneven in its impact as a form of subsidy to voluntary agency overseas activity. The Committee may wish to consider alternatives, but in so far as freight reimbursement or excess property availability continues, judgment on program validity should rest, not on the nationality of the agent, but on his responsibility to the PVO to execute the agreed program and the effectiveness of the system established for the purpose. The development of trustworthy local capabilities for responsible administration of voluntary aid resources should be encouraged, not the grudging exception.

So saying opens up the question of where do you stop? The non-U.S. agent of a U.S. agency overseas shades off quickly into representatives of affiliated international agencies (e.g., World Lutheran Relief, Salvation Army, Oxfam) and affiliated local agencies (e.g., churches, hospitals, missions, schools). In fact a great deal of this goes on now, much local distribution of U.S. resources to needy people being by such organizations at the behest of the resident U.S. citizen representative, including resources sent through him by non-registered agencies. The chief impact of relaxing the rule would be to make life in many instances more open and honest, to release administrative costs in some cases, to improve interagency relationships in many and to open the way for U.S. agencies to be reimbursed for shipments of medical supplies, books, etc., direct to correspondent organizations abroad. Serious consideration should be given to liberalizing this requirement.

Relation of Host Government to Program: Responding agencies generally were willing to see a requirement that host governments view their program favorably, e.g.:

Host Government has:	Major Govt. <u>Resources</u>	Minor Govt. <u>Resources</u>	Accreditation <u>No Govt. Resources</u>
Requested Activity*	14	8	5
Approved Activity*	11	13	7
Is Aware of Activity*	6	9	10

*Only most restrictive counted where more than one checked.

One or two commented that while it was obviously a good idea, the U.S. Government should not insist on a formal host government approval. Since most agencies agreed on the appropriateness of duty-free entry as a criterion of U.S. resource support, and only somewhat fewer for accreditation only, it is clear that they value favorable host government attitudes. No change in program criteria seems needed on this point.

Relation to U.S. Foreign Policy: Responding agencies were more open to a relation between their programs and U.S. foreign policy interests than I would have anticipated. Again taking only the most stringent requirement only in the many cases where respondents checked more than one:

	<u>Major Govt. Resources</u>	<u>Minor Govt. Resources</u>	<u>Accreditation No Govt. Resources</u>
Serves U.S. Foreign Policy Interest	11	8	3
Not Inconsistent	12	14	16
No Judgment on Relation	4	6	8
Within A.I.D. Priorities	20	13	5

The A.I.D. staff is of similar view, a majority feeling that the use of major government resources should serve U.S. foreign policy interests and be within A.I.D. priorities, but as many feeling that minor government resource use should merely be not inconsistent with U.S. foreign policy interest.

I suspect that the response from non-registered agencies would be very different on this point, a larger proportion feeling that no judgment on the relationship of the activity to U.S. foreign policy was appropriate if no government resources were involved. This raises a serious question about registration. I have seen no indication that either the public or registered agencies draw any distinction between the Advisory Committee and the government. Agencies invariably refer to registration with the Department of State's Advisory Committee or with the A.I.D. Committee on Voluntary Foreign Aid. The comments on page one of the questionnaire all speak of registration by or relation to the government, although the questions carefully said Advisory Committee. Clearly, registered agencies think registration means government approval, which is why many of them want it. On occasion the Committee has been pressed by the Department of State to stretch normal rules to validate programs for policy reasons. Agencies undoubtedly have refrained from applying, and some have been discouraged, because their programs were not in line with U.S. policy.

I have no quarrel with this in so far as the question is use of government resources. I seriously question the appropriateness of withholding a certificate of bona fides on grounds unrelated to bona fides. The IRS ruling on tax exemption does not carry any implication of government "approval." So long as bona fides is associated with eligibility to use government resources it will inevitably bear an implication of government approval and in fact be confined at least within "not inconsistent with U.S. foreign policy."

Here again is a point where the criteria for allocating government resources and for public endorsement are, or should be, different, and the two should be separated.

C. Broader Potential of PVO Relation to Overseas Development

For years the Congressional Committees, the Advisory Committee, and voluntary agency leaders have sought greater realization of an elusive, imprecise dream of greater voluntary agency support for development and positive, mutually supporting relations between government and voluntary efforts in the foreign aid field. This dream has been marked throughout by expectations of both government and voluntary agency performance that were unrealizable on a long term basis but nourished by dramatic short term successes.

One area of success has been disaster relief where interests are clear and single, commitment is urgent but short lived, resources available on a flexible basis, rules few, and agencies often equipped with relevant people or local relationships that government could not duplicate. Another area of success has been in food aid where agencies have responded to an extraordinary and temporary wealth of resources of limited kind combined with heavy government pressure on priorities by developing, in cooperation with indigenous institutions, major new school lunch, maternal/infant health and nutrition programs. Unfortunately, the disappearance of commodity surpluses has subjected these programs to arbitrary cuts and the threat of extinction.

On a far smaller scale and hopefully on a long-term basis A.I.D. is now setting out to follow suit, through Operating Program Grants and Development Program Grants. These open again the potential of a dynamic combination of government resources with pluralist, private imagination, concern and intimate relations with actual and potential institution leaders in developing countries. If appropriately guided by priorities and not clogged by red tape, this finance can be as fruitful as the surplus of milk powder and fortified flour of a decade ago.

The relationship could, however, be made even more dynamic by going a step further. This would involve a program of incentive, matching grants under which A.I.D. would offer to match, one for one or on some other agreed ratio, funds raised by voluntary agencies for their own programs abroad of agreed kinds (including necessary overhead). This would give both A.I.D. and the private contributor 2 for 1 on his money. It might well expand the resources available for voluntary agency development work in developing countries well above the few tens of millions now available for that. Equally important, it would vividly remind every contributor that A.I.D. is his partner in this good work. A condition of the matching grants would be that the agency make clear in its fund raising appeals that the matching funds come from A.I.D. Over time a series of such campaigns could bring the A.I.D. image back from the shadows of Vietnam and Chile and build a solid atmosphere of support behind the programs' friends in Congress.

Furthermore, such joint efforts to recall to the millions of concerned Americans that they can do something constructive for their less fortunate brothers and sisters abroad would as effectively counter nascent isolationism as any other government action.

The question for this study is: does or could formal registration by the Advisory Committee contribute sufficiently to such an effort or any other aspect of the public interest in voluntary foreign aid to be worthwhile? The great majority of responding, registered agencies thinks it does. At least as many non-registered agencies implicitly think it does not. A.I.D. staff have a mixed view, generally feeling that a central point of evaluation of PVO capability is useful but that the current registration is inadequate for A.I.D. purposes. A.I.D. in its behavior has not relied on registration for more than an introduction to an agency, has carried out its own checks of program effectiveness, and has not confined its collaboration (contracts and grants) to registered agencies. Furthermore, as indicated above, the register as currently conducted has serious deficiencies as a source of assurance to the public and as a source of information.

Change is needed. In order to review the potential contribution of registration to the purpose of expanded cooperation between government and voluntary foreign aid alternative directions of change will be briefly reviewed.

III. Alternative Options

Some change is needed. There is a broad range of alternatives to be considered. They range from expanding the scope and support for registration to abandoning it as a separate formal function.

A. Require Registration Before Any Support for a Voluntary Agency

This would require an agency to have met regulation 3 criteria and to have been certified "registered with and approved by the ACVFA" to be eligible for an A.I.D. grant, or contract as is now the case for freight reimbursement under Sec. 216 or excess property under Sec. 607. To do so would require a further merging of A.I.D. and registration criteria, including for example the opening of registration to agencies not primarily concerned with foreign aid. It would not eliminate the further checks of financial and management system and operational capability carried out by A.I.D. before committing significant resources. Those A.I.D. officers who favored registration as a prerequisite to receiving A.I.D. resources stated they did so on the assumption that it would be strengthened to provide them the assurance of operational capability needed for their particular program - an impossible demand for a general preliminary selection and one aimed in many cases only at the question of bona fides. It would increase confusion as to who was in charge, since A.I.D. officials would remain responsible for the use of A.I.D. resources and for grant and contract terms, leaving Advisory Committee registration as a necessary, preliminary, but by no means a definitive step toward an A.I.D. grant. This alternative is undesirable.

A variation of this alternative would be to require A.I.D. to seek the advice of the Advisory Committee on resource inputs to voluntary agencies. This was the initial intent and utility of registration before it took on a meaning independent of access to government facilities. In the absence of senior government officers responsible for the development of positive collaboration with voluntary agencies this was needed, to generate the development of the necessary staff and criteria. Because of the time gaps between meetings the Advisory Committee has never been able to participate effectively in operational decisions. It can usefully advise on criteria and policy, not specific grants and contracts, except occasionally to consider appeals or exceptions to normal operating rules. This variation also would be infeasible.

B. Status Quo with Adequate Staff

To adequately support the status of assured bona fides and government approval now conferred by registration would require continuing review,

at least on a frequent, spot-check basis, of all registrant fund raising and promotional publications, of management control systems, of financial reports against common standards, of actual performance against program, and of field activity overseas. This would require at least two additional PVC staff (prior to the current reduction) including an accountant, and laying a multi-man year burden of spot checking on overseas missions. Performance of the latter could be expected to be perfunctory, leaving A.I.D. still unable to catch such deficiencies of administration and representation as showed up in the GAO report on the five children's agencies. Not only is additional staff not in the cards, but voluntary agency activity is so wide spread and so subject to differences of evaluation, that no added staff could be expected to effectively protect the Advisory Committee and A.I.D. from the risk of occasional embarrassment because of the claims asserted by registration. This alternative is also infeasible.

C. Minimum Cost Improvements Within Existing Mandate

The discussion in Chapter II exposed a number of inadequacies and risks involved in continuing the present situation on a low in-put basis. However, the benefits to registrants may be deemed sufficiently greater than the cost and risks to justify an attempt to improve the situation within the existing framework and close to the current level of costs.

A number of steps would be desirable to that end:

(1) Elimination of deadwood from Regulation 3: Several elements kept on through revisions in Regulation 3 have simply become inoperative with the passage of time and evolution of situation and could be dropped in the interests of simplification and the elimination of deadwood with no impact on current operations. These include Sec. 203.3(f) which requires applicants to state that their fund raising efforts will be timed not to interfere with various national appeals; Sec. 203.3(g) which requires applicants to state that they will notify the Committee of any programs which involve U.S. or international government contractual support; the second sentence in Sec. 203.4 which provides that the certificate of registration may be withheld until an initial program has been filed for validation; and Sec. 203.6(b) providing that acceptance of voluntary termination of registration is subject to Committee receipt of final reports including plans for the disposition of assets.

(2) Shift in formal locus of program validation responsibility: A change in form is proposed that would simply recognize the actual situation and reduce confusion. That is to shift the formal responsibility for program validation from the Advisory

Committee to A.I.D. since A.I.D. and not the Committee is responsible for the allocation of the subventions, establishes the criteria for approval of such allocations, and takes all implementing actions in its own name. The program validation part of the allocation and criteria meeting process is in fact carried out by A.I.D. staff without reference to the Advisory Committee, but in the Committee's name. To applicant agencies and to the author this formal dividing line makes no sense, whereas an Advisory Committee concern with agency eligibility as agency and an A.I.D. concern with nature, administration, and size of particular programs would make sense. Accordingly, reference to A.I.D. should be substituted for reference to the Committee throughout Sec. 203.5 dealing with validation of programs. The only operational effect of this change would be that validation correspondence would be on A.I.D., not Committee letterhead, and signed by an officer of PVC and not the Executive Director of the Advisory Committee.

(3) Upgrading of work relief alternative: In Sec. 203.5(a)(2)(ii) I suggest substituting "as agreed with A.I.D." for "in special cases and following notice to the Committee" with reference to the non-commercial distribution of supplies through nominal cost sale or goods-for-work programs. That is the actual practice and such food-for-work programs are preferred, not unusual exceptions as implied by the present language.

(4) Relaxation of U.S. citizen representation: Finally, I suggest ending Section 203.5(a)(2)(ii) with "notification to and approval by A.I.D." The five lines of deleted language provide criteria for justifying non-U.S. citizen agency representatives. The intent of the change would be to open the way to validation of programs in the absence of resident U.S. citizen representatives wherever this makes sense. Evolution in this direction would be in line with policy to develop indigenous institutional responsibility and international cooperation and with a large majority of response to the questionnaire. The Committee may wish to consult agencies and advise A.I.D. on guidelines for such a relaxation of requirement.

(5) Improvement in on-going registrant monitoring: Considerable improvement of follow-up on registration is possible without increase in personnel and only modest increase in effort by Controller staff. The C-100 needs to be revised or abandoned in favor of simple review of the agencies' audit reports. But in either case there needs to be a meaningful review of annual financial reports including a systematic calling of delinquent agencies to task to break out fund raising costs, general management costs and true U.S. training and support of

overseas programs in line with the Standards. This should be done by the A.I.D. Controller or auditors through the assignment of a competent man to work with PVC perhaps one day a week. In important, difficult cases effective follow-up might require occasional brief visits by him to agency administrative offices.

Further, the Advisory Committee should require registered agencies to file with the Committee also an annual report of program accomplishments - presumably the one already made to their own Boards and available to the public - and copies of their public fund raising appeals. These, together with the financial report as gone over by the Controller, should be revised by a member of the Committee for conformance with registration standards. A "case load" of eight or nine would not be an unreasonable burden for each member and this duty would serve to keep the Committee in closer touch with registrants' programs and problems, and aware of the varying quality of information on which the status of registrant rests. It might in some instances provoke an exchange of correspondence between the member and an agency that would lead to the Committee playing a more vital liaison role than has been the case in the past.

Without such an increase in personal effort by Committee members, or an apparently infeasible increase in PVC staff, the assertion of assurance to the public of bona fides will remain unsupported and the Committee and A.I.D. exposed to accusations of negligence. At a time of forced overall reduction in force A.I.D. does not have idle staff to assign to such duty and cannot be expected to scrimp on development work in order to staff a non-development function of contributor protection for which it has neither authority nor responsibility and in which it has only marginal, derived interest.

Any major reduction in the scope of registration will require change in the statute. This is explicitly true if registration is to be removed as a condition of eligibility for the subventions. It is implicit if a serious attempt is made to confine registration to eligibility for government resources and eliminate the assurance to the public of bona fides. Formal public "registration and approval" of an agency for receipt of government subventions inherently conveys such an assurance and the same pressures which have led many agencies and the Advisory Committee to continue or start registration without thought of using subventions in order to obtain that public governmental "approval" still exist. Once the approval is a published fact, it would be infeasible, and possibly illegal, to prevent the agency from making public use of it. It would remain inequitable and inequitable to deny the "approval" to worthy agencies that are not using government subventions while others get it simply because they are.

Accordingly behind each of the following alternatives lies the prospect of statutory change with the related problems of explaining to the Congressional Committee what is and is not meant by the proposal and of obtaining the support or acquiescence of the agencies. In suggesting consideration of statutory modification of the requirement for registration with the Advisory Committee, I do not intend to suggest either abolition or reduction in influence of the Committee nor reduction of the resource flow and associated positive relations between A.I.D. or State and the voluntary agencies. Quite the opposite.

D. Focus Registration on Public Bona Fides Only

This would entail maintaining a registration procedure but dropping it from the statute as a requisite for subventions, letting A.I.D. allocate freight reimbursements, excess property and PL 480 food on appropriate program criteria, and confining registration criteria to those relevant to contributor protection. The Committee would wish to make clear in this connection that registration did not imply "approval" of the agency or its programs, only that it was satisfied that the agency made an honest and reasonable effort to do what it claimed. In that case the Committee might wish to broaden the eligibility to any organizations seeking wide support for overseas relief or development operations, including religious groups.

But to move in this direction the Committee would need to establish and enforce reporting requirements and review procedures sufficient to support the continued assertion to the public of agency bona fides. Not only should copies of the agencies' audit reports, accomplishments reports and promotional material be sent to the Advisory Committee for file and public availability, but they should be systematically reviewed, agencies queried on anomalies and apparent inadequacies, and summary reports on key relationships prepared for committee review. This is the job that the NIB has been doing for subscribers and the BBB for public enquirers, but which the Advisory Committee and its staff have not really been doing adequately.

It is questionable whether such a job ever could be done by a government foreign service organization adequately in the sense of meeting expectations. Being Department of State/A.I.D. there would inevitably be implications of government approval of program, including on the one hand pressures to exclude from registration honest but contrary groups, and on the other, blame from sensitive members of the public and Congress that groups hostile to some current policy had been registered.

More difficult, State/A.I.D. is publicly known to have large staffs stationed overseas. It has a unique apparent capability of monitoring voluntary agency overseas performance. Except for end-use

checking on PL 480 food donations and activities supported by A.I.D. grants and contracts, that capability has never been really used to monitor voluntary agency activities. The GAO report on the widespread activities of just the five children's agencies shows how much manpower any real field checking would require. It is not a burden to which State/A.I.D. give a high priority in the use of limited field staff, nor should they. The inevitable corollary is that any kind governmental public endorsement of voluntary agency overseas activity will be taken to mean more than it does and thus be vulnerable to embarrassing "horror stories." This is the unavoidable price of satisfying voluntary agency desires for the public status of governmental accreditation. It could be substantially reduced by improved monitoring arrangements such as indicated in III B or III C above, but not eliminated entirely.

This alternative adds to all the difficulties of the previous ones the need for explaining to the Congress and agencies a radical and confusing formal change in the meaning of registration. It appears neither feasible nor desirable.

E. Abandon Assurance to the Public, Confine Registration to Eligibility for Subventions

This is an academic, unrealistic alternative because of the difficulty caused the agencies now registered and in compliance with criteria but not using subventions. Many of them would properly resent losing a valued status just because they did not make use of excess property or freight reimbursements, while at the same time others were keeping that status because they did take such benefits. So long as "registration and approval by the Advisory Committee on Voluntary Foreign Aid" remained a public fact for agencies using the subventions, it would provide them a status which simple receipt of the resources would not and which others legitimately would covet. So long as it is a fact published in the Federal Register, one cannot very well require beneficiaries to conceal it from their public.

F. Abolish the Registration Requirement

It would be feasible to leave the five sections of the Foreign Assistance Act and PL 480 relating to "voluntary non-profit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid" untouched except for the deletion of the phrase "registered with and approved by the Advisory Committee on Voluntary Foreign Aid." This might well be accompanied by a new section, or possibly an addendum to Sec. 635, authorizing the President (Administrator) to appoint a Committee to advise him on ways of encouraging and supporting voluntary foreign aid in the public interest. Deletion of the registration language would permit establishment of relationships as they undoubtedly would have been set up, if there had been a break in

government facilities for voluntary foreign aid after World War II and the subventions had been established de novo after the aid agency was fully established. If there had been no registration tradition or requirement but A.I.D.'s authorities, pressures and motivations were otherwise unchanged, the need for a central staff unit for liaison with and information on voluntary agencies would have remained, the flow of A.I.D. and food resources to voluntary agencies would have been little affected, (a few more agencies might have received freight reimbursements) and A.I.D. dealings with PVC's would have related only to their use of A.I.D. resources, not their public character or fund raising practices. For a government agency that is not in the regulatory business and has no wish or authority to be in it, that would be an improvement. For some voluntary agencies working on remote problems and looking for authoritative endorsement to help their relations with suspicious governments and public, that would seem a loss.

As in all other A.I.D. programs, the Administrator would by regulation establish criteria and procedures for program decision and resource allocation and delegate operational authority and responsibility. The criteria would include those for program selection for support with freight reimbursement, food or excess property, but not for eligibility for a special status. The PVC staff would be a center of liaison and for information for other offices dealing with voluntary agencies, but not for public certification. This is the way the State Department is running relations with agencies involved in refugee work, the way A.I.D. is running grants and contracts, and really the way food aid is being handled with those few agencies still seeking it. The Advisory Committee would then be free to advise on matters of policy criteria, program initiative, and occasional operational appeal or special exception.

In this case formal "registration" as such would simply disappear. No agency would be deprived of its registration; the register would be abolished. Presumably the criteria for allocation of freight reimbursement and food and for release of excess property would be essentially unchanged and all those agencies now receiving them would continue to. In time A.I.D. could change the criteria through whatever procedures of policy formation, Committee advice and/or public review seemed appropriate, as is the case, for example, with contract and grant regulations.

With the disappearance of formal "registration" would go the attendant status. A.I.D. (ACVFA) would have ceased assuring the public of voluntary agency bona fides, implicitly leaving that burden to the NIB, the BBB and whatever form of government monitoring of charitable agency operations eventuates on the basis of the "Filer Commission" recommendations. That report is not now anticipated before spring, but the Advisory Committee and A.I.D. should have the benefit of it

before final decisions are reached on this report. If it is decided that the public status conferred by registration is not worth the cost of supporting it adequately, this would be the simplest, most effective alternative.

IV. Recommendations

I suggest it would be desirable to reduce the confusion and unfulfilled expectations in the present situation by:

making A.I.D. formally and publicly responsible for selecting the recipient agencies as well as for the allocation of resources under its control to non-government organizations;

relieving the Advisory Committee of its operational functions so it can focus on policy questions;

refraining from any special public, governmental endorsement of the bona fides of voluntary agencies working overseas;

with the help of TAICR and possibly the NIB and the Better Business Bureau, making the information available to the public on voluntary agencies working overseas as comprehensive and helpful as feasible; and

abolishing the formal register of agencies "approved by" the ACVFA. Specifically, this would involve:

(1) proposal to the Congress that the words "registered with and approved by the ACVFA" be deleted from sections 216, (07 and 625(c) of the Foreign Assistance Act and sections 104(f) and 202 of IL 480. The authorities and mandates in those sections to support and work through voluntary agencies would be untouched by this action; selection of which agencies should be involved would be left to the President, i.e., by delegation, to A.I.D.;

(2) proposing at the same time to the Congress that section 625(c) be further amended by adding "and that the President appoint an Advisory Committee on Voluntary Foreign Aid to advise him on ways in which this (maximum feasible use of voluntary agencies) can be done and ways in which the public interest in international assistance efforts of qualified voluntary agencies can be supported through operations authorized by this Act." This would for the first time provide a statutory basis for the Advisory Committee, and clarify that its mandate is to advise the President (by delegation the Administrator) on maximizing the use of voluntary, non-profit organizations in carrying out the purposes of the Foreign Assistance Act and also on supporting the foreign assistance efforts of such agencies to the extent those efforts were in the public interest and the agencies qualified. This latter would give clear statutory support for

OPG's, and DPG's and the suggested incentive program of matching grants.

(3) expanding the contract with TAICH to include the annual publication of a summary report on Voluntary Foreign Aid covering, to the extent feasible, the agencies in their files and based on a simplified financial report in line with the newly revised STANDARDS, A.I.D. financial and PL 480 figures, and shipment/transfer/activity figures by country.

(4) arranging (contracting) with the Better Business Bureau to handle all public queries regarding agency bona fides, including those forwarded by members of Congress. For this purpose copies of agency documents such as charter, by-laws, list of directors, annual audit report, etc., which the BBB does not have should be turned over to them. On occasion it may be desirable, and should be made possible, to request appropriate USAIDs to make a special field check on an agency's overseas activity to bolster the BBB's response capacity;

(5) maintaining PVC as liaison staff at A.I.D. for PVO's, source of information for them on A.I.D. procedures and actions, working friend in court, promoter and reviewer of DPG's and incentive matching grants, staff of the Advisory Committee, allocator of section 216 funds, and source group for all A.I.D. offices on voluntary agency matters. It would be well to write all voluntary agencies on abolition of the register that the Advisory Committee and the PVC staff continued available to serve them, unregistered and previously registered alike;

(6) announcing to agencies engaged in voluntary foreign aid that PVC is prepared to respond through U.S. Embassies to inquiries from foreign governments concerning the bona fides of any agency currently dealing with A.I.D. or which maintains on file at TAICH or the Better Business Bureau its charter, IRS tax status, annual program report and annual audit report.

The allocation of freight reimbursement, excess property and PL 480 commodities would proceed very much as at present under criteria winnowed down by A.I.D. to those needed for the particular resource involved, eliminating those related only to public status. Since eligibility for these subventions and also disaster relief grants and refugee relief grants would depend on official judgment of agency program capability rather than the more general Advisory Committee judgment of registration eligibility, the judgments can be more sharply focused and responsibility for them more clearly located than is now the case.

The Advisory Committee would be free to focus on policy aspects of reinforcing positive relations between A.I.D. and qualified private and voluntary agencies providing foreign aid in the public interest; A.I.D. would be free of a responsibility for the integrity of domestic fund raising which is not part of its mandate; the formerly registered agencies would have lost an unsupported status, while the whole number of those engaged in voluntary foreign aid would have gained a clarified relationship with their major governmental collaborator.

The principle difficulty with this recommendation is that it seems radical and negative, whereas it is really only a belated recognition of the radical changes in the relationship of government to overseas voluntary aid that have taken place since the Advisory Committee was created. Then there was no foreign aid agency, no office in State dealing with refugee problems, no U.S. or U.N. coordinator of overseas disaster relief, no programs of food aid, no contracts or grants to and through voluntary agencies working overseas, no office with established contacts with, and a long history of support for, voluntary agencies carrying out their own programs overseas, no senior government official specifically charged with the fostering of such relationships. Now these operational facilities exist and the Advisory Committee can and should withdraw, in name as well as in fact, from an involvement in operational decisions which sometimes slows, warps or confuses them, and always invests them with an overload of conferred status which is beyond the A.I.D. mandate and beyond the Committee's ability to support.

The sting can be taken out of implementation of this recommendation by (1) prior consultation with the registered agencies to make sure they understand the formal nature of the proposed change and the intended continuity of operations and (2) simultaneous stress on the growing reality of the OPG, DFG program and announcement of a new matching, incentive grant program in support of overseas voluntary technical assistance, family planning, non-religious training and education, agricultural, and selected public health programs. Such a positive context combined with quiet support from the very large agencies, for whom formal registration appears to be nothing but an incidental technicality, should provide an effectively supportive context for the proposed change in the Congress.

A.I.D. Regulation 3 and Suggested Changes in It

The revised text of Regulation 3 as published in the Federal Register on November 27, 1969 (34 F.R. 18936) is as follows, together with indications of the changes needed to implement the suggestions in sections II B and III C of this Report. Deletions are struck through. Additions are underlined.

Implementation of the Recommendation of the Report that Registration be abolished would entail cancellation of Regulation 3 and the appropriate modification of A.I.D. regulations governing financial grants including freight reimbursements under section 216 of the FAA, disposal of excess property, and allocation of agricultural commodities under Title II of Public Law 480.

DEPARTMENT OF STATE

Agency for International Development

Title 22 -- Foreign Relations
Chapter II--Agency for International
Development, Department of State
Part 203--REGISTRATION OF AGENCIES
FOR VOLUNTARY FOREIGN AID

Sec.

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AUTHORITY: The provisions of this Part 203 issued under sec. 621, 75 Stat. 424, as amended: 22 U.S.C. 2381; E.O. 10973, 3 OFR., 1959-63 Comp.

§ 203.1 Purpose and function.

To foster the public interest in the field of voluntary foreign aid and the activities, other than religious, of non-governmental organizations which serve the public interest therein, the Advisory Committee on Voluntary Foreign Aid of the Agency for International Development (referred to in this part as the Committee) is authorized and directed to establish and to maintain, pursuant to the rules set forth in this part, a register of such non-governmental organizations qualified for and voluntarily accepting registration; such register (a) to serve as a repository of information; (b) to enable the Committee to facilitate the programs and projects of the registrants; and (c) to ~~provide information and advice, and~~ perform such other functions, as may be necessary

in furtherance of the purposes of this section.

§ 203.2 Application for registration.

Any person or nongovernmental organization or agency carrying on any non-profit activities ~~in the United States for the purpose of which~~ furthering or engaging in voluntary aid in areas outside the United States, including, but not limited to, projects, and services of relief, rehabilitation, technical assistance, and welfare in the fields of health, education, agriculture, industry, emigration, and resettlement, may voluntarily make application for registration to the Chairman, Advisory Committee on Voluntary Foreign Aid, Agency for International Development, Washington, D.C. 20523. Any person, organization, or agency whose application for registration is accepted under this part shall be referred to in this part as a registrant.

§ 203.3 Conditions of registration.

~~To establish that the primary purpose of an applicant is to further or engage in voluntary foreign aid.~~ An applicant for registration shall submit evidence by its charter, articles of incorporation, constitution, bylaws, and other relevant documents, and a statement upon forms to be provided by the Committee or otherwise as may be required that:

(a) It maintains its principal place of business in the United States, at which shall be maintained books and records covering its operations;

(b) It is controlled by an active and responsible body composed principally of U.S. citizens, who serve without compensation, who have accepted the responsibility to carry out the activities of the agency to be reported to the Committee, and who will exercise satisfactory controls to assure that its services and resources are administered competently in the public interest;

(c) It has been authorized by the Internal Revenue Service to inform donors that their contributions may be deducted for Federal income tax purposes;

(d) It will only engage in activities or enterprises consistent with the fulfillment of the purposes and objectives as set forth in the application, or in any programs, projects, or services subsequently filed with the Committee;

(e) The funds and resources of the registrant will be obtained, expended, and distributed in ways which conform to accepted ethical standards without unreasonable cost for promotion, publicity, fund raising, and administration at home and abroad;

~~(f) Fund-raising drives and attendant publicity will be timed, insofar as practicable, to avoid conflict with national appeals for public support during the limited periods of the countrywide campaigns of the American National Red Cross, the Community Chests, Savings Bonds drives of the U.S. Treasury, or similiar campaigns of accepted general national interests;~~

~~(g) It will notify the Committee of any programs, projects, or services.~~

~~which involve contractual support of United States or international governmental organizations in order that the Committee may lend its good offices and that coordination may be assured pursuant to the President's directive of May 14, 1946;~~

(h) Such current and periodic reports and information will be provided as the Committee may require from time to time pertaining to the registrant's organization, programs, projects, and finances, including audits by a certified public accountant, or other pertinent activities. Registrant will give prompt written notice to the Committee of material changes in its organization, purposes, governing personnel or overseas program activities. All records pertaining to responsibilities as a registrant and related to activities as such shall be made available for official inspection. Information on registration, organization, periodic reports on programs and finances shall be available for public inspection.

§ 203.4 Certificates of registration.

Certificates of registration will be issued by the Committee to applicants which fulfill the requirements set forth in section 203.3 and upon the finding of the Committee that the general purposes to be served are of a character and fulfill a need that justify appeals for voluntary support, warrant the cooperation of the U.S. Government, and otherwise are deemed to serve the public interest. ~~Such certificates may be withheld, in the discretion of the Committee, until an initial program has been filed under the terms set forth in section 203.5~~ Notice of issuance of certificates will be published in the FEDERAL REGISTER.

§ 203.5 Validation of progress, projects, and services.

(a) To qualify for subventions provided by law in furtherance of the purposes and objectives of their organizations, registrants will submit applications upon forms provided by ~~the Committee~~ AID or otherwise as may be required, for the validation of specific country programs, projects, or services of relief, rehabilitation, technical assistance, and welfare in the fields of health, education, agriculture, industry, emigration, and resettlement. Written notice of acceptance will be issued to the registrant by ~~the Committee~~ AID as supplements to certificates of registration: Provided that:

(1) The specific program, project, or service is within the scope of any agreement that has been concluded between the U.S. Government and the government of the country of interest in furtherance of the operations of ~~registrants~~ voluntary agencies acceptable to such governments;

(2) In the absence of such an agreement as set forth in subparagraph (1) of this paragraph satisfactory assurances are;

(i) Obtained from the government of the country in question that appropriate facilities are or will be afforded for the necessary and economical operations of the program, project or service including (a) acceptance of the specific program, project, or service; (b) the

supplies approved in support of the program, project, or service are free of customs duties, other duties, tolls, and taxes: (c) treatment of supplies as a supplementary resource; (d) the identification of the supplies, to the extent practicable, as to their United States origin; and (e) insofar as practicable the reception, unloading, warehousing and transport of the supplies free of cost to points of distribution.

(ii) Provided by the registrant that (a) shipments will be made only to consignees reported to the Committee AID and full responsibility is assumed by the registrant for the noncommercial distribution of the supplies free of costs to the persons ultimately receiving them, or ~~in special cases and following notice to the Committee as agreed by AID~~ for sale to recipients as nominal cost or as payment for work performed to promote projects of self-help and economic development, but in no case shall supplies be withheld from needy persons because of their inability to pay or work; and (b) distribution is made solely on the basis of need without regard to race, color, religion or national origin under the supervision of U.S. citizens specifically charged with the responsibility for the program or project, or by non-U.S. citizens upon notification to and approval by the Committee of justification of their selection on account of the character and economy of the operation, and the degree of cooperation and acceptance of responsibility of the indigenous agency AID.

§ 203.6 Acceptance and termination of registration.

(a) Registration shall remain in force until

(1) Relinquished voluntarily by the registrant upon written notice to, and acceptance by, the Committee of the relinquishment of registration, or

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

~~(c) Whenever a registration is relinquished voluntarily owing to dissolution of the registrant, acceptance of relinquishment of registration shall be subject to submission of final reports to the Committee, including plans for disposition of the registrant's residual assets acquired in support of its programs.~~

(c) Termination proceedings pursuant to paragraph (a) (2) of this section shall include prior written notice to the registrant of the grounds for the proposed termination and opportunity for it to show cause why its registration should not be terminated.

(d) A formal notice of termination of registration shall be published in the FEDERAL REGISTER.

§ 203.7 Saving clause.

The Administrator of the Agency for International Development may waive, withdraw, or amend from time to time any or all of the provisions of the regulations in this part.

John A. Hannah,
Administrator.

November 19, 1969.

There follows the text of the Charter of the Advisory Committee on Voluntary Foreign Aid as amended by the Administrator of AID on May 15, 1973, including suggestions for its further modification if the Recommendation of this Report for the abolition of registration is implemented.

CHARTER OF THE ADVISORY COMMITTEE ON
VOLUNTARY FOREIGN AID

ARTICLE 1. The official designation of the Committee shall be:
The Advisory Committee on Voluntary Foreign Aid.

ARTICLE 2. Objectives: ~~To serve as a focal point for~~ advise on
relations between the U.S. Government and U.S. private
and voluntary organizations active in the fields of
relief, rehabilitation, and development overseas.

ARTICLE 3. Duties and Scope of Activity:

- ~~To register qualified U.S. private, non-profit organi-
zations voluntarily seeking and accepting registration,
and through the establishment and maintenance of appropriate
standards for such organizations to assure their bona fides
to the public, and to maintain and publish a register of
such organizations. The register constitutes the authori-
tative listing of these organizations which may apply
to the United States Government for (1) reimbursement
for transportation charges of donated supplies and receipt
of Government owned excess property under sections 216
and 607, respectively, of the Foreign Assistance Act of
1961, as amended, and (2) receipt of agricultural commo-
dities under Title II the Agricultural Trade Development
and Assistance Act of 1954, as amended. With respect to
foreign assistance programs generally, section 635 (e)
of the Foreign Assistance Act of 1961, as amended, and
section 104(f) of the Agricultural Trade Development and
Assistance Act of 1954, as amended, invite the President
to utilize, to the extent practicable, the services and
facilities of voluntary non-profit organizations
registered and approved by the Advisory Committee on
Voluntary Foreign Aid.~~
- To consult with, provide information to, and advise the
Agency for International Development (and other U.S.
Government agencies), as appropriate, on matters and issues
needing attention across a wide spectrum of areas relating
to foreign assistance in which U.S. Government and U.S.
private and voluntary organizations interact, with a
particular view to increased and improved use of voluntary
agency capabilities in foreign assistance programs and to
increased and improved support for qualified agencies
serving the public interest in voluntary foreign aid.

- To provide ~~the community of~~ private and voluntary organizations working abroad in development, relief and rehabilitation with information, counsel, and other assistance on problems and issues of concern to them in their relations with A.I.D. and other U.S. Government agencies.
- To foster public interest in the field of voluntary foreign aid and the activities of private and voluntary U.S. organizations.

ARTICLE 4. Duration: The Advisory Committee on Voluntary Foreign Aid will serve indefinitely, subject to biennial renewal as required under the Federal Advisory Committee Act.

ARTICLE 5. Reporting: The Advisory Committee will report to the Administrator of the Agency for International Development (A.I.D.). The Assistant Administrator of the Bureau for Population and Humanitarian Assistance, A.I.D., will be responsible for providing the necessary support for the Committee and its Sub-Committees. The Committee will file annual reports with the Administrator describing its activities during the preceding year and furnishing any other data that may be requested by the Agency's Advisory Committee Management Officer.

ARTICLE 6. Costs: The annual operating costs in dollars and man-days for this Committee and Sub-Committees thereof are estimated to be approximately \$75,000.00 and 200 man-days, respectively.

ARTICLE 7. Meetings: It is expected that the Committee and its Sub-Committees together will hold between five and ten meetings annually. Should additional meetings be appropriate, such will be scheduled.

ARTICLE 8. Membership: The Committee is composed of eleven members (including the Chairman and Vice Chairman) appointed by the Administrator of A.I.D., plus persons who are designated Chairman and Vice Chairman Emeriti. All of the eleven, and the Chairman and Vice Chairman Emeriti, shall be voting members. The Administrator of A.I.D. shall designate the Chairman, Vice Chairman and Chairman and Vice Chairman, Emeritus, respectively, of the Committee. The present members and officers of the Committee shall continue to serve without fixed term of office. Vacancies in membership will be filled by appointments for four-year terms from the date of appointment. Tenure of members shall be subject to the Committee itself being renewed

every two years in accordance with procedures and findings required by law.

ARTICLE 9. Subcommittees: The Advisory Committee on Voluntary Foreign Aid may appoint Subcommittees, which shall report to it.

ARTICLE 10. Effective Date: This Charter is filed January 5, 1973.

Approved: _____
John A. Hannah
Administrator
Agency for International Development

Date: May 15, 1973

Interviews

Appendix C

Voluntary Agencies

American Council of Voluntary Agencies for Foreign Service, Inc.
James MacCracken, Chairman
Leon O. Marion, Executive Director

American Freedom from Hunger Foundation
Gerald E. Connolly, Acting Executive Director

American Fund for Czechoslovak Refugees
Dr. Jan Papanek, President

American Institute for Free Labor Development
William C. Doherty, Executive Director

Asian-American Free Labor Institute
Morris Paladino, Executive Director

Catholic Relief Services-U.S.C.G.
Most Rev. Edward P. Swanstrom, D.D., Executive Director

Cooperative for American Relief Everywhere (CARE)
Frank L. Goffio, Executive Director

International Voluntary Services
William A. K. Lake, Executive Director

Lutheran Immigration and Refugee Service
Don Anderson, Executive Director

The Salvation Army - National Headquarters
Col. Carlson, Director of Overseas Operations

Other Non-Government Groups

Commission on Private Philanthropy and Public Need ("Filer Commission")
Gabriel Rudney, Research Director

Council of Better Business Bureaus, Inc.
Helen L. O'Rourke, Director, Philanthropic Advisory Department

National Information Bureau
M. C. van de Workeen, Executive Director

A.I.D. Officers

PHA - Jarold A. Kieffer
Harriett S. Crowley
Shirley D. Patterson

PHA/PVC - John A. Ulinski, Jr.
Robert McClusky
Cleo F. Shook
Minnie Hooper
Joan Kain

PHA/FDRC - Russell S. McClure

TA/Research & Institutions - H. C. Ladenheim

TA/Nutrition - Martin Forman

TA/University Relations - Curtis Barker

FFP/Food for Development - Paul Russell
Harrison Parker

SER/Banking and Finance - Ben Whiting
John W. van Tuyl

SER/Excess Property - William E. Gamble, Jr.

General Counsel - Abraham R. Richstein
Jan Miller

Africa - Arthur Howard

Near East South Asia - Frank Correl
David Steinberg

Latin America - Donor Lion
Marilyn Zak