TWENTY YEARS AFTER

A Review of Regulations and Precedents Bearing Upon Government Accreditation of U. S. Voluntary Agencies

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B. TRUMAN LETTER - MAY 14, 1946.

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I. THE ASSIGNMENT

(as approved by the Advisory Committee on Voluntary Foreign Aid, December 1, 1966)

1. A close review of existing regulations covering registration with the Committee, to determine whether these regulations and the authorities or precedents on which they were based are still adequate and valid in terms of the Committee's objectives, and taking into account changes which have occurred in the field of voluntary foreign aid since the creation of the Committee in May 1946.

2. To recommend such changes, revisions, and actions as may be developed in the course of this review.

This assignment will require researching documents relating to the Committee's origin and history, organization, actions, functions and responsibilities as well as legislative hearings and enactments on voluntary foreign aid; consultations with the Committee, its staff, and other interested and knowledgeable persons in and out of government; discussion with the General Counsel's Office on any legal issues involved; and evaluating all factors bearing upon the subject to make possible the framing of meaningful recommendations to the Committee.

II. THE AUTHORITY

The regulations under review are found in AID Manual Order No. 1552.1, effective date March 11, 1963, titled "AID Regulation 3 - Registration of Agencies for Voluntary Foreign Aid." This, the latest revision to AID Regulation 3, was published in the Federal Register March 16, 1963 as F.R. Doc. 63-2787. These regulations comprise, in

substantial part, the same basic ground rules and conditions of registration with the Advisory Committee on Voluntary Foreign Aid, as those applied by the Committee when the first group of agencies was certified for registration in 1948.

III. SOME PRELIMINARY COMMENTS

1. Interpretation Through Action

The current regulations may be said to constitute an interpretation, which has been arrived at through practice over the years, of the now famous quote contained in President Truman's letter of May 14, 1946 urging the creation of the Committee " to tie together the governmental and private programs in the field of foreign relief and to work with interested agencies and groups."

Since that time there have been many questions raised as to the meaning and intent of this particular language. The writer holds that the most realistic interpretation is that which evolved in the practical application of these words by those who were charged with the responsibility for fitting the words to action, i.e., the Advisory Committee and its staff, with an assist from any number of officials high and low, in and out of government.

Despite the challenges on this point which have occurred during the past 20 years, the Committee has survived and has gone forward with

the business at hand. Without prejudice to the merits of the arguments, the fact remains that a substantial contribution has been made in the public interest which would not have been made if the Committee had failed to act on the President's request until the formal terms of reference had been spelled out by statute or Executive Order.

2. The Dilemma.

The present study evolved as a result of a number of practical issues which have arisen in recent meetings of the Committee on several applications for registration. These included the question whether the ground rules of the Committee defining the registration process meet today's needs, taking into account, on the one hand, the traditional role of the Committee and, on the other, the significant changes which have occurred in the organization, thrust and magnitude of the American private sector's involvement in voluntary foreign aid. If, in fact, we have now reached a point where deserving agencies are seeking but are being denied access to the good offices, facilities, accreditation, or other benefits provided by the Committee, it was generally agreed that the ground rules should be updated to conform with reality. Prudence demands that certain basic reporting requirements and adherence to ethical standards must be retained in the regulations, if (a) the Committee is to be able to continue, in good faith, to meet the present

statutory requirements, making accreditation by the Committee a prerequisite to obtaining U. S. Government subventions; and (b) the Committee is to be able to give confidence to the American public about the bona fides of an accredited agency. On the other hand the Committee, through the imposition of too rigid requirements, does not want to discourage initiative and innovations in well conceived programs which are supported by responsible U. S. citizens' groups in furtherance of the voluntary effort overseas. Another factor to be borne in mind is that the programs of a number of the newer groups emphasize services rather than the provision of material things. Consequently some of them (as well as many of the agencies already registered) are not interested in accepting available U. S. Government subsidies.

With these considerations in mind, the Committee felt that a self-examination of the current issues and trends relating to the registration process seemed proper and necessary at this time, to be followed by the formulation of agreed recommendations for submission to the appropriate government authorities and for discussion as required with the private agencies concerned. The term "registration process" as used here includes not only the question of eligibility of an agency at the time of application but also all subsequent relationships of that agency with the Committee once registration has been granted.

3. The Author

Having been closely identified with this activity for some thirteen years, first as Associate and then as Executive Director, the writer realizes that this argues against complete objectivity in reporting. On the other side of the coin, the knowledge and experience acquired through this close association, has certain obvious advantages. The point is made, for what it is worth, for the guidance of the reader in assessing the substance and findings of the report.

IV. RECOMMENDATIONS AND DISCUSSION

After three weeks of research, discussion and thought, the following recommendations are submitted for the Committee's consideration. If some of the recommendations seem to go beyond the confines of the immediate assignment, it is because the writer believes that the conditions and requirements of registration are the heart of the Committee's substance, to which all other interests of the Committee are inevitably bound and hence subject to exploration within the scope of this assignment. Moreover, from a study of the existing regulations relating to registration, it would appear that only minor changes would be necessary to overcome the concerns of the Committee as outlined in Sec.III, subsection (2) of this paper. There are, however, broader implications which are closely aligned to the basic problem.

RECOMMENDATION NO. 1

The Committee should publish an Annual Report for transmission, preferably through the President, to the Congress.

Discussion:

While there is no requirement for this, it would certainly be justified as an appropriate and necessary undertaking in consequence of the fact that the Committee is now cited four times in legislation as the body responsible for certifying agencies seeking the benefits provided by the laws. In view of this responsibility, it follows that the Congress should be informed at least once a year of the full scope of the Committee's activities. In addition to upgrading the status of the activity and in consequence, the Committee, such a report would have other advantages in the general field of public information and in providing a solid and continuing source of factual data for reference purposes. Having struggled through the interagency production of five reports to the Congress on PL 480 activities, the writer is not unaware of the time and effort involved. Nonetheless, it is believed that the advantages to be gained, far outweigh considerations of the additional staff work required.

RECOMMENDATION NO. 2

A concerted effort should be made to obtain a formal announcement or letter from the President updating the purpose and function of the Committee, commending its accomplishments and confirming the need for

it to continue.

Discussion:

It's a long time, and three Presidents, since May 14, 1946. Many important changes have occurred in the field of voluntary foreign aid to which President Truman's letter of that date was addressed. Much of the text of that letter is now old hat. For example, the only criteria given in the letter as to the length of service of the Committee was "during the present critical period". While few will argue that we are in any less critical period today, the fact remains that this is limiting language which at the time it was written was likely intended to encompass only the post-war period of reconstruction in Europe and the Far East. (This judgement is based in part on personal knowledge of the writer who was then working in the Division of the State Department which drafted the letter for the President's signature.) Another example is the mention by name of the Famine Emergency Committee, which has long since disappeared from the scene, although parenthetically famine emergencies have not, in places such as India today and as a potential future threat in many other parts of the world. Still another example of an outdated provision in the letter is the request that the Secretary of Agriculture join with the Secretary of State in appointing the new committee, which implied continued joint action in all matters relating to the Committee. It is true that the Secretary of Agriculture

did join the Secretary of State in letters of invitation to the Chairman and the first few members, but thereafter the record is silent on any actions by the Secretary of Agriculture regarding the membership, organization or functions of the Committee. This, of course, is not intended as a criticism but rather to record something which developed in the normal course of events. Whereas the Secretary of Agriculture in the early post-war years had important responsibilities in connection with the Famine Emergency Committee and in finding foods then in short supply for the voluntary agencies, these functions gradually diminished and then ceased. In more recent years, the Secretary of Agriculture has transferred to State/AID, those portions of PL 480 programming which involve the voluntary agencies. Enough of the tracings of history for record purposes. Let it suffice to say that over the years, the Committee has become oriented to the foreign affairs segment of the government and is now firmly under the wing of State/AID.

Current recogition of the Committee through a formal statement by the President, is considered important in any case, but it becomes even more important and timely in the event Recommendation No. 3, suggesting legislative authority, is not accepted or implemented.

RECOMMENDATION NO. 3

The Committee should carefully consider whether it is appropriate and timely to seek the enactment of legislation defining its purpose and function.

Discussion:

This may seem odd after twenty years - something like getting the parents married to legitimatize the issue. However, the fact remains that there does exist a gray area regarding the Committee's legal base, which has been debated intermittently in the Executive Branch, since the inception of the Committee. It might be well to seek such legislation, if for no other reason, than to relieve the staff of the anxiety and the many hours spent defending the Committee's authority and its right to do such and such.

It is a fact that the Committee is now, and has been since the ECA Act of 1948, recognized in law as the accreditor of voluntary agencies seeking benefits provided in law. It is also a fact that no legislation exists creating the Committee or defining its authority, purpose and function. The record shows that considerable time and attention was given the question of obtaining such basic legislative authority during the early years, 1947-1948, the Committee and its staff, ECA, AID"s predecessor agency, and the Bureau of the Budget were all closely involved in this exercise. Many meetings were held,

countless memoranda written - some contradictory of others - and draft legislation was prepared. Then toward the end of 1948 and early 1949 the file fizzles out and the record becomes silent as to why the exercise was dropped. Parenthetically, it may be just as well that it didn't go through, because among other things it fixed the per diem allowance for Committee members at $10. This is a good example of pitfalls that can be encountered if the provisions of proposed legislation become overly involved with details and specifics. If authorizing legislation is sought it should be framed in the broadest possible language, which in effect would provide a general mandate, allowing for the maximum flexibility and leaving the specifics, insofar as possible to the judgement of the Committee and its Executive Branch backstop. Any new legislation would, of course, need to recognize the prior existence of the Committee and its record since established by the President in May 1946.

RECOMMENDATION NO. 4

The Committee is needed and should continue to function on an expanding scale.

Discussion:

One question which was tested against available data and current

thinking, goes something like this "Has the Committee served its purpose, can it now step out of the picture and if so would the voluntary overseas effort in partnership with government continue to move forward apace?" The play-back was a resounding no. Based on all present indications the years ahead are going to demand more and more of the Committee's time, attention, judgement and the willingness to speak out in areas where others fear to or cannot tread. This will involve a great deal of interpretation in defense of the true role and nature of voluntarism, if the proper balance between government and the private sector is to be preserved and maintained. The closer tie-in with government programs during the past 20 years and the consequent expansion of the voluntary effort overseas, places even greater demands upon the Committee to continue to serve the interests of both the government and the voluntary agencies to insure consistent and reasonable application of government policies effecting all aspects of voluntary foreign aid and to preserve the all important private identity of voluntary agencies in their relationships with government. The past twenty years of growth has brought with it certain obvious changes - a greater number of places in the government with which the voluntary agencies deal direct on program matters, hence a greater number of government people involved, hence more government "experts" on voluntary agency affairs and hence a greater

possibility of inconsistency in interpreting and applying voluntary foreign aid policies and procedures, or, to put it another way a greater need for the Committee to continue, on an expanded scale, its role as watchdog, interpreter and coordinator.

RECOMMENDATION NO. 5

While maintaining requirements for acceptable standards of reporting and ethical conduct, the Committee should broaden the base of its formal relationships with qualified agencies seeking such collaboration.

Discussion:

(a) Background

In recent years a goodly number of agencies have come into being which do not seem to fit into the pattern which has been devised for recognition by the Committee. Because many of these have good objectives, leadership and administration, the question posed to the Committee is whether its requirements for recognition as now applied, are perhaps too restrictive. Since its inception the Committee in reviewing aplicants, has done an outstanding job in weeding out the incompetents. Many of these sought registration solely for the purpose of thereby obtaining government subsidies, following which they hoped to be able

to mount programs. The Committee held that this was like "putting the cart before the horse" and that the subsidies provided in law were intended rather to further the work of established agencies, i.e. those that had mounted programs on their own initiative and with their own resources. This tie-in with Government subsidies, inevitably became a part of the psychology of the times which influenced Committee and staff thinking in reviewing applicants for registration. Also it must be recalled that in the early post World War II years the emphasis in voluntary foreign aid, was of necessity on the provision of material things i.e. food, clothing and medicines. While for many of the agencies, including some of the larger ones, this kind of activity still represents the backbone of their programs, the significant trend in recent years has been to gear these supplies into technical assistance type projects and to use material aid as an incentive to self help. More recently there has been an outcropping of agencies more interested in exporting ideas and know-how, in teaching skills and their practical application in the developing countries, than in exporting the traditional material aid supplies. There are also groups in this country, beginning to be heard, who believe that the American public is sadly misinformed or uninformed about voluntary foreign aid generally and these groups want to devote their energies

to correct this situation, thereby furthering the cause.

All of this is a part of the new and challenging trend in voluntary foreign aid, which the Committee's interests should encompass, if in fact the Committee is to fulfill the original mandate given it by the President. The language of the current regulations is sufficiently broad to permit an increase in both the number and kind of qualified agencies recognized. For example, the basic charge given in the introductory section, is as follows:

> "To foster the public interest in the field of voluntary foreign aid and the activities of nongovernmental organizations which serve the public interest therein, - - -"

(b) <u>What Agencies and Activities Qualify</u>.

On the subject of who may file and the definition of activities, the regulations read as follows:

> "Any person or nongovernmental organization or agency carrying on any non-profit activities in the U.S. for the purpose of <u>furthering or engaging in</u> voluntary aid in areas outside the U.S., <u>including, but not limited to</u>, projects and <u>services</u> of relief, rehabilitation, reconstruction and welfare in the fields of health, education, agriculture and industry, emigration and resettlement."

(Underlining is the writer's, for the purpose of emphasizing certain key words.)

Particular attention is invited to the language "for the purpose of furthering <u>or</u> engaging in." It is the word "furthering" which perhaps

has been lost sight of in practice. Under this language organizations or agencies soliciting the American public for funds or gifts - in - kind, which are then channelled through an operating agency or agencies for distribution and/or use in furtherance of voluntary foreign aid, would qualify for registration. Presumably, the operating agency or agencies through which the resources are channelled, would need to be "registered with and approved by ." However, even this is not required unless the ocean freight is paid by the U.S. Government. The Committee, of course, could make such an administrative requirement, if in its judgement, prudence and good practice so dictated. Also the word "furthering" would permit into the fold, non-operating agencies whose major activities are public relations oriented, if in fact their objective and intent is to further voluntary foreign aid. These, of course, would need to be non-profit in nature, which would exclude the professional public relations and fund raising firms.

As to the language defining the scope of activities, the writer suggests that this is broad enough to include almost any kind of legitimate non-profit overseas activity in the field of voluntary foreign aid. It is also significant to note that the word "services" as well as "projects" is used here, which also tends to broaden the base.

(c) General Registration Permitted by Regulations.

Probably for good and sufficient reasons the Committee and its staff have tied together and applied as one, two separate sections of the regulations in reviewing and considering applications for registration. The Committee and staff reasoned that agencies lacking ongoing overseas programs, did not warrant favorable consideration. At the same time applicant agencies, perhaps influenced by Committee and staff thinking, wanted overseas programs and projects validated simultaneously with registration. Such action immediately qualified the applicant for full benefits, including those provided in the statutes, since it had then become an agency "registered with and approved by the Advisory Committee on Voluntary Foreign Aid." Whether rightly or wrongly this practice has been applied across the board, even to those agencies which did not originally seek, nor later accept, government subsidies.

Without prejudice to the practice which has been followed to date, the regulations in fact provide otherwise. Sec 203.3 spells out the "Requirements for Registration" in sub-sections (a) through (h). Sec 203.4 provides that certificates of registration will be issued to applicants fulfilling the requirements of Sec 203.3, subject to certain other findings of the Committee and that notice of issuance of such certificates will be published in the Federal Register. Nowhere in all

of this is it made a requirement of registration that specific country programs and projects be validated. This latter follows in Sec 203.6. Consequently the conclusion is drawn that applicants which are eligible under Sec 203.2 and which meet the requirements of subsections (a) through (h) of Sec. 203.3 qualify for registration. An agency so registered could then decide whether or not its program and objectives necessitate an application for validation of specific overseas programs and projects. Meanwhile (and this could actually go on indefinitely) the agency would remain officially registered, subjecting itself on the one hand to the reporting and other requirements contained in Sec 203.3, while on the other hand availing itself of the good offices, staff services and benefits (other than U.S. government subsidies) which flow from registration with the Committee. This may be the formula which the Committee will wish to apply in the future to formal recognition of some of the more recent service type organizations (referred to earlier in section (a) of this Discussion) or to special groups or to agencies which go it alone without government subsidies or to a combinations of all of these. On the other hand the Committee may decide that this type of "limited" registration is not appropriate. In this latter case the regulations should be revised to make crystal clear that validation of specific overseas programs and projects, is part and

parcel of the requirements for registration.

The writer does not favor the latter course for it would run counter to the basic recommendation. It is believed that the Committee stands to gain in stature and in service by broadening the base, both in numbers and in types of agencies with which it collaborates in the public interest. Action designed to accomplish a similar objective at the staff level was taken by Herb Waters several years ago when the name of the staff serving the Committee, and hence the scope of its activities, was changed from Voluntary Foreign Aid Staff to Voluntary Foreign Aid Service. This constituted formal recognition of the fact that any citizen or group seeking information or advice in the general field had a right to be received and counselled; that AID not only recognized this obligation, but also encouraged and invited such consultations. This avoided the appearance of running a "closed shop", of doing business only with the "ins" while ignoring the "outs".

No one is suggesting that the Committee extend formal recognition to all of the individuals or groups serviced by the staff in the course of a year's time. Nor is it being suggested that the Committee lower its standards or grant registration indiscriminately. What is being suggested is that within existing regulations the Committee has ample room to fulfill

the objective of this recommendation.

RECOMMENDATION 5A.

The Committee should establish two separate kinds of formal recognition of voluntary agencies applying for accreditation (a) "voluntarily recorded with" and (b) "registered with and approved by".

Discussion.

This is being proposed as an alternate to Recommendation 5A, not because the writer is wholeheartedly dedicated to the idea, but because there is some validity inherent in it which if developed through discussion might provide the answer to the dilemma. Basic to this proposal is recognition by the Committee that among its present registrants and future applicants there are two separate and distinct categories of agencies, namely those who do and those who don't accept Government subsidies. At present, the ratio appears to be about 50-50, if the full gamut of subsidies is applied, i.e., ocean freight, food supplements and excess property. This ratio does not include agencies which enter into contractual relationships with the government to provide specific services, since this is not considered to be a subsidy.

A vast difference exists between these two categories, which differences would seem to have a direct bearing upon the registration requirements of

the Committee. A voluntary agency which accepts government funds or supplies, immediately subjects itself to a greater degree of accountability to the Government. The agency, of necessity, must justify the use of the funds and/or supplies to that section of the Executive Branch which is charged with administering the subsidy. The Executive Branch in turn is held accountable to the Congress. The Committee's Task Force report of February 1966, documents the extent to which the Executive Branch has gone in policing one of the larger subsidized programs i.e., Food for Peace - Donations. Like it or not, this is the reality of the situation for those agencies participating in government subsidy programs. While the Committee may and should continue to press for reasonable and workable controls of administration, the fact remains that acceptance of subsidies brings with it a degree of accountability beyond that exercised by the Committee.

But what of the others - the voluntary agencies that are operating solely on their own responsibility and with their own private financing. Why do they seek registration? To whom are they accountable? Is it necessary for the Committee to exercise the same degree of surveillance and to apply the same requirements to these agencies as to the others? Quite apart from the Government carrots which have been offerred in ever increasing amounts since 1948, registration with the Committee has come to be a valuable asset

in terms of reputation and stature of the agencies voluntarily accepting collaboration with the Committee. It has been picked up by a number of important groups outside government as a prerequisite to doing business with the agency, the outstanding example being the Advertising Council, where the door is firmly closed to unregistered agencies. In the writer's view these "non-subsidized" agencies in addition seek registration for the following reasons: (a) they are well intentioned groups which have nothing to hide from their constituents or the general public and are prepared to subject their activities to public view by filing organization, program and financial information with the Committee (b) as a quid pro quo they want to be able to publicize this fact to give confidence to their constituencies and the general public (c) they want to avail themselves of the good offices of the Committee and its staff (this encompasses a wide spectrum of services, formal and otherwise, including how to find the right person or group in government to talk to about a particular problem) and (d) they want to be a member of the Club, an "in" rather than an "out".

Obviously these "non'subsidized" agencies are, in the first instance, only accountable to their constituents (contributors) and to their Boards of Directors. However having voluntarily sought and accepted registration, they are thereby subject to the conditions of registration and the degree of accountability to government which these requirements

provide. Perhaps certain of these requirements should be relaxed or eliminated. For example, does the Committee need to validate programs and projects overseas where no subsidies are involved? If so, for what reason? How does this "validation" serve any more useful purpose than having such agencies record their overseas programs and projects with the Committee? In this day and age should we require these agencies to maintain (unless special exception is granted by the Committee) U.S. citizen representatives in each country of operation? The emphasis today is on developing indigenous institutions to take over the job and to train local personnel to administer the activities. When this point has been reached in a U.S. citizen initiated program, why shouldn't we withdraw, particularly if the program of the agency involved is limited to services rather than the provision of material aid?

So, the reader asks, what is being specifically suggested? How is all this to be fitted to the recommendation? If implemented the procedure would be something like this:

Agencies accepting government subsidies would continue to get the full treatment. Registration would not be granted prior to validation of overseas programs and projects as provided in Sec 203.6. Either the regulations would be revised to make validation of programs a requirement of registration or the Committee could issue a policy statement of intent covering this point. No exceptions would be granted to the requirement

that the agency maintain U.S. Citizen field representatives in each country of operation. Certain other safeguards could be added as circumstances warranted. These agencies would then be classified as "registered with and approved by."

The so-called "non-subsidized" agencies would be invited to record with the Committee all pertinent information regarding their organizations, program activities and finances. This would provide a public repository of information. They would voluntarily subject themselves to conform with provisions (a) through (h) of Sec.203.3, or at least such of these as may be retained in the next revision of these regulations. The provisions of Sec.203.6 would not be implemented in the case of these agencies, which would be classified as "voluntarily recorded with".

In terms of the services and liaison available through collaboration with the Committee, both groups would be on an equal footing.

As indicated at the beginning of this discussion, the writer has some uneasiness about this alternate recommendation. To accept such a radical change at this point in the Committee's history might be of questionable validity, particularly if one wishes to avoid the implication that such a system would have a tendency to create so-called first and second class citizens. Interestingly enough, a look at the early records shows that the Committee began its collaboration with the voluntary agencies, following termination of the President's War Relief Control Board, by inviting them to voluntarily record their programs; that this arrangement continued

until mid-1948 when agencies which had been "recorded" with the Committee were "registered" en masse; and that this coincided with the new authority contained in the ECA Act of 1948 which provided the ocean freight subsidy. It would appear therefore that registration was devised as an accommodation to Government subsidies, which is of some significance in determining whether the same registration requirements should be applied to agencies which do not accept such subsidies.

The writer hopes that in airing these thoughts, he has not created a more difficult dilemma than that which prompted the study.

V. Concluding Statement

The writer started this assignment November 21, 1966. Twenty working days and about a dozen pencils later, the draft report was submitted for typing and production. This is not enough time to do justice to the important issues involved, but it is enough time to conclude that much more attention and study needs to be devoted to the subject. And it is not just the element of sufficient time which is involved here -- it is more importantly that the stakes (the future of Government-voluntary agency relationships) are so high. The writer concludes that the time has come for a full blown and impartial study to be made of this whole area, to determine and propose how this relationship should be carried forward in the future. To this end the Secretary of State, in conjunction with the Administrator of AID, should propose to the President that he appoint a three member Study Commission. To avoid implications that its findings

and recommendations would be unduly influenced by the Committee, no member of the Committee should be appointed to serve on the Study Commission. It would however seem useful and appropriate for the Committee to appoint at least one member to serve as liaison with the Commission. The creation of such a Study Commission could be the instrument through which the objective of Recommendation No.2 could be achieved, as well as determining the appropriateness of Recommendation No.3 and other proposals put forward in this report.

While it was not always so, particularly in the formative years, today it is safe to say that the Committee concept is generally accepted and supported by the voluntary agencies. In fact, in recent years they have been in the forefront in proposing and supporting changes designed to enhance the Committee's position within Government.

The basic problem facing the Committee and the voluntary agencies is inherent in the present structure of the Committee. By Presidential request, the Committee was assigned the responsibility for carrying out certain functions on behalf of the Government viz a viz the U.S. voluntary agencies. To this end the Committee formulated ground rules and criteria which were then incorporated into regulations by the Executive Branch of the Government. While being given <u>responsibilities</u> in the field, comparable <u>authority</u> to carry out these responsibilities was not assigned to the Committee. The authority continued to rest with the President and in

practice by delegation to his cabinet officers. All official actions of the Committee are taken under the cloak of authority provided by the Executive Branch through the issuance of regulations. This, of course, is what was intended, for it was not envisaged that the Committee would exercise executive power. However in the present state of affairs, it does present the Committee with a serious problem in terms of its ability to produce prompt and favorable action on behalf of the voluntary agencies -- for the Committee can only recommend to the Executive Branch. Although this has frequently been explained to them, the voluntary agencies do not really understand or accept it in practice. If we take the Committee's Task Force Report of last February as an example, it is apparent the voluntary agencies think that when the Committee reaches a judgement and makes a recommendation, this should be carried out promptly by the Executive Branch. At the same time, it should be noted that while rigidly reserving the right to disagree and to be heard on conclusions pf the Committee with which they do not agree, the voluntary agencies seem somewhat less tolerant when the Executive Branch agencies assume the same right. In fairness let it also be said, that the process of adjusting differences which arise between the Committee and the voluntary agency is somewhat less cumbersome and time-consuming than is the case when differences exist between the Committee and the Executive Branch agencies. Yet this is the reality of the situation - and the Committee is caught

in the middle. Consideration needs to be given to the question whether the "middleman" role of the Committee is the arrangement which best meets today's needs in the expanding voluntary foreign aid arena, or whether through modification of the present structure of the Committee, or otherwise, some instrumentality of Government can be devised with authority to translate decisions into action. The writer is not naive enough to expect that such a change would be easy of accomplishment, nor to overlook the objections and obstacles which would be put forward from both the voluntary agency and the Government side. Hence, the proposal for a Presidential Study Commission to help bolster the possibility of accomplishing meaningful and timely change.

It is obvious that until the Committee has considered and decided what line of action it wishes to follow on certain of the proposals contained in this report, no useful purpose would be served in recommending specific amendments to the existing regulations. If Recommendation No.5 is accepted, very few, if any, changes would need to be made. If, on the other hand, the Committee finds validity in the more radical approach outlined in Recommendation No.5A, then substantial amendments would be in order.

In conclusion the writer wishes to express his appreciation for the cooperation and assistance given by each member of the staff and others, without whose help the preparation of this report could have dragged on for months. On the other hand, the writer accepts full responsibility for

the extent and content of the report. Any similarity between the views, conclusions and recommendations herein, and those of any member of the Committee or its staff or any other individual or group, is purely coincidental.

A POSTSCRIPT ABOUT ATTACHMENTS.

Attachments A. and B. are provided as documents essential for ready reference. Attachment C. is significant in terms of defining the responsibilities of the Committee as initially proposed and accepted. Attachments D. and E. are provided for background purposes.

§ 203.4 Certificates of registration.

Certificates of registration will be issued by the Committee to applicants which fulfill the requirements set forth in § 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 recorded under the terms set forth in § 203.6. Notice of issuance of certificates will be published in the FEDERAL REGISTER.

§ 203.5 Amendments to registration.

A registrant's registration shall be amended whenever a material change is made in the registrant's organization, its purposes, governing personnel, or overseas program activities. The application for amendment shall be supported by written notice of the controlling body or other evidence certified by an authorized official. Notice of approval of such amendments by the Committee will be given to the registrant in writing.

§ 203.6 Validation of programs, 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 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. Notices of acceptance will be issued by the Committee 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 county of interest in furtherance of the operations of registrants 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 U.S. 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 and full responsibility is assumed by the registrant for the noncommercial distribution of the supplies free of cost to the persons ultimately receiving them, or in special cases and following notice to the Committee, for sale to recipients at 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.

§ 203.7 Acceptance and termination of registration.

(a) Registrations shall remain in force until relinquished voluntarily by the registrant upon written notice to the Committee or formal notice from the Committee is published in the FEDERAL REGISTER stating that they are:

(1) Amended in accordance with § 203.5; or

(2) Suspended or terminated

(b) Acceptance of a notice of relinquishment of registration shall be subject to submittal of final reports to the Committee, including the plans for disposition of the registrant's residual assets acquired in support of its registered programs.

§ 203.8 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.

RUTHERFORD POATS,
Deputy Administrator.

MAY 18, 1968

[F.R. Doc. 68-6280; Filed, May 27, 1968, 8:45 a.m.]

MANUAL ORDER

AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT	EFFECTIVE DATE	ORDER NO
A.I.D. Regulation 3 - Registration of Agencies For Voluntary Foreign Aid	May 18, 1968	1552.1
	TRANS LETTER NO 18:44	PAGE NO 1
	SUPERSEDES M.O. 1552.1 (TLs 18:2 and 18:53)	

There follows below the revised text of A.I.D. Regulation 3, as published in the Federal Register on May 28, 1968 (33 F.R. 7758 and 7759).

Title 22—FOREIGN RELATIONS

Chapter II—Agency for International Development, Department of State

PART 203—REGISTRATION OF AGENCIES FOR VOLUNTARY FOREIGN AID

Sec.
203.1 Purpose and function.
203.2 Application for registration.
203.3 Conditions of registration.
203.4 Certificates of registration
203.5 Amendments to registration.
Sec.
203.6 Validation of programs, projects, and services
203.7 Acceptance and termination of registration
203.8 Saving clause.

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 CFR, 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 nongovernmental 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 nongovernmental 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 nonprofit activities in the United States for the purpose of 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;

(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 Bond drives of the U.S. Treasury, or similar campaigns of accepted general national interest;

(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. 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.

ATTACHMENT B.

COPY

May 14, 1946

My dear Mr. Secretary:

The President's War Relief Control Board, established in July 1942 as a war agency, is being terminated by an Executive Order which I have signed today. However, during the present critical period it appears desirable that provision be made for coordinating relationship with voluntary relief agencies. Much of the activity concerning foreign relief is now centered in the Departments of State and Agriculture.

It is my suggestion that you and the Secretary of Agriculture, jointly, appoint a new Committee on Voluntary Foreign Aid, to be made up of outstanding citizens, to tie together the governmental and private programs in the field of foreign relief and to work with the Famine Emergency Committee and other interested agencies and groups. Much of the records and staff of the War Relief Control Board might be utilized by the new Committee. Appropriate government departments and agencies would be expected to make available personnel and other facilities needed by the new Committee. On matters concerning the foreign policy of the Government of the United States the Committee will, of course, be guided by the Department of State.

Sincerely yours,

(Sgd) HARRY S. TRUMAN

The Honorable

The Secretary of State

ATTACHMENT C

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

July 10, 1946

My dear Mr. Secretary:

I am glad to inform you and Secretary Anderson that Mr. Davis, Mr. Batt and I have organized the Advisory Committee on Voluntary Foreign Aid in response to your joint invitation.

This action has been taken following the liquidation of The President's War Relief Control Board by Executive Order No. 9723, and pursuant to the President's request of May 14, 1946 to make provision "during the present critical period for coordinating relationships with voluntary relief agencies and to tie together the Governmental and private programs in the field of foreign relief, and to work with the Famine Emergency Committee and other interested agencies and groups."

The necessity to continue and to further coordination of the programs of voluntary agencies in the foreign field and their relationships with governmental programs has become of increasing importance. During the war period and to April of this year the value of foreign relief supplies in funds and contributions in kind collected from the public by voluntary agencies approximated six hundred million dollars according to the final report of The President's War Relief Control Board. The agencies which have made this possible include organizations representing various nationality groups in this country as well as labor and the major church bodies. Voluntary programs have been and are now actively

under

The Honorable

The Secretary of State

under way in Norway, Finland, Netherlands, Belgium, France, Italy, Greece, Yugoslavia, Austria, Germany, Czechoslovakia, Poland, Russia, India, China and the Philippines. They are correlated in more or less effective measure with the public programs of the Army, UNRRA, the Red Cross and indigenous agencies of the beneficiary countries.

Informal reports for the present period of 1946 show a marked increase in the collections of the voluntary agencies now that many restrictions affecting communication, military and economic controls have been removed. Removal of the licensed control of solicitation for foreign relief by The President's War Relief Control Board, and the country-wide appeal to the people to aid in the control of the famine, have stimulated some ill-advised efforts to create new channels for collecting for foreign relief. The need is greater than before to further the intelligent use of voluntary resources for foreign aid not only here at home but in the field of application abroad.

The value of voluntary foreign relief is more than material evidence of the generosity of the American people. It reflects understanding and creates good-will in these times of tension between people at home and the people of the war-stricken areas and particularly the many sufferers with kinsfolk in America. Voluntary aid complements the public funds which the United States provides through the Army, UNRRA, or other authority, and therefore has its place in the consideration of our foreign policy.

Voluntary agencies are actively concerned in a number of problems which are under consideration in the Department. In particular these are problems affecting relief of displaced persons and refugees within occupied areas, UNRRA and non-UNRRA areas. There are too the problems of planning the American Government's policy with respect to the work of the UN, IGC, and proposed international agencies dealing with emergency health and welfare problems, and with foreign governments which are related to voluntary aid. There are to be considered too the increasing number of appeals received by our Embassies and Legations not only for relief, but for privately subscribed funds to support projects of a commemorative, educational or cultural character, including the restoration of war-destroyed structures. The aggregate of all these projected appeals for voluntary support runs into the millions, in addition to the substantial funds that have been budgeted by the agencies carrying on traditional relief services.

With

With these factors in mind the Committee has formulated the following terms of reference:

"The Committee exercises advisory functions to guide the public and agencies seeking support of the public, in the 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 interest 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."

It is desirable to formalize the relationship which the Advisory Committee on Voluntary Foreign Aid should enjoy with the Department of State in order to carry out the coordination desired by the President and the Committee's terms of reference. May I ask that an officer of the Department be designated to meet with a member of the Committee's staff for this purpose, with the end in view of an administrative order to direct necessary procedures.

Sincerely yours,

/s/

Charles P. Taft
Chairman

The War Years 1939-45: In this period the President's War Relief Control Board was established. The principal activities of this Board were the exercising of controls, licensing, coordinating, and the reducing of the number of voluntary agencies operating in the field from about 400 to 90. This reduction actually resulted in better relief activities. It provided a safeguard against duplication of effort in the field and multiplicity of appeals at home. The support for these voluntary agencies was generated entirely from their own resources. There were no government subsidies during this period although help was given on short supply items in the later stages of the war through the Department of Agriculture, and in granting of export licenses through the Department of Commerce. In late 1943 the American Council of Voluntary Agencies for Foreign Service came into being as an instrument through which its member agencies could coordinate their plans and activities both at home and abroad and take concerted action on matters of common interest.

1946-1950: The Advisory Committee on Voluntary Foreign Aid, successor to the Control Board was established in 1946 to tie together the programs of private voluntary agencies in the field of foreign relief and rehabilitation with the programs of the U.S. Government This period saw the beginning of government subsidies on a small scale to further the voluntary agencies own efforts. Section 117(c)

of the ECA Act of 1948 provided funds to pay ocean freight costs on the relief supplies generated by the voluntary agencies from their own private resources. This represented recognition by Congress of the value of this people-to-people activity as a supplement to the official U. S. aid program and this support has been continued and broadened in succeeding years. During this period unit organizations such as CRALOG* and LARA* were set up to work with the occupation forces in Germany and Japan, and the cooperative CARE was formed by some 25 voluntary agencies to provide guaranteed delivery of relief packages to the needy abroad.

1950-1954: This was the period of growing U.S. Government assistance and greater use of the facilities of voluntary agencies by U.S. and international organizations. Surplus foods became available in 1950 under Section 416 of the Agricultural Act, and the Mutual Security Act of 1954 broadened its ocean freight payment provisions to include the shipment of surplus food. From a modest beginning there has been a gradual buildup in these feeding programs as the benefits became apparent and the voluntary agencies built up their facilities for handling. During this period the agencies first entered into contracts with

* CRALOG - Council of Relief Agencies Licensed for Operations in Germany
LARA - Licensed Agencies for Relief in Asia

the Department of State under which their experience and know-how in the specialized field of services to refugees were drawn upon substantially in furtherance of the U.S. Escapee Program. They also cooperated closely with the U. S. Displaced Persons Commission as well as international organizations concerned with the care and resettlement of refugees. The first technical assistance contracts between ICA and the agencies were also entered into during this period.

1954-1960: During this period amendments to P.L. 480 provided increased benefits by authorizing the U.S. Department of Agriculture to process, package and deliver the surplus commodities to the voluntary agencies at the U. S. ports. Prior to that time the food was turned over to the agencies at the point of storage in the U. S. Beginning in Fiscal Year 1957 Congress amended P.L. 480 to provide ocean freight financing from that source rather than from mutual security appropriations. This provided an adequate draw-down against approved programs. The USDA transfers the funds to ICA which allocates to the agencies against approved programs. ICA regulations were liberalized to allow the agencies to receive payment of ocean freight charges on relief shipments including surplus foods to 86 countries and areas. By amendments to P.L. 480 and the Mutual Security Act in the last session of Congress, authority has now been

granted to pay inland transport costs from ocean ports of entry to points of entry in the case of landlocked countries. The level of movements of Title III, P.L. 480 foods alone during the past three years has averaged roughly 1.8 billion pounds per year, reaching an estimated 60 million people around the world. At the same time there has been a falling off of the kinds of foods available for donation. As of 1960, availabilities were limited to wheat, flour, corn, cornmeal, dried milk and occasionally rice. Relief shipments by the agencies of their own supplies have continued but by comparison now represent a relatively small but important part of the overall effort. Increasing emphasis is being placed on programs of self-help. During this period the agencies also increased their technical assistance activities under contract with ICA, and the ICA Director set aside one million dollars during Fiscal Year 1955 especially for that purpose. The agencies continued their activities with the U.S. Escapee Program, and have also continued cooperative arrangements in the refugee field with such organizations as ICEM*, UNHCR*, UNRWA*, etc. Outstanding contributions were made by the agencies in handling the flow of refugees resulting from the Hungarian uprising, the Tibetan refugees in India and Nepal, and more recently the Cuban refugees in Florida. They have responded promptly

*ICEM - Intergovernmental Committee for European Migration
UNHCR- United Nations High Commissioner for Refugees
UNRWA- United Nations Relief and Works Agency

and generously in other emergency situations, including natural disasters, as in Chile. In such cases, the availability on the spot of voluntary agency relief supplies including Title III foods, makes it possible to respond promptly in filling emergency needs, thus enhancing the prestige of the United States.

ATTACHMENT E.

ESSENTIAL INGREDIENTS FOR A HEALTHY AND USEFUL RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND AMERICAN VOLUNTARY AGENCIES (Excerpt from a letter dated June 30, 1959 addressed to the Senate Committee on Government operations by Advisory Committee Staff.)

1. The fullest possible sharing of information so that each will have knowledge about what the other does.
2. A practical and sympathetic understanding of the special problems and limitations of the other.
3. A central point of service liaison on both sides.
4. The greatest possible flexibility and a willingness to accommodate, consistent with the practical realities of any given situation, so that mutually helpful action will result.
5. Government assistance or subsidy to a degree which does not compromise the independent or private character of the voluntary agency concerned nor place that agency in a position where it would be unable to survive without Government subsidy.
6. Mutual trust and confidence of each party in the other. In order of importance this leads all the rest, but it is not quickly or easily come by. It must be earned the hard way - by performance and a showing of good faith on both sides.