ERRATUM:

ACVFA member Mary M. McDonald was in attendance at the September 15-16, 1983 ACVFA meeting. Her name was inadvertently omitted from the participant list.

In addition, question 4 on page 9 of the September proceedings, as well as on page 60, the proposal to hold the ACVFA's overseas meeting in Haiti, should be attributed to her.
Quarterly Meeting Report - September 15-16, 1983

ACVFA

Advisory Committee on Voluntary Foreign Aid
U.S. Agency for International Development

Theme: World Hunger

Convened at: National Academy of Sciences
Washington, D.C.

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PREFACE

This document presents a summary of the proceedings of the quarterly meeting of the Agency for International Development's Advisory Committee on Voluntary Foreign Aid (ACVFA). The Committee met September 15-16, 1983 at the National Academy of Sciences in Washington, D.C. Twenty Committee members attended the meeting.

The ACVFA was established in 1946 to serve as a focal point for relations between the U.S. Government and U.S. private and voluntary organizations engaged in relief, rehabilitation and development overseas. It is composed of 28 private citizens with professional expertise in a variety of areas related to foreign assistance. They are appointed by the Administrator of the AID and serve without compensation. Staff operations for the ACVFA are provided through AID's Bureau for Food For Peace and Voluntary Assistance.

The Committee has created subcommittees to review and comment on specific issues of concern to the PVO community regarding AID's policies and programs in the areas of:

- PVO Policy
- PVO-Corporate Relations
- Development Education
- Women in Development
- PVO-University Relations
- Food For Peace

Comments on the report or requests for further information should be directed to:

ACVFA
Agency for International Development
Washington, D.C. 20523
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

MEETING AGENDA: “WORLD HUNGER”

THURSDAY, SEPTEMBER 15, 1983

E. Morgan Williams, Presiding

Auditorium
National Academy of Sciences
C Street, Between 21st & 22nd Sts., N.W.

8:30 a.m.  REGISTRATION

8:45  PLENARY SESSION

Introductions

Memorial Tribute to the Late Charles P. Taft, Chairman of the ACVFA, 1947-1973

9:00  AID’s Campaign Against World Hunger

Remarks: M. Peter McPherson, AID Administrator

9:20  Q&A from ACVFA Members and Participants

9:45  Guest Speaker: The Honorable Benjamin Gilman

Member, U.S. House of Representatives

10:15  Q&A from Members and Participants

10:30  Coffee Break

10:45  Report on AID/PVO Policy Implementation Plan

Thomas McKay, Director, Office of Private And Voluntary Cooperation, FVA Bureau

11:00  Discussion from ACVFA Members and Participants

11:30  Report on the AID Grants and Contracts System: Issues of Concern to the PVOs

Thomas Rollis, Assistant Administrator/Management

11:45  Q&A from ACVFA Members

Noon  Break for Lunch

2 - 5:00 p.m.  ACVFA SUBCOMMITTEE MEETINGS

Food for Peace/P.L. 480 - Room 250
Development Education - Room 180
Women in Development - Room 150
FRIDAY, SEPTEMBER 16, 1983

8:30 - 10:30 a.m. SUBCOMMITTEE MEETINGS

PVO/AID Policy—Room 250
Corporate/PVO Relations—Room 150
PVO/University Collaboration—Room 180

10:30 a.m. Coffee Break

10:45 a.m.-12:30 p.m. ACVFA BUSINESS SESSION

Business Meeting Agenda Items

- Brief Reports from Subcommittees
- ACVFA Proposals for Meeting outside of Washington, D.C.
- ACVFA Role with AID/PVO Policy Implementation
- Issues for ACVFA December Meeting
- New Business

Note: Special Afternoon Meeting

Section 416 of the Agriculture Act—2:30 - 4:00 p.m.
Presentation by FVA Bureau Administrative Staff
(Public Meeting)

For more information contact:
Mrs. Lillian Halter
Advisory Committee on Voluntary Foreign Aid
(703) 235-2708
EXECUTIVE SUMMARY

The Advisory Committee on Voluntary Foreign Aid (ACVFA) held its final meeting of fiscal year 1983 September 15-16, at the National Academy of Sciences in Washington, D.C. Called to order by E. Morgan Williams, Advisory Committee Chairman, the first plenary session focused on the problem of world hunger, AID/PVO policy implementation and policies and procedures for the award of contracts and grants.

The first keynote speaker was AID Administrator M. Peter McPherson who described AID's efforts to alleviate world hunger. He outlined the four central components of AID's program: (1) institutional development and training, (2) technology transfer, (3) policy changes, and (4) utilization of market forces.

The group was addressed next by Congressman Benjamin A. Gilman, member of the House Foreign Affairs Committee. Mr. Gilman commented on (1) increased FY 84 and FY 85 appropriations for agriculture, rural development and nutrition, (2) the importance of World Hunger Day observances, (3) his continuing support of the Biden-Pell Development Education Grant Program, and (4) H.R. 15 which will establish a Select Committee on Hunger within the House of Representatives.

Thomas McKay, Director of the Office of Private and Voluntary Cooperation, reported on implementation of the Policy Paper on Private and Voluntary Cooperation. He outlined seven major steps presented in a plan developed by his office to make the AID/PVO policy fully operational.

An overview of AID's procedures for awarding contracts and grants was presented by R. Thomas Rollis, Assistant to the Administrator for Management. Mr. Rollis discussed the various stages of the procurement process, funding instruments, and AID's direct procurement expenditures in FY 82. During the ensuing question/answer period, he talked about the problems AID Missions confront in administering small PVO contracts and suggested that PVO's should more actively pursue subcontracting opportunities.

The afternoon and half of the morning of the second day were devoted to subcommittee meetings to discuss the major meeting theme, issues pertinent to subcommittee objectives, and recommendations for the consideration of the full Committee. Five of the standing subcommittees were convened -- AID-PVO Policy, PVO-Corporate Relations, Women in Development, Development Education and Food for Peace.

The final plenary session on the second day provided an
opportunity for the total assembly to hear the results of the subcommittee meetings. Three resolutions from the Subcommittee on Food for Peace were adopted. Major agenda items established for the December 15-16 ACVFA meeting were: (1) Subcommittee on PVO-Corporate Relations Report, and (2) Discussion of the PAID-ACVA Joint Working Group's development education strategy. After extensive discussion, the dates for the overseas meeting were set. The President's Task Force on International Private Enterprise was of major interest to the committee. It was decided that all members should be provided with information about the Task Force and that representatives from the group should be invited to the December meeting. Additionally, Committee members expressed interest in receiving more information on AID's grant awards procedures and the General Counsel's determination on issues of conflict of interest which were raised at the June meeting.

The two-day meeting served to underscore the Advisory Committee's concern about world hunger and the critical roles of PVOs, AID, and Congress in U.S. efforts to alleviate this major underlying cause of other social and economic problems in developing countries. The substantive discussions in the subcommittee meetings resulted in the exchange of useful information and generated recommendations to guide the Committee in fulfilling its role of providing advice to AID in determining policy preferences.
The meeting was called to order by ACVFA Chairman E. Morgan Williams, who introduced ACVFA members and staff. Mr. Williams delivered a tribute to the late Charles P. Taft, first chairman of the ACVFA.

A. TRIBUTE TO THE LATE CHARLES P. TAFT

Charles P. Taft was born in 1897, the son of William Howard Taft, the 27th President of the United States. Appointed by President Truman to be the first Chairman of ACFVA in 1947, Mr. Taft was known for his outstanding leadership of the Committee until his retirement in 1973.

Mr. Taft worked throughout much of his life to harmonize private philanthropy and public social programs. In 1944 he served as Director of the Office of Wartime Economic Affairs of the State Department and in 1945 he served as an advisor to the American Delegation to the San Francisco Conference out of which the United Nations was born. He was a member of the Provisional Committee that established the World Council of Churches in 1948 in Amsterdam.

Charles P. Taft died June 24, 1983.

The Chairman requested those present to please stand for a moment of silence in honor of Mr. Taft and in rememberance of his contributions in the areas of refugee affairs and government-private collaboration in development programs in less developed countries.

B. REMARKS OF M. PETER MCPHERSON, ADMINISTRATOR OF AID

Mr. McPherson commended Mr. Taft's work as Chairman of the ACVFA and lauded Mrs. Julia Taft, a member of the illustrious Taft family of Ohio, for her work on the ACVFA.

Mr. McPherson stated that he would like to make a few remarks about world hunger, and that he would be more than happy to answer any questions the audience might have afterwards. Following is a summary of his remarks.

Alleviating hunger is really the central focus of the AID program. Not only does fifty percent of AID's budget go to agriculture and food production, but really in a much broader sense, it is central to what AID is attempting to do. Over the years, AID has been deeply involved in relief programs. Many private voluntary organizations have been principal instruments, both through AID's resources and through resources raised by the PVOs themselves. But relief is a short term measure, and countries cannot rely solely upon such efforts. Essentially the business that AID and the PVO community generally need to be looking at is how to produce economic change and the income that these people need to obtain food for themselves. Almost all that AID does feeds on this concept of economic growth and income so that people can deal with their own hunger situation.
A lot of progress has been made around the world: the length of life has increased, child mortality has decreased, and there have been substantial increases in food production. For example, twenty-five years ago in India there was grain production in the range of 50 million tons a year. Much of the world talked about India as a "basket case," a situation ridden with problems that some thought could not be solved. Last year there were 152 million tons of grain produced in India. There has been enormous progress in food production in India.

AID worked hard to develop the agriculture education extension and research system in India and to provide the technology responsible for the Green Revolution through the funding of the International Agricultural Research Centers, particularly the rice and wheat centers which produced the new varieties of grains responsible for enormous increases in production. AID, the World Bank, the Indian Government, and others built an extensive irrigation system. There is more irrigation in India than anywhere else in the world in terms of acres covered. This tremendous system provides protection against the droughts that have plagued India. In addition to these institutional, technological and infrastructure inputs, a key policy change occurred when the Indians decided that in order to get farmers to produce more, they had to pay the farmers more. That has been particularly true with wheat, less so with rice. Farmers, in short, were provided with an incentive to produce more, there was greater utilization of new technology and the result was increased production. The whole market system worked. The struggle in India is certainly not over, but India is a success story that AID and the PVO community contributed to. Organizations like CARE have made enormous contributions to meet the immediate or disaster-type needs during the time that this country struggled to address the longer term needs and put an income generating production process in place.

The lessons learned in India and other parts of the world -- in Colombia, Thailand and Taiwan -- have been applied in a non-partisan way to the program that AID has been developing in consultation with Congress and the PVO community to deal with the problem of world hunger. Progress has been made and over the course of the next decade the program will make even greater contributions to dealing with this most urgent problem. Thus far, AID has emphasized institution building -- building those agriculture extension and education systems. It is only through institutions that most achievements are accomplished. AID is putting a great deal more money into various types of training, particularly in the health and agricultural areas. AID has seen the impact of the Green Revolution on agricultural production on many parts of the world and is committed to the proposition that there needs to be a whole series of other revolutions which will have a dramatic impact on agriculture and health as well.

All of these efforts contribute in one fashion or another to dealing with the problem of world hunger. Additionally, AID is emphasizing the utilization of market forces. One of the greatest examples of discrimination in the world today is governments deciding that they are not going to pay their farmers enough because they want inexpensive food for
urbanites. farmers are often the poorest people in any given country. this type of discrimination toward farmers has not been dealt with enough publicly and AID is publicizing this discrimination more than any other organization. Other countries need to follow India's example and raise prices for their farmers to increase food production. This is not just a policy problem, but a political problem as well. There are four central components of the program AID has developed to deal with world hunger. They are as follows:

1. Institutional Development and Training
2. Technology transfer
3. Policy Changes
4. Utilization of Market Forces

Mr. McPherson noted the great concern for world hunger demonstrated by the meeting participants and thanked the audience for their support.

QUESTIONS AND ANSWERS

QUESTION 1 - PHILIP JOHNSTON, CARE

How can the Subcommittee on Food for Peace assist you, and what are your views on how that Subcommittee can be of assistance to that sector of the PVO community that is interested in food usage?

ANSWER 1

The PL-480 program, in my judgement, is in the process of becoming steadily more effective and beneficial to the poor people around the world. This may be attributed to a joint effort by the PVO community, AID, and the Department of Agriculture.

We know that, in fact, PVOs should be more than just charities. Assistance should be targeted to people with the greatest need and targeted in such a manner that maximizes the impact on economic development. There are a lot of problems with moving away from school feeding, as the nutritional needs of small children are great. We know that Title I, for example, should not be looked at as a commodity drop, but instead, should be reviewed for ways to increase the impact of its proceeds.

We can maintain the historical, charitable goals of Title II, and at the same time we can give the PL-480 Program a longer term, more of a self-help orientation. The three year effort to achieve this has been a very productive joint effort between the PVOs and AID.
QUESTION 2 - DR. LAVERN FREEH, LAND O'LAKES, INC.

What can and cannot be done under Section 416 of the Agricultural Act? We seem to have reached an impasse. There are a number of opportunities that Section 416 provides. I appreciate what you have done and I would urge you and the Secretary of Agriculture to do whatever can be done to resolve this issue.

ANSWER 2

The 416 provision will allow AID to use commodities from the so-called "CCC." Essentially this is outside the PL-480 ambit, but can be used very much like PL-480. In short, it augments AID's PL-480 type resources. Deputy Secretary Lyng of the Department of Agriculture deserves credit for an especially constructive role in moving this matter along. He minimized the issue of control by noting that DOA's interest is in moving commodities and since AID has the distribution system to do it already in place, he essentially told us (AID) to administer the program.

There are a couple of remaining issues:

1. Monetization of 416. In short, there is a question of whether or not we can sell the commodities and have the proceeds treated like they are in some cases in the Title I and II programs.

2. There is some question as to who has to sign the individual 416 agreements.

We think these things can be worked out. Again, a significant part of the credit for the progress to date should be given to Secretary Lyng for doing such a good job.

QUESTION 3 - DR. WALSH, PROJECT HOPE

I wonder if you could clarify an issue relating to the advocacy of market forces, but also increases in the cost of labor for increased production in countries such as India. Is there or is there not a conflict with what we are trying to do and the attitude of the International Monetary Fund regarding the austerity programs which they are imposing, and which are, as you know, in some countries resulting in labor riots.

ANSWER 3

It is an enormously complex situation. I would argue that generally my positions are reconcilable with the actions required by the IMF in individual countries.

I think that this is an important point to deal with. In most countries where the IMF goes in and has an agreement, unless those countries are willing to reduce the subsidies, reform their exchange rates and make a number of other changes, all of which hurt on a short term basis, frequently
they seem to get into deeper hot water over time. Usually those policies that the IMF has to change are in effect policies that consume resources for relatively little economic gain. In short, these are policies that don't produce income, jobs or food for people. I think, for example, what Mexico is going through now, hard as it may be, is going to be better for the people of Mexico over a period of 2 or 3 years. Also, most of the policies that the IMF asked to be changed are in fact policies that benefit the middle class and harm the poorest people in these countries. When the exchange rate is askew, what you have is encouragement to import and discouragement to export. Who imports in a poor country? It is the middle class, not the poorest people. It also happens to be AID host country employees. It basically isn't the poorest people. Who exports? Who benefits from exports? In short, an exchange rate reform over a period of time tends to help the poorest people, and unreformed tends, frankly, to continue to benefit a more or less privileged middle class and upper class. I really think that the IMF reforms are over a period of time of benefit to the poorer people and prevent further discrimination in favor of the middle class and upper class people. That basically is my position.

It is very important that the World Bank programs and the bilateral programs work to produce atmospheres where there is economic growth. The IMF is basically restrictive. It tends to tighten down. That in itself is not enough. You've got to produce economic growth. The IMF programs simply produce an environment where growth might occur. We in the World Bank and the bilateral programs need to build further upon that opportunity.

We are in the process of learning how to make sure the IMF programs, the World Bank programs, and the bilateral programs complement each other.

**QUESTION 4**

The question is in regard to the 15% cutback in overall aid under Title II in India. Do the organizations experiencing the cutbacks have recourse for a hearing on this matter or is the 15% cut strict AID, across-the-board policy. If it is evident that an organization is going to accomplish its goals, will it be able to get an extension?

**ANSWER 4**

In fact, I really wanted the cut to be deeper. I wanted the cut to be 25% or so, but because of the persuasive powers of Phil Johnston, it was revised upward.

CARE is doing a tremendous job in India and is really having an impact throughout the country. CARE should be congratulated. India has a significant amount of the Title II program and the majority of it is in the school feeding program. Studies show that the best way to use the food is with young children and mothers and India wants to take over the school feeding programs. Phil Johnston argued that we shouldn't move out of it too fast. Overall, India is making some significant economic progress. There are a lot of severe problems in Africa that need to be addressed in this generation. CARE is now taking a broader and closer look at Africa.
That is the justification for the cut and there have, in fact, been some modifications to the original proposals. I really believe that these adjustments over a very short period of time will benefit the most hungry children.

QUESTION 5

What do you see as the implications of the droughts in the U.S. and the result of higher prices on Title II programs?

ANSWER 5

I think, in fact, that there will be less pressure from the Department of Agriculture to move a lot of commodities. It will vary by commodity. The desire to move wheat will remain high, but soybeans, for example, and other commodities won't remain so high because the production will have gone down. I think overall, though, the pressure won't be as intense as it was in the past two years. On the other hand, I don't see a drastic cut in this program, and I feel reasonably confident about that.

COMMENT - GLEN LEET, THE TRICKLE UP PROGRAM

I would like to call your attention to a program that has important lessons on current food policy which have largely gone unknown and unrecorded. In 1963, the government of Mexico established the Food Aid Community Development Program. When the Green Revolution produced a surplus it was subsidized with food produced through the Community Development Program, with the assistance of the World Food Program. This was unique in the fact that all projects were planned by the people themselves. The rural groups undertook activities that developed the infrastructure in addition to producing food.

The government of Mexico provided nutritional services and organizational assistance. Distributed throughout the program's 18 year history, are 80 million days of community service. There have been over 50,000 projects in 20,000 communities.

An evaluation of the program was conducted by the United Nations World Food Program and the Community Development Foundation, but the report was a restricted document and very few people know about it.

I would like your agency to locate that document and study it. When Food For Work is used only for the benefit of government-supported activities, which generally favor the middle and upper classes, it often results in exploitation. This does not have to be the case. The program could result in increases in food supplies and self sufficiency as people strive to realize their dreams.
We would be interested in looking at the report. Sitting to your right is Julia Bloch, Assistant Administrator of the Bureau of Food For Peace and Voluntary Assistance. Perhaps she can assist you.

We really don't have many effective Food For Work Programs in the world at this time. When you talk about Food For Work, you're really talking about Bangladesh. Almost all of the Food For Work is done there, and it has been very effective. Results include the irrigation and health clinics.

Mr. McPherson thanked the audience for their attention.
Congressman Gilman represents the twenty-second district of New York which includes portions of Orange, Rockland, Sullivan and Westchester Counties. His service in the House of Representatives spans six terms, beginning in January, 1972.

Mr. Gilman is a member of the Committee on Foreign Affairs and the Post Office and Civil Service Committee. He is the ranking minority member of the House Select Commission on Narcotics Abuse and Control, as well as Chairman of the House Task Force on American Prisoners of War and the Missing In Action in South East Asia. His efforts on behalf of voluntary and humanitarian aid programs and policies are well known in the PVO community.

The text of Congressman Gilman's speech is presented here. Unfortunately, he had to leave the meeting immediately following his speech and was unable to answer questions from the audience.
STATEMENT OF  
Honorable Benjamin A. Gilman (R-NY)  
Before the  
Agency for International Development's  
Advisory Committee on Voluntary Foreign Aid  
September 15, 1983  

Good Morning!  

I welcome this opportunity to address A.I.D.'s Advisory Committee on Voluntary Foreign Aid and am pleased that our government officials and representatives from our private and voluntary organizations continue to avail themselves of such forums for productively exchanging ideas and experiences.  

I feel like an alumnus of this group. As many of you may recall I had the privilege two years ago of addressing the committee. Since that time, I'm sure we have all been pursuing new initiatives -- some successful, some not as productive as we might have hoped -- designed to improve the conditions of those locked in the continually tenacious grip of grueling poverty and deprivation. I know such conditions are all too familiar to you in this room here today. Accordingly, I will not explore at length the dimensions of poverty and the hunger and malnutrition to which it gives rise.
However, as I was reviewing my earlier statement to this group, I thought about the hearings our Committee on Foreign Affairs recently conducted on world hunger, focusing particularly on how far we have come since the 1974 World Food Conference called for programs helping within 10 years to provide that "within a decade no child will go to bed hungry, that no family will fear for its next day's bread, and that no human being's future and capacities will be stunted."

At these hearings, witnesses from the Administration and from the private sector presented a picture that when compared to the lofty goals of the World Food Conference seemed pretty dismal. Indeed, while per capita food availability has generally increased, "this masks," as one witness stated, "considerable variation in availability between countries, and appreciable seasonal fluctuation and year-to-year variability within countries." Peter McPherson well captured the disappointment which ran through all the testimony: "It was estimated," he said, "that nearly 500 million people in developing countries suffered from hunger and the effects of malnutrition when the WFC (World Food Council) was organized (in 1974). I sincerely wish I could report today that this number has been dramatically reduced -- but I cannot."
There is enough disappointment and frustration for us all to share when we consider the continuing magnitude of the hunger problem. However, this is not to belittle our own individual and collective efforts. If it were not for the programs you have developed, the new institutions you have supported, and the determination to alleviate the hunger problem you have vividly demonstrated, the dimensions of the hunger problem would be considerably more burdensome and the toll of victims much larger.

There are many programs we must review to assess how those which are successful can be improved and continued. I understand you will during the Committee's meetings have just such an opportunity and I sincerely wish you well in that endeavor. I know our Committee on Foreign Affairs is determined to intensify its review of global hunger and to help more fully to determine why, 10 years after the World Food Conference, we are falling short of our goals. Indeed, our Committee has been active in dealing with hunger abroad both in legislation and in review activities. The recent Foreign Aid bill contains $725 million in FY 84 and $759 million in FY 85 for agriculture, rural development and nutrition (Sec. 103 of the Foreign Assistance Act).
The Committee has also sought to provide full funding for IFAD, the International Fund for Agricultural Development, to meet the U.S.'s commitment of $180 million to IFAD's first replenishment. We in Committee have tried also, and I believe in some notable instances have, to make the P.L. 480 -- Food for Peace Program -- more responsive to the goals of self-help development.

I would like now, however, to discuss in the time remaining an issue which some of you may have heard me stress on earlier occasions.
That issue is the need to increase considerably public awareness about the causes of and possible solutions to global hunger and the immediate and longer-term implications this problem poses for our nation and the international community. In essence, the question turns on how we can spark the requisite public concern and action to produce policy changes needed to alleviate the hunger problem. I wish I were about ready to unveil the strategy that could effect the needed policy-maker and public mobilization. I am afraid my much more modest effort can only sketch a few observations, but observations, nonetheless, illuminating important points of departure in the effort to increase public awareness. In several important respects we are witnessing what I hope is the laying of the foundation for such an undertaking:

1. In one month, we will be observing World Food Day, an event begun two years ago in recognition of the founding of the UN Food and Agriculture Organization. Past observances of World Food Day have been supported by proclamations of the fifty states, the District of Columbia, Puerto Rico and other territories, by Presidential proclamations, by programs of U.S. government agencies, and by the governments and peoples of many other nations.
This year's commemorative resolution has passed the Senate, with House approval expected soon. More than three hundred national private and voluntary organizations plan to participate in World Food Day observances this year. It is my hope that all of us here today will work toward making this increasingly successful event visible to more and more of our Nation's citizens and organizations. Many of you are already, through those groups you represent, investing considerable time and effort into making World Food Day a success, and for that I commend you.

2. The Biden-Pell Amendment to the International Security and Development Act of 1980 directed AID to help increase public awareness about issues raised by the Presidential Commission on World Hunger, of which I was a member.
THAT AMENDMENT LAID THE GROUNDWORK FOR THE CURRENT DEVELOPMENT EDUCATION GRANT PROGRAM IN WHICH PVOs SUBMIT TO AID PROPOSALS FOR PROJECTS TO DEVELOP PUBLIC INTEREST IN HUNGER AND RELATED ISSUES.

WE ARE ABOUT TO ENTER THE SECOND YEAR OF PROJECTS UNDER THIS PROGRAM. I HAVE FOUND THE INITIAL RESULTS OF THESE PROJECTS TO INCREASE CITIZEN, STUDENT, COMMUNITY, AND ORGANIZATIONAL CONCERN ABOUT HUNGER VERY ENCOURAGING AND BELIEVE THAT MORE FUNDING SHOULD BE AVAILABLE FOR THE PROGRAM. THROUGH AN AMENDMENT I OFFERED, UP TO $1,000,000 IS NOW PROVIDED FOR THE PROGRAM. IN ADDITION, I WOULD HOPE THAT THE GOOD WORK BEGUN BY AID COULD BE SUPPORTED THROUGH THE COOPERATIVE EFFORTS OF OTHER GOVERNMENT AGENCIES. I WILL BE EXPLORING AGAIN AN EARLIER PROPOSAL I INTRODUCED TO CREATE A HUNGER FOUNDATION FOR INCREASING PUBLIC AWARENESS ABOUT THE ISSUE.
I believe when we review our nation's efforts, we would be well served to study the public education programs established during the 1970s by the governments of Canada, the United Kingdom, Denmark, Norway, Sweden, and the Netherlands. Our Hunger Commission pointed out that "though no precise measurement exists, it is believed that a greater public commitment to foreign assistance exists in those countries with government subsidized education on development."

3. In January, Congressman Mickey Leland and I introduced H.Res. 15, legislation to establish in the House a Select Committee on Hunger. Currently, approximately 260 members have cosponsored that measure and a coalition formed for the specific purpose of creating the committee counts among its ranks, more than 60 religious, anti-hunger and poverty, private and voluntary organizations, unions, educational groups, and others.
It is my belief that the House will soon consider this legislation, and that the Select Committee will become a reality. The broad ground swell of bipartisan support for this measure has been very stimulating and encouraging. The committee, besides working with standing committees to help develop substantive policy recommendations, can also help to bring greater visibility to the hunger issue. At a time when I and many of my colleagues receive forceful letters from our constituents urging that we help ourselves and not worry about other nations and other peoples -- even as interdependence has woven nations economically as one -- such public education is imperative.

All of the groups represented here today have in their own way made substantial contributions to the fight against hunger.
I am convinced, however, that all of us who are concerned about closing in on the objectives of the World Food Conference, must concentrate also on markedly raising the awareness of policy-makers to the hunger problem. We need letters, calls, visits and literature and materials explaining how you are endeavoring to address the problem of hunger. Remember that policy-makers can not support or through Federal programs complement undertakings with which they are unfamiliar. Those of you whose groups are organized on a network basis, I urge you to avail yourselves of the contacts to their representatives that your members can make. Since, my work in 1976 on the Right-to-Food Resolution, I have noticed a marked increase in the letters, calls, and contacts from individuals concerned about assigning a higher priority to ending hunger. It is a trend, experienced by other members also, that I believe all of you here today have a responsibility to foster.

Two years ago, I read to you the following statement by Dr. Norman Borlaug, Nobel Laureate, Father of the Green Revolution, and my colleague on the Presidential Commission on World Hunger:
I continue to be flabbergasted by the ignorance of the general public of the U.S.A. about the magnitude and difficulties of producing and equitably distributing the food for a world population of 4.4 billion. We, as a nation, are blinded by our own blissful abundance to a point where we cannot visualize the misery of the hundreds of millions of hungry elsewhere.

I am convinced that unless an active, creative program of public education on the various aspects and causes of the world hunger problem are organized and carried out on a continuing basis in the U.S.A. (and other affluent developed nations), the situation will deteriorate even beyond what it is now, over the next several decades. Frustrations of the hungry and miserable millions in third world nations will reach explosive levels and one country after another will become embroiled in worsening civil strife, with a strong possibility it will again lead to a world conflagration -- in the present ever more interdependent world.
As we look to the work ahead of us, and the tasks we hope to master in our search for effective policies to combat hunger, I hope we will bear centrally in mind Dr. Borlaug’s pithy and continuingly -- I’m sad to say -- topical message.

Thank you!
Mr. McKay provided a detailed report on the steps that are underway or being planned toward implementing the AID Policy Paper on Private and Voluntary Organizations. The paper presents a policy framework that is supported by four broad objectives or "pillars":

- to increase the economic development impact of PVO programs through increased program integration and by focusing resources on field programs;
- to discourage dependence on U.S. Government financing of the international development programs of PVOs;
- to reduce the administrative cost to both AID and PVOs of AID funded PVO programs by simplifying management and administrative procedures to the maximum extent possible and creating a central focal point for PVO relationships with AID within the Food for Peace and Voluntary Assistance Bureau (FVA); and
- to insure that AID funds are used in ways that reflect AID's legislative mandate, yet do so in a way that calls into full play the unique capabilities of voluntary agencies.

The Office of Private and Voluntary Cooperation has been charged with the responsibility for developing a plan specifying long and short-term actions that will be taken by AID to put the plan into effective operation.

Following are the major issues and proposed actions outlined in Mr. McKay's presentation on the implementation plan and an edited transcript of the question and answer session which followed.
A. Improve the operational role of FVA/PVC as the principal coordinator, spokesman and resource center for AID's relationships with the PVO community.

Statement of Issues

The different organization units within AID have acted independently of one another in their dealings with the PVO community. While FVA/PVC has nominally served as the lead office in relation to Agency-wide operations involving AID and the PVOs, it has not been effective in carrying out this responsibility and the intra-Agency PVO Liaison Committee has functioned in a sporadic, ineffective manner. While FVA/PVC has produced some information on PVOs for the Congress, the public, USAID missions, budget exercise, PVOs, etc., this has typically been accomplished on an ad hoc and unsystematic basis. No real means to manipulate and reuse data have existed and sources outside of PVC have not been tapped. Despite constantly changing staff, no institutional memory has been maintained. The sharing within AID of experiences with PVOs as development intermediaries has been limited as has the provision of technical assistance to the field on designing and evaluating PVO programs.

Action

1. The intra-Agency PVO Liaison Committee will be reactivated with PVC providing strong, steady leadership to ensure its effectiveness. The committee will play the overall coordination role for the follow-on implementation of the policy paper recommendations. Sub-groups will be formed as necessary to deal with specific actions on a task force basis. The committee will convene in February for its review and approval of the agenda and the formation of the relevant sub-groups. In order to give the committee the visibility and high-level interest it should have, the initial meeting will be jointly chaired by the AA/FVA and AA/PPC and attended by the Directors of the regional DP offices. It will also be necessary to ensure that the membership of the full committee and the different sub-groups is carefully considered.

2. PVC will be restructured to be a more active resource of AID offices and missions as they plan specific actions or programs with PVOs. An internal management study of FVA has recommended the establishment of a Technical Liaison Division within PVC. Phase II of the study, due to be started in the next few weeks, is reviewing the Bureau's requirements for an automated information and data-processing system while a final phase will examine the staffing and resource needs of the Bureau.
3. PVC will develop a user-oriented information system composed of three principal parts: a manual system to process qualitative information and special requests; an automated system to quantify, classify, and abstract information on a computer/word processor and a network to access information that exists in AID, PVO, and other information systems. PVC will hire a contractor to measure information needs and resources, and utilize the services of AID's Data Management staff to help set up the system, which will require regular inputs from the missions in order to ensure its success. The consultant study will be initiated in January following completion of Phase II of the FVA management study mentioned under 2 above. Final recommendations will be adopted by March and the system operational by December if DM financial and staff resources are available on a timely basis.

4. PVC will organize a PVO orientation program for Mission Directors and other key field personnel who are on TDY in Washington. These sessions will provide for a review of on-going PVO activity in each country as well as an assessment of additional activities in which PVOs might be involved. Opportunities for PVC to be of assistance to a mission will be discussed and meetings with PVOs will be arranged as appropriate. PVC will act as the Bureau coordinator for this program since the Office of Food for Peace and, occasionally, ASHA will often be involved in these discussions. Following PVC's restructuring, this program will be initiated on a trial basis in Spring, 1983.

5. FVA will more actively provide technical assistance to AID missions, at their request, to plan, design, manage, and evaluate PVO programs and, where possible, to suggest new and innovative approaches to programs involving PVOs.

6. FVA/PVC will sponsor several workshops on PVO activities for appropriate mission personnel to be held in March-April, 1983. Agenda items will include the PVO Policy Paper, PVC reorganization and information/communication role, monitoring responsibilities for centrally-funded grants, registration, and indigenous PVOs. Mission representation will be carefully considered following review of field responses to the forthcoming request from PVC for each mission to designate an officer with lead responsibility for overall knowledge about PVO activities.

7. PVC will continue to assist PVOs in strengthening their evaluation capabilities by opening AID evaluation seminars to PVO personnel. Discussions will be held with M/PM/TD
and an announcement to the PVO community distributed by March, 1983.

B. **Simplifying the Management and Administrative Requirements of the AID/PVO Relationship**

**Statement of Issues**

PVOs desiring to work collaboratively with AID in international development face a bewildering plethora of funding instrumentalities which are subject to varying interpretations from one AID office/field mission to another. Regional bureau and field missions are given wide latitude in the application of OPG and co-financing guidelines, project development, reporting, and evaluation formats, implementation procedures, financial management/accounting controls, etc. Each mission-funded OPG and FVA/PVC centrally-funded PVO grant must be negotiated individually, at a great cost in time and money to both AID and the PVO community. The sections of AID handbooks covering PVO policy and program requirements are not complete nor maintained up-to-date, with ad hoc cables, memorandum, etc. serving as inadequate substitutes.

**Action**

1. A PVO liaison committee sub-group from the regional bureaus, FVA/PPE, PPC, GC, and SER/CM will be formed as a task force to review and, as needed, revise OPG guidelines in order to discourage unnecessarily divergent regional bureau or mission interpretation. They will also make recommendations for simplifying and standardizing key elements of the project design, implementation, and evaluation process for OPGs and co-financing grants. Finally, the task force will review (1) the duties and obligations of non-profit organizations receiving federal funds as set forth in OMB Circulars A-110 and A-122 and (2) AID audit rights of foreign sub-recipients as set forth in the provisions of AID Handbook 2, Supplement B, Chapter 2, 24B in order to ensure that adequate safeguards are built into any recommended changes for simplifying the management and administrative relationship between AID and PVOs.

The task force will make field visits to missions in two regions, most likely Latin America/Caribbean and Asia. The field work will be completed by June, 1983 with recommendations in August and approval of the final report by October 31.

2. A sub-group of the PVO Liaison Committee from PVC, SER/CM, GC, and one regional bureau will develop the concept for a comprehensive program grant or cooperative agreement which will provide for a single document to cover the entire AID supported program of a PVO. The sub-committee will draw
upon the PVC draft prepared in May, 1982 and examine in
detail the applicability of the population and labor
institute models.

The regional bureau member of the sub-committee will be
from the region where the program grant or cooperative
agreement will be field-tested. It is anticipated that
the initial pilot effort will be in the form of a coopera-
tive agreement in order to permit USAID missions to
negotiate specific interventions and end products.

The concept paper should be completed by June, 1983.
Following internal AID/W review, a decision will be made
by August as to the feasibility of proceeding with a pilot
program.

3. Information detailing the scope and objectives of mission,
regional bureau and centrally-funded PVO activities will
be developed and disseminated throughout the Agency. This
will involve the identification of various registration,
program and grant requirements, and the guidelines or
waiver procedures for each of these requirements. This
information and related monitoring and oversight responsi-
bilities will be incorporated in the relevant AID
handbook and other Agency guidelines. They will also form
the basis for a "PVO Guide to AID" which will be developed
and disseminated widely throughout AID and the PVO com-
munity.

This work will be initiated in October, 1983, following
the completion of the work of the simplification task
force described under one above. A draft handbook will be
prepared by December, 1983, with a final product expected
in the Spring, 1984.

C. Provide for a better integration of PVO activities into the
Agency's program planning and budgeting processes.

Statement of Issues

Despite the evolution of the AID/PVO relationship into the
strong and growing partnership which exists today, PVO pro-
grams have not been adequately integrated into the mainstream
of the Agency's program planning and budgeting processes. At
the country-level, resident PVO country directors are too
often not consulted in the preparation of the Mission's CDSS
and ABS. Agency-wide, consideration of PVO funding levels
have not heretofore been built directly into the AID program
budget process. Conscious decisions by Agency management of
PVO funding trends are especially important now that the
Congress has directed AID to make available at least 12
percent and up to 16 percent of its development, SAHEL, and
disaster assistance funding to PVOs.
**Actions Proposed**

1. The FY 1985 CDSS guidance which was recently sent to the field encouraged missions to solicit the views of U.S. PVOs operating in-country. The PVO program will be reviewed at each stage of the CDSS review process to ensure consistency with the Agency's PVO objectives.

2. The FY 1985 ABS guidance to be sent to the field next Spring will advise missions to request specific PVO levels. PPC will review the total PVO program and recommend to the Administrator any changes in the total PVO funding level.

3. As part of the FY 1983 OYB exercise, annual PVO planning levels are being allocated to each mission. For FY 1984, a review of the OMB submission indicates that the planning level for PVOs is dangerously close to the 12 percent earmark. PPC is encouraging the regional DPs to focus their attention on increasing their planning levels prior to finalizing the FY 1984 CP.

**D. Encourage the expansion of the private resource base of the PVO community.**

**Statement of Issues**

The Congress, the PVO community itself, and the current administration have stated the importance of ensuring PVO independence from AID in order that they remain essentially private and voluntary in nature. The increased levels of assistance from AID could, however, tend to foster PVO dependency on U.S. Government funding. It is incumbent, therefore, that AID's support of a PVO's international program not be the exclusive source for funding such activities. Since there is a direct linkage between cost-sharing and the degree of independence, it is also important that PVOs begin, as they now do for the MG program, to bear an increasing share of the dollar costs for grants received from the AID field missions overseas.

**Actions Proposed**

1. Between now and January 1, 1985, AID will be gradually implementing the legislated requirement that a PVO should obtain at least 20 percent of its total annual financial resources for its international programs from non-USG sources, in order to qualify for matching grants and operational program grants. Preference is given for private funding in meeting this requirement. The new registration regulations for U.S. PVOs, recently approved
by the Administrator, provide for the submission of documentation required for calculating the 20 percent. Between now and March, 1983, PVC will develop procedures for making these determinations and advising missions of compliance or non-compliance. The criteria for waivers, both general (e.g., cooperatives and labor institutes) and specific will also be devised.

2. Over the next three years, there will be a phased adoption of the principle that part of the 25 percent non-AID funding requirement for OPGs and co-financing project be a cash contribution to be obtained by the PVO from private sources. The missions have been advised of this requirement and asked to report by the end of the third quarter, FY 1983 on their experience with its implementation. A follow-up cable will be sent in the second quarter as a reminder.

E. Development of a policy for AID support of indigenous private voluntary organizations (IPVOs).

Statement of Issues

The need for a policy statement on AID support of indigenous PVOs as entities in their own right and as partners with U.S. PVOs is widely recognized within AID and the PVO community. Over the past decade, an increasing share of AID support for PVOs has been directed at IPVOs vis-a-vis their U.S. counterparts. Consideration needs to be given as to the reasons behind such a shift and whether upper and lower limits on assistance to IPVOs should be established. The circumstances favoring direct program support to IPVOs or through U.S. PVOs need to be examined as does the desirability of providing funding for institutional development and the alternatives for delivering it. The possibility of opening the MG program to IPVOs has also been raised recently and needs to be reviewed. The above questions need to be examined in light of the large differences between regions as to the level of institutional and financial development of IPVOs.

Actions Proposed

1. FVA/PPE coordinating with PPC will produce a draft IPVO discussion paper by mid-February to use as a working document for the March Advisory Committee meeting in Jamaica. A cable should be sent to the field in early January, requesting detailed mission views by the end of the month.

2. In accordance with the Policy Paper, PPC will produce a policy-related document on AID support of indigenous PVOs. FVA/PVC will collaborate closely with PPC in this effort.
F. Utilizing the Advisory Committee on Voluntary Foreign Aid as a vehicle for addressing issues affecting the AID/PVO relationship

Statement of Issues

We will continue to explore various vehicles for enhancing the AID/PVO relationship and for dialogue on long-term issues of importance to AID and PVOs. The Administrator will continue to seek the advice of the ACFVA on these issues.

Actions Proposed

PVC will actively work with the Committee and assist the ACFVA prepare for discussions regarding AID/PVO policy, programs, and procedures.
Plan for Implementing the PVO Policy Paper - Status Summary

Implementation Plan Action

A. Improve the operational role of FVA/PVC as the principal coordinator, spokesman, and resource center for AID's relationship with the PVO community

1. The Intra-Agency PVO Liaison Committee will be reactivated with PVC providing strong, steady leadership to ensure the effectiveness.

2. PVC will be restructured to be a more active resource of AID offices and missions as they plan specific actions or programs with PVOs.

3. PVC will develop a user-oriented information system.

4. PVC will organize a PVO orientation program for Mission Directors and other key field personnel who are on TDY in Washington.

5. FVA will more actively provide T.A. to AID missions, at their request, to plan, design, manage, and evaluate PVO's.

6. FVA/PVC will sponsor several workshops on PVO activities for appropriate mission personnel to be held in March - April 1983.

7. PVC will continue to assist PVOs in strengthening their evaluation capabilities by opening AID evaluation seminars to PVO personnel.

B. Simplifying the Management and Administration Requirements of the AID/PVO Relationship

1. A PVO Liaison Committee sub-group from the regional bureaus, FVA/PPE, PPC, GC, and SFR/MM will be formed to review and, as needed, revise OPG guidelines.

Status

1. Committee reactivated - Two meetings held to date with monthly meetings planned for the future; Task Force for Simplifying the PVO Field Process and Developing the Memorandum of Understanding/Comprehensive Program Grant Concept established under its aegis.

2. Reorganization package (revised PD's, functional statements) is with IRM for their approval.

3. Information needs survey completed by Booz Allen & Hamilton. Scope of work for the design phase is under review.

4. Program developed and successful tried; AA/FVA recently approved memorandum to initiate briefing program on a regular basis.

5. Monitoring trips include discussion of T.A., support available from PVC.

6. Bangkok workshop held in April - second workshop deferred because of shortage of travel funds.

7. Project Design and Evaluation (PD&E) seminars are open to PVOs. Grouping evaluations and workshops planned on small enterprise, cost-effectiveness and the health care sector are providing for wide PVO participation.

1. Task force report completed and distributed for comments in August.
2. A sub-group of the PVO Liaison Committee from PVC, SER/CH, GC and one regional bureau will develop the concept for a comprehensive program grant or cooperative agreement which will provide for a single document to cover the entire AID supported program of a PVO.

3. Information detailing the scope and objectives of mission, regional bureaus and centrally-funded PVO activities will be developed and disseminated throughout the Agency (i.e., "PVO Guide to AID").

C. Provide for a better integration of PVO activities into the Agency's program planning and budgeting process.

1. The FY 1985 CDSS guidance which was recently sent to the field encouraged missions of U.S. PVOs operating in-country.*

2. The FY 1985 ABS guidance to be sent to the field next Spring will advise missions to request specific PVO levels.*

3. As part of the FY 1983 OYB exercise, annual PVO planning levels are being allocated to each mission.*

*NOTE: The report of the Task Force for Simplifying the PVO Field Process includes a section proposing for Agency consideration several specific suggestions for simplifying current budget and program procedures of the Regional Bureaus and Missions.

D. Encourage the expansion of the private resource base of the PVO community.

1. Between now and January 1, 1985 AID will be gradually implementing the legislated requirement that a PVO should obtain at least 20 percent of its total annual financial resources for its international programs from non-USC sources, in order to qualify for matching grants and operational program grants.
2. Over the next three years, there will be a phased adoption of the principle that part of the 25 percent non-AID funding requirement for OPGs and co-financing projects be a cash contribution to be obtained by the PVO from private sources.

E. Development of a policy for AID support of indigenous private voluntary organizations (IPVOs).

1. FVA/PPE coordinating with PPC will produce a draft IPVO discussion paper by mid-February to use as a working document for the March Advisory Committee meeting in Jamaica.

2. PPC will produce a policy-related document on AID support of Indigenous PVOs.

F. Utilizing the Advisory Committee on Voluntary Foreign Aid as a vehicle for addressing issues affecting the AID/PVO relationship.

1. PVC will actually work with the Committee and assist the ACFVA program for discussions regarding AID/PVO policy, programs, and procedures.

Presentation by Tom McKay, FVA/PVC
At the Advisory Committee Meeting 9/15/83

2. Pending - need for a cable to the field requesting mission experience with the requirement, to be followed by analysis and guidance to the field as appropriate.

1. Accomplished

2. On-hold

1. On-going
QUESTIONS/COMMENTS AND ANSWERS

COMMENT 1 – JOHN COSTELLO, HELEN KELLER INTERNATIONAL

I wish to comment on two points which I think concern many of us and which became clear in Jamaica. First, I am concerned with the indigenous PVO issue. I think we are better off in a sense without a definitive policy that becomes a target, but I am concerned that we are faced in many countries with a very limited amount of money available for PVOs. Now we are faced with a situation where we see a wave of interest in supporting indigenous PVOs. One of the problems U.S. PVOs are facing is limited funding. I think it is a particularly dangerous issue. If support or new monies are not made available, I think we will be in a situation that could be disruptive or put us in a position of competing for funds that may not necessarily add to what could be a very positive trend. We do support indigenous PVOs and that is the long range thing but there are a lot of problems that exist in these countries and the need for continued resources for our programs is real and the fact these are going to be cut significantly because money is going into indigenous PVOs could be very disruptive and unfortunate.

ANSWER 1

I think it's a potentially critical issue.

COMMENT CONTINUED

The other point I want to make is to speak in support of your comment on the 20% issue. The 20% part of this test I think many of us support. Many of us feel that PVOs should indeed have private resources and that it is very essential that we do, from our own standpoint of independence and from the fact that we can establish that we do have public support. I am concerned about the 25% OPG issue and I think that could be potentially very self-limiting. I think the test ought to be the 20% rule or the 25% rule or whatever it is, but if we keep having to establish the part of this test with every single grant we do, I think it's going to be very difficult and very limiting. I think in the long run it's going to hurt AID's ability to use PVOs effectively to answer many of the technical problems that exist in these countries. I think there ought to be one single test and let it go at that.

ANSWER 1 CONTINUED

A lot of people have expressed that view and that is one reason that we have moved very slowly on insisting that something be done differently, because without investigating it very carefully as to what the impact could be, I think we could do some very disruptive things and not realize that would happen.
I wanted to say one thing about the comprehensive program grant re-analysis that you are undertaking. I think that several organizations are already very, very pleased with the matching grant which is part of the Comprehensive Grant. This matching grant provides the government with a great opportunity to leverage matching support from voluntary organizations, 50%, and at the same time provides a very specific project which is available for fund raising, which could be successful. I am suggesting in reviewing the Comprehensive Program Grant that we not lose sight of the advantages in a very specific matching grant program. I hope you would share your views on this and what its about.

I appreciate your comments. We did not touch on the grant program in my discussion probably because it's going so well I forgot to mention it. The matching grant program has really grown. It is administered from my office. It is becoming very credible, a very highly respected program, and I personally view any PVO that is a recipient of the matching grant from my office to be in a true partnership. We are pleased with the way that particular program is going.
Advisory Committee members have raised many questions in previous meetings regarding AID polices and procedures for awarding contracts and grants to both for-profit and non-profit organizations. Mr. Rollis was invited to speak to the Committee and PVO community and to specifically address the AID contract and grant processes and how those processes are managed.

Mr. Rollis spoke from a prepared text which is included in its entirety.

Several ACVFA members raised points of concern about the inaccessibility of information to them on AID grants and contracting procedures. Dr. Walsh also probed at length about private for profits receiving the lion share of AID contracting and the few IQCs currently available to PVOs. Mrs. Burnette asked that Contract Management send copies of the AID Handbook on Grants and Contracts to each member of the ACVFA. Mr. Rollis indicated that the Handbooks would be made available to the Advisory Committee.
As a result of the June meeting of the Advisory Committee you asked that I come here today to explain a bit about our contract and grant processes and how we manage those processes. The responsibility of the Office of Contract Management, which is under my Bureau, is to award the contracts and grants which implement the country and other programs and projects as requested by the central functional and geographic bureaus of AID. We make these awards consistent with program requirements and laws and regulations which govern the use of Federal funds. Recipients of AID contracts and grants include many types of organizations: PVOs, universities, commercial firms, etc. In Fiscal Year 1982, a total of $190 million went to PVOs. This amount represented 13% of the AID development assistance budget of $1.4 billion. If we consider the fact that one third of AID program funds are required to be loan funds, the percentage of available grant funds going to PVOs is about 20%. Also in FY 1982, AID contracted the following in the commercial sector: $28 million went to small and minority-owned business, $6 million to individuals as personal services contractors, and $20 million to large businesses. The remaining amount went to universities, other nonprofit organizations, research centers and international organizations.

First, I want to talk about the process for choosing the appropriate implementing instrument for a program or project. The instruments available are contracts, such as Cost Reimbursement or Indefinite
Quantity contracts, about which I'll have more to say later; and grants and cooperative agreements - the latter two included under the general heading "assistance instruments." How does AID decide which is the proper instrument? I want to say first that the decision is not "recipient-determined". In other words, any qualified organization can enter into any type of instrument with AID. You do not have to be a commercial profit-making firm or university to obtain a contract with the Agency. You do not have to be a PVO to obtain a grant.

The determination of the appropriate implementing instrument depends on the intended purpose of the relationship with the recipient organization. The responsibility for the determination of the purpose of the relationship to be created belongs to the functional or geographic bureau which has responsibility for the program or project. The contract/grant office will choose the appropriate instrument based on the description of the intended relationship provided by the program office. If the Agency intends to create a relationship of support to the program of an independent entity, then the proper instrument is an assistance instrument, either grant or cooperative agreement. If, however, the principal purpose of the relationship is to acquire services for the benefit of AID then a type of contract is appropriate.
Now, most of you are familiar with the process by which grants are awarded once the decision has been made to create an assistance relationship. You may also be interested in doing some contract work for AID, and I understand you would like to know more about this process. AID contracts are negotiated and awarded after a competitive process. Non-competitive procurement is an exception to the rule and must be specifically justified and approved.

The process I am about to briefly describe is our general selection procedure. It is the one we use for the award of our Indefinite Quantity Contracts. Although we usually have multiple awards under the IQC process, the general selection procedure is also used where only one award is contemplated. The requirement for a contract is prepared by the cognizant program office. This becomes the scope of work and is included in a solicitation document we refer to as an RFP or Request for Proposal. This document also contains the instructions for preparing the details of your proposal including the cost elements. The criteria by which all proposals will be evaluated are included in the RFP. Cost is a factor, but not the primary one in this type of procurement. The technical aspects of your proposal are the most important. The availability of the RFP document is announced in the Business Daily published by the Department of Commerce and available to the public on a subscription basis. Publication is usually 45 days prior to the deadline for submission. The deadline is included in the announcement. Anyone wishing to obtain a copy of the RFP may do so, and instructions for
this are included in the announcement. The Project Office usually prepares a list of organizations to whom it wishes the RFP to be sent and the RFP is sent to them only after the issuing date. Any organization wishing to make a proposal for the contract may do so. We may announce the set-aside of certain number of awards to small business and/or minority owned business, but we do not prequalify organizations, or short-list, under this selection procedure. When the closing time arrives, no more proposals are accepted. The proposals received are recorded, the cost proposals are separated, and the technical proposals alone are sent to the Project Officer who convenes a review committee. The committee usually consists of a Chairman, representing the project office, a representative of the contracting office, and representatives from other concerned offices as appropriate. Occasionally, we require the services of an outside expert, but, of course, we do not do this if we cannot avoid a conflict of interest. When the proposals have been evaluated and scored, they are rank ordered and forwarded to the contracting officer who then reviews the proposed cost of each proposal and establishes what is called the "competitive range for negotiation." A proposal is in the competitive range unless it is so technically inferior or out of line with regard to price that meaningful negotiations are precluded. The contracting officer notifies all proposers of their status at this time, and may request the aid of our contract audit staff in reviewing and evaluating cost proposals. If you are in the competitive range, you will most
likely be visited by an AID auditor. When the reports are in, negotiations begin. The contracting officer negotiates with all offerors in the competitive range. When the first round is completed, the contracting officer asks all proposers in the competitive range for their best and final offer and sets a deadline for their submission. Usually the award is made after the final offers are received and evaluated. Sometimes it is necessary to reconvene the evaluation committee to review additional or revised technical submissions. All proposers are notified when the award has been made, and unsuccessful offerors are invited to request a debriefing relevent to their proposal if they wish.

AID management of contracts is more rigorous and involved than under grants. In a contract, since the outputs are specified and necessary to performance, AID monitors the Contractor's performance closely to assure compliance. Financial management and reporting requirements are more detailed. This is all because we view a contractor in a different role than the recipient of a grant. In many respects the contractor is an agent of AID when he performs under a contract. The nature of the organization takes a back seat to its ability to perform against an explicit set of AID-determined requirements.

However, in an assistance relationship the emphasis is placed on promotion of the independent capacity, integrity and quality of the entity or the program supported. In a contract the emphasis is on
the specific work and the manner in which it is performed. In an assistance relationship, once it is clear that assistance to the recipient is the intention, then the recipient itself assumes more importance. It is important that the recipient be an independent organization with its own program and its own program management systems. Since the purpose of the assistance is to support the recipient's program, we necessarily rely on the recipient to manage and carry out that program with a high degree of independence. On this basis, we hold the recipient accountable for the process; for efficiency and effectiveness in making the best effort to pursue the objectives of the program. Implicit in all this is that the recipient itself is part of the purpose of the agreement, that the recipient brings to the overall A.I.D. program a unique quality that of itself is worth supporting. We support the program because the recipient is doing it not because AID cannot do it. Not so with contract relationships. A contract establishes a buyer-seller relationship. The contractor is obligated to deliver an acceptable AID-specified product. We tell the contractor what we want to buy and he agrees to deliver it, and we agree to pay a certain price for what he delivers. We use contracts when we need specific inputs and prescribed results and we need to control the outcome. We use them when we are obligated to provide something on our end. We do not use contracts to support independent programs of recipient organizations. This is why the traditional AID/PVO relationship has been implemented through assistance instruments. The September 1982
AID/PVO policy paper restated and reemphasized the agency's commitment to support private, voluntary organizations in their independent capacity; and to preserve and enhance that independence. The most effective and appropriate mechanism for doing this is an assistance instrument.

I expect that although many of you will successfully compete for contracts, and we welcome you all, that our future relationship will continue to be carried out primarily through grants and cooperative agreements.
1. DIRECT CONTRACTS AND GRANTS PROCESSED
   BY AID/W IN FY 82

FY 82 TOTAL -- $567 MILLION

- CONTRACTS: $216 (38%)
- GRANTS AND COOPERATIVE AGREEMENTS: $288 (51%)
- FEDERAL AGREEMENTS: $63 (11%)

SOURCE: M/SER/DM data base, reviewed by Booz, Allen & Hamilton Inc.

1 INCLUDES AID-DIRECT CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS OF ALL TYPES, AS WELL AS SERVICE AGREEMENTS WITH OTHER FEDERAL AGENCIES. NEW ACTIONS AND AMENDMENTS ARE COMBINED. DATA BASE PRESENTLY UNDER-REPORTS MISSION ACTIVITY. COMPREHENSIVE DATA WILL BE AVAILABLE FROM MISSIONS FOR FY 83 THROUGH RECENTLY IMPLEMENTED PROCEDURES. DATA BASE PRESENTLY HAS LITTLE HOST COUNTRY CONTRACT DATA; NEW PROCEDURES SHOULD YIELD A TOTAL FOR HOST COUNTRY CONTRACTS BY LATE APRIL 1983. "FEDERAL AGREEMENT" ARE INTER-AGENCY SERVICE AGREEMENTS, WHICH WERE NOT REVIEWED IN THIS STUDY.

2 PERCENTAGE DISTRIBUTIONS HAVE REMAINED VERY STABLE SINCE FY78.
### 3. COMPOSITION OF FUNDED AMENDMENTS AND ORDERS (FY82)

<table>
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<tr>
<th></th>
<th>DOLLARS OBLIGATED (000)</th>
<th>PERCENT</th>
<th>ACTIONS</th>
<th>NUMBER</th>
<th>PERCENT</th>
<th>AVERAGE DOLLARS PER ACTION (000)</th>
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<td></td>
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(1) Collaborative Research Support Program
(2) Figures estimated by M/SER/CM staff
(3) Less than half of one percent
4. CONTRACT AND GRANT PROCESS OVERVIEW

- REQUIREMENTS DEVELOPMENT PHASE
  - Project Identification Document or Equivalent
  - Project Paper or Equivalent
  - Select Mode
  - Select Instrument
  - Select Procedure
  - Prepare PIO/T

- PROCUREMENT PHASE
  - Start-up Activity
  - Mobilization Funding (If Appropriate)
  - Monitoring Performance
  - Administrative and Technical Reporting
  - Payments
  - Amendments/Modifications (If Appropriate)
  - Close-out Audits

- ADMINISTRATION PHASE
  - Contracting Officer Review
  - Office of Business Relations Review
  - Noncompetitive Proposal Board Review
  - Document Preparation
  - General Counsel Review
  - Request for Application or Proposal
  - Receipt of Application or Proposal
  - Technical Evaluation
  - Cost Review
  - Selection
  - Scheduled and Conducted (If Required)
  - Audit Findings Review
  - Cost Proposal Review
  - Development of Provisions
  - Development of Agreement
  - General Counsel Review
  - Execution by Contractor/Grantee and Aid
  - Notification to Unsuccessful Organizations
  - Notification to Congress

* Indicates Applicable Only to Certain Types of Contracts
PERCENTAGE OF NON-PROFIT ORGANIZATIONS

GRANTS AID/W Dollars and Numbers for FY-82

$108,149,151.00  154 Non-Profit
$772,897.00       11 Profit-Making

GRANTS MISSION Dollars and Numbers for FY-82

$9,566,896.00  28 Non-Profit
$1,647,153.00  19 Profit Making

CONTRACTS AID/W Dollars and Numbers for FY-82

$37,191,236.00  75 Non-Profit
$28,419,318.00  682 Profit Making

CONTRACTS MISSION Dollars and Numbers for FY-82

$2,946,333.00  21 Non-Profit
$27,185,220.00  416 Profit Making

GRANTS PERCENTAGES

99% of AID/W grants in Dollars were Non Profit
93% of AID/W grants in numbers were Non-Profit

85% of Mission grants in Dollars were Non-Profit
60% of Mission grants in Numbers were Non-Profit

CONTRACT PERCENTAGES

57% of AID/W contracts in Dollars were Non-Profit
10% of AID/W contracts in Numbers were Non-Profit

10% of Mission contracts in Dollars were Non-Profit
5% of Mission contracts in Numbers were Non-profit
QUESTIONS AND ANSWERS

QUESTION 1 – DR. WALSH, PROJECT HOPE

I look at the numbers on the last page (of the preceding text) and I find them unbelievable, even incredible, but unbelievable primarily because I myself am aware of many grants that have been given at least within the health sector field over the past year or two which are far in excess of the total number that you demonstrate here for so called profit making organizations.

ANSWER 1

Who made the grants? What I mean is that the host country contracts here, (reference to figures presented on preceding page) of course, are missing. If those were made by the host country, which is the vast proportion of our business...

QUESTION 1 CONTINUED

AID made the grants. I would like to ask two or three questions. Number 1: the IQC groups are also eligible to apply for grants. In many instances they are working on the preparation of the parameters of a grant for months and months and then you put an ad in the Commerce Business Daily and invite the rest of us to spend an average of $50,000 to bid on something in 45 days and generally even 30 days, which is an almost impossible task no matter how good you are at it. Have you ever considered giving bidding agencies more time than that or, on the other hand, putting restrictions on whoever does the IQCs not being eligible to bid on the grant?

ANSWER 1 CONTINUED

We are also concerned about the problems you are talking about and there are a number of them. We did a contractor/grantee survey to attempt to determine where we stood and the results of it were adequate. One of the constant factors in there was additional access to information. Since that time AID Update has come into business. We are not associated with that commercial enterprise - I think the cost is something like $495 a year - but they have stringers that get public information first hand. They come and get it - anyone doing a similar thing could come and get it - but no individual contractor or grantee can get it. We just put out a letter which offered, at cost, our congressional presentation. We felt that a number of others either did not know of that, or did not have the Washington access to do it, so we've offered to make that available, plus the congressional notifications. We modify as we go along. I've asked Barbara Otis in the Office of Business Relations to hold a general review with our program people. She's hoping to accomplish that in January or February, so they can lay out their thoughts before they become an RFP. The unfairness of inside information is going to be a chronic disease. It will get better but it will never get well. The advantages to a Washington based firm, and especially ex-employees, in terms of an understanding of
our thought processes, which take forever and do not come to fruition to a printable stage until late in the game, is something we attempt to avoid, attempt to control, and attempt to objectify but its very difficult. I would not pretend that those networks of information do not exist. It's not illegal information its just a total familiarity as to how AID works. As far as preventing IQC contractors from bidding on other contracts, I can't see any legal or reasonable reason for us to do that. An IQC contractor has won one competition against very long odds. We get a huge number of applicants there which indicates their quality was thought by one panel to be extremely high, and consequently I don't think it would be to the advantage of the Agency to prohibit them from applying for other parts of what we do.

**QUESTION 1 CONTINUED**

Along that line, again I shan't mention contractor or Company, but I am aware of one example where the IQC contractor turned out to be the only bidder because the word throughout the PVO community was that the contract was wired and no one else should bother to bid on it. The Agency did state, and I think properly, that since the bid had been advertised, it was to be awarded. Is there any provision that if you advertise an RFP and only one organization bids on it, that the Agency will not act on the RFP or will resubmit or contact other potential bidders and invite them to bid so that the Agency will not be put in the position of awarding a contract to a sole bidder?

**ANSWER 1 CONTINUED**

We have the ability to do that. The judgment regarding whether or not to do that depends on the quality of the bidder and the bid. If the quality is good, I would not cancel the RFP because the competitive contracting process now takes nine months. Under those circumstances, to cancel that bid and start over may make it impossible to do what was originally intended eighteen months before.

**QUESTION 1 CONTINUED**

In situations like that you must know early on that this is going to happen, and you could, six months in advance, announce the bid so that people can start thinking about it even if they don't have the study that is provided by the IQC. My third question is in regard to the procedure for selection of an independent source contractor. How do you decide when something will go to an RFP and when it won't?

**ANSWER 2 CONTINUED**

There are four reasons to go to sole source. The first is unique capacity and, when you're talking technical assistance, that is very unusual. Another is predominant capability. There are instances where there is another organization that could conceivably do it, but you have a situation where, under the circumstances, such as limited time, you award on the basis of predominant capability. The third situation that may result in a sole source contract is a follow-on situation where a
particular contractor may have been working in the area for five years and needs two years to finish the effort. The fourth situation resulting in a sole source happens when a contractor is terminated for lack of performance. The follow-on contract may be awarded sole source.

Do not consider an RFP wired, bid on it. We're interested in that. The Contracts Office, the Sole Source Board, and the management of the Agency are concerned about allegations of wiring. If we have allegations of illegal wiring, we will be more than happy to prosecute to the hilt.

QUESTION 2 CONTINUED

I have no concern with illegal wiring; "legal wiring" is the problem so many of us face. I am aware of an instance where the private, profit-making agency that won a bid was contacted after the bid had been submitted and was advised that the proposed project personnel were inadequate and should be replaced with other names regardless of whether they would be used or not. This is the kind of thing that is so difficult to stop. Is there any way to bring this to the attention of the Agency?

ANSWER 2 CONTINUED

The appropriate mechanism for addressing these kinds of complaints is first to make your case complete. The Inspector General has a hot line and will follow-up any lead, but his success will depend on names and numbers and people that are willing to say what happened.

The problem of how to address the alleged wiring of contracts by AID employees is a very complicated issue. We can take administrative action against Agency employees that are wiring illegal contracts, but it is a close question and one that the Inspector General would have to substantiate. In the case of a winning bidder that won as the result of an illegal action by an AID employee, we're in difficult shape, and the action will depend on the facts of the case.

QUESTION 3 — ALICE GREEN BURNETTE

Mr. Rollis, I wanted to thank you and commend you for beginning to address some of the concerns of our Committee in this area. I am particularly interested in having as much detail about your grants award process as you have provided us here on your contracts award process. It would be appreciated if you could have someone on your staff provide that information to us. Also, if you could briefly this morning review for us the review process for grants paying any particular attention to the use of external persons to AID in that process I would be grateful.
ANSWER 3

The use of external persons depends on a judgment call. We can't bring them in if it will create a conflict of interest. We must determine what the impact of the whole thing will be, and whether or not we need them.

If there are going to be more questions for specific information, I think you should pass them on to Toye Byrd who can then collect them and determine the degree of interest there is in various types of information. We'll be glad to make the requested information such as the Grants Handbook available. We sent out a survey, and I think most of you received it. We had a good response rate; there are 164 AID Grantees, and 113, or 67% responded. We provided a number of information items, but the real source of information on grants awards is the Office of Business Relations. They have a Minority Resource Center within it, but they have taken on a larger role that includes maintaining what they call the "Yellow Book" which contains data on all of AID's grantees and contractors, such as the amount of the award, a description of the activities, and location of operations.

QUESTION 3 CONTINUED

I would like Chairman Williams to request 26 copies of the Grants Handbook for the Committee members.

(Mr. Williams agreed to request the handbooks.)

QUESTION 4

I have a question, not about the grants or contracts procedures, but I am interested in some of the concerns I have picked up from the field regarding the PVO relationship with Missions throughout the world. There seems to be, in some instances, a disinclination on the part of Mission Directors to deal with a small contract with PVOs, because the amount of time it requires to monitor a small contract with a PVO is comparable to the amount of time it takes to monitor a much larger contract. It seems to me that one of the questions this poses in terms of personnel resource management is: Are Missions compensated for the overload they might experience, or rewarded by being given additional personnel to monitor PVO contracts? Is there a rewards system for a Mission Director and his or her staff that do very well with PVOs or are we involved in a bureaucratic problem of having our Mission people spread too thinly to deal with the kinds of requirements that PVOs have?

ANSWER 4

There are a number of answers to that. Mission forces are too thin. However, our field force from 1976-1983 has increased by 100 which is a significant increase. 1976 is the first year after the Vietnam collapse, so we have not been taking people from overseas to staff Washington. In fact all of the mandated cuts in the Federal workforce have been taken out of our Washington staff with a net increase to the field.
There are not ceiling incentives for Mission Directors who deal with PVOs. Our scarcity of resources is so great around the world... our basic problem with staffing is with countries that are created where the political imperatives are such that we must have a Mission there. Up until recently Chad was in shape where that might be an open program, but we could not open a Mission in Chad with less than approximately seven employees. World-wide there are only 1450 staff out there. It was a big problem to determine where we were going to get seven slots, but Libya solved the problem for us by taking over one-third of the country. Those are the kinds of things that really drive our overseas staffing. The kind of fine-tuning you are talking about is just not possible. But the same problem that you are talking about as it relates to PVOs -- a Mission's desire to have larger programs because they are easier to administer -- there is that pressure there. However, the major pressure is that the Mission is in charge of dealing with the host government in terms of changing their basic policies to provide economic growth. Under those circumstances, we find the use of host country contracting -- that is where we agree to the disposition of funds in large amounts with the host government serving as the administrator -- to be an effective policy dialogue factor. This is the major thing that propels the Mission Director into large obligations with the host country government rather than smaller contracts with the organizations operating in that country... Subcontracting relationships with current grantees is a way to solve the problem with PVOs not only overseas but also in terms of running contracts with AID. You are reporting to a prime contractor and major responsibility for fulfilling the contract would be with the prime.
I. REPORTS FROM SUBCOMMITTEE MEETINGS

Report From the Subcommittee on Food For Peace

The Subcommittee Chairman, Phil Johnston, reported on resolutions resulting from Subcommittee deliberations. The first resolution brought before the full Committee for passage recommends that:

- commodities contributed by the USDA be priced at the absolute minimum;
- all funds appropriated for Title II be utilized for Title II;
- sufficient funds be appropriated to meet the minimum tonnage requirements.

The second deals with an endorsement of the AID position on monetization of commodities under Section 416 of the Agricultural Act of 1949.

The third resolution proposes a commemoration of the 30th anniversary of the Food For Peace Program in 1984. The event coincides with the tenth anniversary of the World Food Conference. The Chairman noted that world hunger continues to be an issue of major humanitarian concern and proposed a major effort to publicize the anniversary of the Food For Peace Act and underscore the urgent demand for a continuing commitment to alleviate world hunger. The Subcommittee recommends that the AID Administrator develop a plan for publicizing the anniversary, which should include the involvement of the White House, AID, USDA, Congress, PVOs and others, as appropriate. It was further resolved that ACVFA will review that plan at the March, 1984 meeting and will provide whatever assistance is requested to ensure PVO involvement in the commemoration.

The issue of food aid as a disincentive to indigenous food production and the adequacy of the minimum tonnage requirement will be addressed at the December, 1983 meeting. Dr. Toye Byrd's office will secure an appropriate Subcommittee audience through early notification to potential participants in the December meeting.

Report From the Subcommittee on Development Education

In the absence of the Chairman, Willie Campbell delivered the summary report. She noted that the meeting's major agenda items included:

• a report from Beth Hogan of AID on the FY 83 Biden-Pell grant program.

Mrs. Campbell noted that great progress has been made with regard to developing a strategy for action within the field of development education. The Working Group report on a framework for promoting development education will be available in its final form in October, 1983. The strategy developed by the Working Group acknowledges the need to address the pluralism of the organizations involved in the process and to conduct a market survey to identify the audience and the nature of people's perceptions of development education.

The Subcommittee also conducted a lengthy discussion on the need to develop strategies for increasing private sector support for development education activities.

In regard to the Biden-Pell grants, the Subcommittee endorsed AID's initiative to increase funding for the grants in 1984. It was also suggested that AID could participate in the effort to leverage funds for development education from the private sector.

Finally the Subcommittee recommended that the December meeting of the Advisory Committee be devoted at least in part to a report from the Joint Working Group on Development Education, with a special emphasis on how to develop private sector support for development education.

The ACVFA Chairman requested that Mrs. Campbell send a letter thanking Congressman Gilman for attending the Advisory Committee meeting and requesting a follow-up meeting with the Subcommittee regarding development education issues.

Report From the Subcommittee on Women In Development

The Subcommittee Chairperson, Michaela Walsh, delivered the meeting report. Ms. Walsh reiterated a recommendation developed at the Subcommittee's June meeting that future Committee deliberations include a discussion of the impact on women of the matter being discussed. She reported that since the June meeting the AID/WID office has followed up on another recommendation to collect information on AID programs and their impact on women. The WID office recommended, and the Subcommittee agreed, that the Subcommittee should focus on enterprise development.

At the June meeting, the Subcommittee discussed the distinctions which must be made between subsidized income generation programs and small business development. The Subcommittee has identified the need to educate the AID and PVO communities about small business development. A review of issues pertinent to small business development, such as factors contributing to the success and failure of these ventures, will be the Subcommittee's focus for the next two or three meetings. Ms. Walsh stated that the Subcommittee would like to postpone making any recommendations until this effort has been completed. Recommendations will be related to all aspects of enterprise development and will not focus strictly on the involvement of women.
The Subcommittee recommended that the June, 1984 ACVFA meeting be devoted to the issue of small business development. In the event that the June meeting is the FY 84 overseas meeting and is three or four days long, the Subcommittee recommend that the WID issue comprise one half of the full Committee meeting agenda.

Report From the Subcommittee on PVO/AID Policy

Subcommittee Chairman E. Morgan Williams reported that the Subcommittee approved a series of comments for inclusion in a letter to AID Administrator McPherson and requested brief reports from Subcommittee members on the items discussed.

The following items will be included in the letter to Mr. McPherson:

- positive comments on AID momentum regarding a number of initiatives, particularly the series of emerging policy papers.

- recommendation that sensitivity in working relationships with the voluntary agencies be established as a factor for review by AID in the selection, training and evaluation of Mission Directors and their key staff abroad.

- recommendation that the AID Director have the discretion to expend funds for very small grants.

- positive comments on the Institutional Development Policy Paper, which places more emphasis on the role of the private sector.

- recommendation promoting the establishment of field-generated levels of assistance for PVOs. The Subcommittee commends the practice that has been instituted in some missions (e.g. Indonesia) of including PVO activity as part of the annual planning level.

- positive comments regarding the Comprehensive Program approach.

Subcommittee members expressed concern that as efforts get underway there may be a need for increased assistance from the limited AID staff. The Chairman suggested that this issue be reviewed by the logistical Subcommittee (the Planning and Operations Ad Hoc Committee).
Report From the Subcommittee on PVO-Corporate Relations

In the absence of the Chairman, John Clark presided at the meeting and delivered the summary report. He noted that the meeting was "very successful" and described it as an "important milestone" in the Subcommittee's year long efforts to identify vehicles for stimulating PVO-corporate collaboration. Mr. Clark noted the Subcommittee's early efforts focused on large corporations, but that subsequent to the June meeting, research efforts focused on issues relating to the potential for small business involvement in joint ventures with PVOs. The Newman & Hermanson Company, on behalf of the Subcommittee, performed the following two tasks with respect to Subcommittee's interest in ascertaining and developing the potential for small business involvement in collaborative ventures with PVOs:

- contacted organizations representing small business concerns to determine current levels of interest in establishing or expanding operations overseas and to identify small business assistance needs.
- contacted Federal agencies to identify Federal resources/assistance available to small businesses interested in overseas operations.

Mr. Clark explained that the effort resulted in the September 16 Subcommittee meeting public-hearing format. Representatives of the following small business organizations delivered presentations on issues relating to small business involvement in operation overseas and the potential role for PVOs:

The American Soybean Association
The Agribusiness Council
The National Small Business Association
The U.S. Chamber of Commerce
The U.S. Agricultural Export Development Council
The Overseas Private Investment Corporation
The Institute for International Development
Caribbean/Central American Action

Mr. Clark informed the Committee that the Subcommittee's research activity will culminate in a paper providing recommendations regarding PVO-corporate collaboration, which will be presented at the December ACVFA meeting. The Subcommittee will, prior to the December meeting, circulate a draft paper to five PVOs, five corporations and business organizations, AID staff and other appropriate groups for their review. Mr. Clark requested a portion of the Committee's December meeting agenda for presentation of the paper.

An additional item of discussion by the Subcommittee was the subject of its future role. The issue of whether the Subcommittee should continue to work in this area or disband after the development of the recommendations was considered by the group. Several Advisory Committee members indicated
that the meeting was very successful, and as a result of the support expressed for the Subcommittee efforts by representatives of small business organizations, urged the Subcommittee to continue its work in this area. Other ACVFA members suggested that the work be continued because the concept of PVO-corporate collaboration is still very new and the Subcommittee could play a valuable role both by monitoring progress in this area, and by providing a forum for raising concerns regarding such issues as the lack of knowledge on the part of corporations regarding PVO capability.

The ACVFA Chairman requested that the Subcommittee serve as ACVFA's principal liaison to the President's Task Force on International Private Enterprise.

Michaela Walsh stated that there were a number of people interested in attending the PVO-Corporate Relations Subcommittee meeting, but were unable to do so as a result of scheduling conflicts. She suggested that less than three Subcommittees meet concurrently. The Chairman stated that the Committee will consider scheduling two, rather than three Subcommittee meetings at the same time.

II ACVFA ROLE IN AID/PVO POLICY IMPLEMENTATION

Chairman Williams noted that the subject had been well covered in Thomas McKay's report to the Advisory Committee on September 15 and in the PVO/AID Policy Subcommittee meeting on September 16. He invited comments on this agenda item, received none, and moved to the next item.

III BRIEF DISCUSSION OF CONFLICT OF INTEREST ISSUES (FOLLOW-UP TO THE JUNE, 1983 REPORT FROM AID/OFFICE OF THE GENERAL COUNSEL)

The Chairman reminded the Committee that he had agreed to follow up on the conflict of interest matters discussed at the June ACVFA meeting and informed the Committee that the Planning and Operations Ad Hoc Committee will provide a report on the matter to the full Committee.

A brief discussion of the AID Office of the General Counsel's requirement for submission of financial disclosure statements by Advisory Committee members ensued. To minimize complications, Committee member Dr. Walsh suggested that Advisory Committee members with questions regarding that matter consult their private attorneys, rather than the AID General Counsel.
IV BRIEF DISCUSSION OF PRESIDENT’S TASK FORCE ON INTERNATIONAL PRIVATE ENTERPRISE

The Chairman requested that the Committee consider two options with respect to the future meetings and activities of the Advisory Committee and the President’s Task Force. The first involved a joint meeting of the two groups. The agenda would include presentations by both committees on their purposes and activities and a one-day discussion program of interest to both groups. The second option would be for the Advisory Committee to continue to monitor the activities of the Task Force, review Task Force materials, and arrange for presentations by each group at the other’s regularly scheduled meeting. The Chairman noted that Julia Bloch was invited to speak on food aid in Africa at an upcoming meeting of the Task Force.

Committee member Martin Sorkin suggested that the Task Force would be more likely to welcome a meeting of the Advisory Committee with their top staff, rather than with the entire Task Force. The ACVFA Chairman indicated that he would discuss the proposed options with the Chairman of the PVO-Corporate Relations Subcommittee, which is responsible for maintaining communication with the Task Force. He also assured the Committee members that they would be informed of the dates of the open hearings conducted by the Task Force.

V FUTURE ACVFA MEETINGS – DISCUSSION OF DECEMBER, 1983 MEETING AGENDA AND PLANS FOR THE FY 84 OVERSEAS MEETING

The Chairman proposed a discussion of the FY 84 overseas meeting and requested suggestions from Committee members regarding the meeting location and date.

Haiti was suggested as the overseas meeting location for the following five reasons:

- it would be a logical follow up to the Jamaica meeting
- it would support the Caribbean Basin Initiative
- the Mission has been actively seeking the ACVFA meeting
- it would be less expensive than travel to other proposed locations, such as western Africa
- local PVOs could complement the Women In Development agenda

David Guyer suggested that the Committee consider Senegal, as it has already been to the Caribbean. He also noted that the development problems that the Committee will be grappling with in the next decade or two will be increasingly related to Africa.
Dr. William Walsh suggested that Central America be considered for the meeting location, primarily because of the urgency of the Central American situation. He also noted that it is a geographic region where significantly little aid has been provided in the past. Dr. Walsh proposed Costa Rica as a potential location for the June meeting, and noted that Honduras should be considered as well, due to the great progress it has made while surrounded by strife.

Dr. Toye Byrd informed the Committee that the ACVFA staff will require six months to plan the overseas meeting. The Chairman requested a vote on locations under consideration and informed the Committee that regardless of the results, both Haiti and Senegal would be explored by the Committee and AID staff as possible meeting locations. Nine members indicated that they favored Senegal, while seven indicated they favored Haiti or Honduras. The meeting location will be decided at the December ACVFA meeting. Subsequent to a brief discussion of the meeting date, the Chairman announced that based on several factors the meeting will be held in June of 1984. The Chairman suggested that members reserve the week beginning June 11th.

The Committee then discussed the major agenda items for the December, 1983 meeting which are as follows:

- The PVO/Corporate Relations Subcommittee will present a paper discussing recommendations regarding PVO-corporate collaboration and will provide appropriate speakers. The Subcommittee may also report on any information or issues resulting from its contact with the President’s Task Force on International Private Enterprise.

- The Development Education Subcommittee will present the ACVA/PAID Joint Working Group report on a framework for development education.

Ms. Alice Green Burnette suggested that the Advisory Committee invite Mr. Tom Fox of Grantmakers International for a presentation and discussion of issues related to a resolution passed by the Subcommittee on Development Education calling for a seminar on private sector funding for development education. Following a brief discussion by Committee members of the definition of development education, the Chairman adjourned the meeting at 12:45 p.m.
Subcommittee Meeting Summaries

- PVO Policy
- PVO-Corporate Relations
- Development Education
- Women in Development
- Food for Peace
-AGENDA-

- Update Report on AID Implementation Plan for PVO Policy - Thomas McKay, Director, Office of Private and Voluntary Cooperation


- Other Business
Meeting of the
Subcommittee on AID PVO Policy
Advisory Committee on Voluntary Foreign Aid
October 16, 1983

Presiding: E. Morgan Williams, Chairman
Recorder: Louis Briganti

The meeting of the Subcommittee was called to order at 8:45 a.m. by the Chairman, E. Morgan Williams. ACVFA members present, in addition to Mr. Williams, were introduced; namely, Robert Beasley, Philip Johnston, Robert Marshall and David Guyer. They were joined later by Julia Taft and James Morgan.

The Chairman announced that Mark Ball will assume chairmanship of the Subcommittee in December. He presented a brief overview of the Subcommittee's purpose and objectives for the benefit of new members. Mr. Williams described the Subcommittee as a "forum for discussing policy issues of AID and other government agency policies that affect PVOs." He informed the group that a legislative committee of the PVO community was established last year which is coordinated and conducted under the ACVFA umbrella. The committee will meet monthly to review congressional policy and legislative action from the PVO perspective. Mr. Williams presented highlights of the first meeting of the committee.

Following his opening remarks, the Chairman asked the members of the group to introduce themselves. The group reviewed the agenda and suggested the following additional items for consideration:

- Clarification of issues from the AID presentation on grants and contracts.

- Progress on the Comprehensive Program Grant and other aspects of the PVO Policy Paper implementation report made by Tom McKay, FVA/PVC.

- Interaction with the Presidential Task Force on International Private Enterprise

A brief discussion of the Presidential Task Force followed. Morgan Williams mentioned that he has conferred with the Coordinator of the Task Force, Mr. Chris Holmes of the Private Enterprise Bureau. Food Aid is one of the concerns that the Commission will deliberate and it is important that ACVFA monitor their actions and maintain communication with the group.
It was suggested that an update on the Carlucci Commission should be an agenda item at a later Subcommittee meeting. One participant indicated that the Commission has held its hearings, and there are reports circulating that they may favor defense spending over humanitarian aid. He suggested that the Subcommittee assess the potential affects of the report on PVO efforts. Martha McCabe (CLUSA) suggested making available a draft of the report. One of the draft's recommendations calls for the reorganization of AID to provide a closer relationship with the State Department. This comment was followed by discussion and speculation about the nature and purpose of the proposed reorganization by staff of AID.

The discussion of the agenda and pending issues was concluded by the Chairman. The session's first speaker, Karen Poe, PVO Coordinator for the AID Bureau for Program and Policy Coordination, was introduced. She presented a status report on the Cooperative Policy Directive. She reported that work is continuing on the directive. Thus far the Agency has received comments from the Cooperative Resources Committee, the World Council of Credit Unions and the Agricultural Cooperative Development International. Questions on one section of the directive are still unresolved internally regarding financing overseas cooperative development. The PPC Bureau hopes to submit the final draft to the Administrator for signature before the next ACVFA meeting.

Ms. Poe stated there has been some misunderstanding among the cooperative community concerning the directive. It should be made clear that the determination that the Bureau is working on pertains to overseas cooperative development and that AID is not revising PD 73 -- the AID policy for cooperative organizations. She stressed that the U.S. overseas cooperative development policy determination is a totally different effort. The Subcommittee Chairman requested Ms. Poe to put her clarifying statement in a letter to him which he would send to Sam Bunker (CRC) for distribution to the cooperative community.

Advisory Committee member Philip Johnston raised a question about the matter of conflict of interest which was discussed by a representative from the AID General Counsel's Office at the last meeting. The Chairman explained that someone from the General Counsel's staff had planned to provide an interpretation on certain issues, particularly whether or not Advisory Committee members were considered employees of AID during the time they served on the Committee and provide an interpretation. Additionally, each Committee member's bio would be reviewed to identify potential conflict problems or to determine if special exceptions are necessary. Dr. Toye Brown-Byrd, ACVFA Executive Director, stated that she had spoken to Jan Miller of the General Counsel's Office who indicated that conflict of interest is a "mammoth" problem that relates to all advisory committees. Miller advised Dr. Byrd that ACVFA members are considered non-government employees. She reminded the group that all committee members are requested to submit personal financial disclosure reports. The Chairman expressed his concern that the matter of conflict of interest is unfinished business, and requested that the General Counsel's Office make another report on the subject to the ACVFA business meeting in December.
Tom McKay, Director of the FVA Office of Private and Voluntary Cooperation, was asked to comment on his report made during the plenary session on the preceding day. Rather than reiterate his remarks, Mr. McKay called for questions on the report. When no questions were asked, Mr. McKay suggested that perhaps the group should discuss the indigenous PVO policy. However, strong sentiment was voiced that more attention should be given to U.S. PVOs before considering local PVOs. Advisory Committee member Julia Taft indicated that the group should not leap ahead to discuss indigenous PVOs but, instead they should focus on a major problem facing PVOs collectively -- that Mission Directors do not believe that PVOs are an integral part of a country's development process. To overcome the lack of credibility, PVOs must explain their track records in appropriate terms. Moreover, she suggested PVOs should have a role in training and selecting Mission Directors. Ms. Taft went on to suggest that promotion and evaluation criteria used to judge Mission Directors' performance should require sensitivity to and appreciation of PVOs. There are serious perception and communication problems, and overall, more institutional receptivity is needed.

Tom McKay responded to Ms. Taft by presenting the view that the problem is mainly on the part of individuals whose attitudes will not allow them to accept the development potential of PVOs and their programs. The problem will be solved only over the long term in a variety of ways:

- PVOs must do a better job of talking with Missions about what they are doing in development
- ACVFA could advise the Administrator that cognizance of the importance of PVO programs should be made a factor in the selection process for Mission Directors. Their performance plans and evaluations should include this element.

Philip Johnston pointed out that such a recommendation must be balanced by a message from the Advisory Committee to PVOs stressing their need to strive constantly to be more effective, more cost efficient and better integrated into the country development process -- "the corollary role." It is equally important that PVOs have a clear understanding of the problems and conditions within countries where they wish to conduct projects, understand their limits and propose only what can be accomplished. There are efforts underway within AID to obtain a better sense of strengths/capabilities; for example, case studies of PVO projects are being prepared.

The next major agenda item taken up by the group was small grant funding ($10-20,000) for innovative PVO projects. The establishment of such a funding mechanism could mitigate problems which confront many of the smaller PVOs who cannot meet the more rigorous requirements for large grants. An AID representative stated that the OPG process has been simplified to make it less difficult for field projects of PVOs to get funded. Despite these changes, members of group felt that small PVOs that devote their efforts and resources to work in the field in remote locations do not have the capacity to compete with big PVOs that have sizeable headquarters staffs.

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There is a need to award funds in relation to size. Fred Schieck, PPC, explained that the Missions have many levels of funding beginning with the Ambassador's Self-Help Fund which totals about $50,000 annually for small, discretionary awards to local groups for "good deeds." This mechanism helps to promote a positive image within the country. The Advisory Committee could recommend that a small awards program fashioned after the Ambassador's fund program be established for PVOs.

There was discussion about the possibility of AID establishing an intermediary structure such as a contractor, to fund small PVO projects. In this way the responsibility could be passed on to the intermediary for administration and monitoring small grants, which otherwise could be burdensome to the missions. The intermediary could also provide support services to small PVOs. It was decided that this option should be given consideration at a later date.

There is a little known amendment to the Peace Corps Act which enables that agency to award small grants for domestic (host country) development services of local private voluntary agencies. These funds could conceivably be used in some way to support some of the organizations seeking grants, especially indigenous PVOs.

Tom McKay offered the following points that should be considered by the Advisory Committee before approaching AID regarding the initiation of PVO small grant programs:

- Money for any new PVO small grant programs would have to come from other PVO projects which have proven to have major merit and significant impact.
- AID tries to weigh the value they are getting for their dollars. Often small projects are more difficult to evaluate.
- AID already has model small grant programs underway in a number of places e.g. Senegal, South Pacific and Zaire.
- From AID's standpoint, it is important to know where the small grants programs would be established. Such programs might not be productive in certain countries.

Discussion continued on the role of very small grants. Jim Morgan remarked that there are absolutely essential things in the development process that fall into the "cracks and gaps." AID cooperation is necessary at the seed level of projects. Tom McKay pointed out that AID is already awarding grants, through his office, directly to organizations that give small grants to innovative projects. He cited Lutheran World Relief (LWR) as an example of an organization that receives a matching grant from his office. Over half of LWR's grant goes to small, local projects that LWR identifies.
There are several other organizations that receive matching or consortia grants e.g., Codel, and PACT. The major criteria that these organizations must meet are 1) to have established mechanisms for outreach within local communities to identify projects, and 2) to have systems for selection, monitoring and evaluation of grantees. AID monitors the grantee who is in turn responsible for monitoring the individual subgrants. The AID Mission is not directly involved in this process and does not have approval authority; however, the Mission is generally acquainted with the subgrant projects. The major advantage of this process is that it utilizes a system that a U.S. PVO has devised to reach a level of the community that AID usually does not have the capacity to serve directly.

Even though the Committee is encouraged by the movement within AID to be more supportive to PVO needs, one member noted that greater involvement of the AID Mission in the process is still needed if to ensure a shift in attitude toward small projects and consequently produce more receptivity to the PVOs' efforts.

The group briefly discussed the current South Pacific Grant Program which involved a plethora of small PVO projects. Ironically, this program resulted in a "reversal phenomena" in that it became necessary for AID to ask PVOs to implement AID's country development program.

The discussion turned to budget issues. A question was raised concerning whether Mission Directors are requested to target funds at the beginning of each year for PVO grants. Karen Poe stated that a recommendation will be made to the AID Administrator that requires a Mission, in the development of its annual budget, to establish a "planning level" for PVOs. A "planning level" would enable PVOs within a country to know exactly the amount of money available for competition. It would also provide an incentive for Missions to work more closely with the organizations in the country. In the Asia Bureau, Missions have already taken the initiative to submit specific projects earmarked for PVOs.

This discussion lead into the next major agenda item—an explanation of AID's budget process—which was presented by Karen Poe. The Agency is currently developing the FY 1985 budget. The budget cycle runs 18 months ahead of the current fiscal year. PVO requests usually come in the budget year in which the funds are needed; but PVOs must allow 18 months lead time on projects they want to conduct. Members of the Committee felt that PVOs must find a way to have some funds designated at the Mission level each year for unspecified PVO activities.

The model developed in the Asia Bureau was recommended for adoption throughout the Agency to provide flexibility for funding PVO projects outside of the 18 month cycle.

In response to a final question on the budget process, Tom McKay stated the line-item for PVO support does not present separate categories for U.S. and local PVOs.
It was pointed out that there is no one on the President's Task Force on International Private Enterprise representing the private voluntary sector. Toye Brown-Byrd will send all ACVFA members a list of Task Force members to enable Committee members to contact people they may know personally who serve on the Task Force. It was determined that this matter was very crucial and should be brought before the entire Committee during the business meeting for further consideration and action.

ACVFA member David Guyer suggested that the group summarize recommendations made to that point. Motions made and carried follow:

- Resolved that the Advisory Committee communicate with the AID Administrator urging that training, selection, and evaluation of the performance of Mission Directors and their staff include criteria that reflect sensitivity to PVOs and working relationships with them.

- Resolved that the Committee recommend to the Administrator that efforts be continued to simplify funding mechanisms so smaller agencies have an opportunity to fund small-scale innovative activities.

- Resolved that the Subcommittee endorse the establishment of the annual planning level in the Mission budget process. However, it should be a line item but not a quota for funding PVO activities.

- Resolved that the Subcommittee establish communication with the President's Task Force on International Private Enterprise, particularly as they consider the role of private assistance programs in LDC private sector development.

These items will be presented in a letter from the ACVFA Chairman to the Administrator.

David Guyer requested that the record indicate that the Committee acknowledges favorably the various efforts underway within AID on behalf of the PVO community. The Administrator's backing of initiatives such as the Comprehensive Program Grant approach points to a growing sense of confidence between the AID and PVOs.

Mr. Guyer further indicated that he is encouraged by the publication of AID policy papers. They are extremely useful; for example, the recent paper on institutional development. He felt that this paper clarifies finally the fact that all Mission Directors are required to build up the private sector wherever possible. PVOs have had a long-standing commitment to this interest. The paper will enable PVOs to ensure that this mandate is adhered to in future negotiations with the Missions. All Advisory Committee members will receive copies of this policy paper and a list of others which are available.
The focus of the meeting shifted to the presentation on grants and contracts made by R. Thomas Rollis, AA/M, the preceding day. One member felt strongly that the presentation did not address adequately grant funding which PVOs are primarily concerned with. In addition, the distinction between grant and contract activities is still unclear. The Chairman stated that a special briefing could be arranged at the next ACVFA meeting.

David Guyer introduced a motion that the Subcommittee endorse the steps being taken by AID to obtain input from the private voluntary community on the plan for implementation of a comprehensive program grant process. The motion was seconded and carried.

The Chairman asked Tom McKay to briefly discuss the Interagency PVO Liaison Committee and how it operates. Mr. McKay explained that it is an internal AID committee chaired by Julia Bloch, Assistant Administrator of the Bureau For Food For Peace and Voluntary Assistance. The Committee was established several years ago and had been basically inactive in recent years. It is made up of staff from each of the AID Bureaus and central offices. It was created to deal mainly with matters concerning PVOs within AID. Currently, the Committee has ten members. It was recently reactivated and serves as a vehicle for disseminating PVO-related information within the Agency and will focus attention on Agency-wide issues affecting the PVO/AID relationship.

The discussion returned briefly to the subject of conflict of interest. The Chairman will meet with John Kline of AID's General Counsel's office prior to the next meeting to obtain further clarification.

The following Advisory Committee members agreed to assume responsibility for developing expertise in areas to be covered at the next meeting:

- Julia Taft - Evaluation and selection of Mission Directors
- Philip Johnston - Small grants funding program
- David Guyer - Institutional Development

The Chairman adjourned the meeting at 10:45 a.m.
Advisory Committee on Voluntary Foreign Aid
Subcommittee on PVO-AID Policy
September 16, 1983

Jim Baird
Salvation Army World Service Office

Norman E. Barth
Lutheran World Relief

Robert Beasley
Farmland Industries//Cooperative League

Toye Brown-Byrd
ACVFA

Willie Campbell
Overseas Education Fund of the
League of Women Voters

Bernard A. Confer
Church World Service

Tom Corl
A.T. International

Nelson Denlinger
U.S. Wheat Association

John A. Donnelly
Catholic Relief Services

Roger Flather
Roger Flather Associates

Jack Francis
AID, LAC/OP

Bryant George
AID

David L. Gayer
Save The Children Federation

Rita Hudson
AID/FVA/PVC

Philip Johnston
CARE

Francis A. Luzzatto
Peace Corps

Robert J. Marshall
ACVFA Member
Lutheran Theological Seminary

Martha L. McCabe
CLUUSA

Margaret McCullough
Christian Children's Fund

Ms. Mary M. McDonald
ACVFA Member
Cook County Board of Commissioners

Thomas McKay
FVA/PVC
Agency for International Development

James O. Morgan
ACVFA Member

Karen M. Poe
Bureau for Program & Policy
Coordination
AID/PPC

Frederick W. Schieck
AID/PPC

Julia Vadala Taft
ACVFA Member

Michaela Walsh
Women's World Banking

E. Morgan Williams
Chairman, ACVFA
The Cooperative League of
the U.S.A.
ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID
SUBCOMMITTEE ON PVO-CORPORATE RELATIONS
SEPTEMBER 16, 1983

-AGENDA-

- Opening Remarks - John Clark, Acting Chairman

- Newman & Hermanson Company Report - Wilhelmina Bell-Taylor, President

- Survey of Small Business Organizations and Associations
- Analysis of Government Assistance for Collaborative Projects
- Slide Presentation: The Case for PVO-Corporate Collaboration

- Introduction of Speakers - John Clark

"Issues and Perspectives of PVO-Small Business Collaboration"

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<td>Dairy &amp; Food Industry Supply Association</td>
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<td>Eugene Grasberg</td>
<td>The Agribusiness Council</td>
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<td>Herman Director</td>
<td>National Small Business Association</td>
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Questions and Answers

Process for the Development of Recommendations to the Chairman and the Administrator

Closing Remarks - John Clark
Meeting of the
Subcommittee on PVO-Corporate Relations
Advisory Committee on Voluntary Foreign Aid
September 16, 1983

Presiding: John Clark, Acting Chairman
Recorder: Mary-Lou Rayball

The meeting of the Subcommittee on PVO-Corporate Relations was convened at 8:45 a.m. by Subcommittee member John Clark. Mr. Clark served as Acting Chairman in the absence of Kenneth Smith. Thirty-two people were in attendance. Following introductions of those present, the Chairman delivered opening remarks regarding the Subcommittee's objectives and activities, and reviewed the September 16th meeting agenda. Eight representatives of organizations representing small business concerns delivered brief presentations on their organization's (or their membership's) experience overseas. The Chairman explained that the purpose of the meeting was to explore issues relating to the potential for PVO-small business collaboration. The meeting was conducted in a public hearing format. The eight presenters or "witnesses" provided testimony regarding:

- organizational experience overseas
- small business assistance needs
- appropriate assistance role, if any, of PVOs
- appropriate role, if any, of AID
- barriers to effective collaboration
- suggestions for promoting collaborative projects involving small business and PVOs

The Acting Chairman, at the conclusion of his opening remarks, invited comments on the proposed Subcommittee process for making recommendations to the AID Administrator. He specifically asked witnesses to address the questions:

- What role if any can PVOs play?
- What role if any can AID play?

He briefly explained that Subcommittee recommendations to the Administrator will be made through the full Advisory Committee and that the Subcommittee meeting was part of an on-going effort to gather information on PVO-corporate collaboration, to be used in Subcommittee deliberations regarding the development of those recommendations.
Following his opening remarks, the Chairman turned the meeting over to Wilhelmina Bell-Taylor President of the Newman & Hermanson Company (NHC) for a report on the firm's activities to date on behalf of the Subcommittee. Ms. Bell-Taylor summarized NHC's year-long effort to assist the Subcommittee in gathering information on PVO-corporate relations. Specifically, NHC has conducted informal interviews with representatives of large and small businesses and PVOs, and has reviewed a variety of print materials available to collect information on the following:

- various types of relationships that exist between U.S. corporations and PVOs, particularly non-philanthropic, contractual relationships.

- potential for PVO involvement in U.S. business development overseas.

- factors contributing to effective partnerships.

- barriers to collaboration.

- mechanisms for stimulating greater interest and involvement in collaborative ventures on the part of PVOs and corporations, and for fostering additional partnerships.

Ms. Bell-Taylor noted that the findings resulting from the initial interviews which were conducted with representatives of large corporations indicated that attention should be directed to small and medium-sized businesses, as they generally lack the resources and experience of larger corporations. With respect to research on small business involvement in partnership initiatives with PVOs, NHC carried out two specific tasks:

- NHC conducted telephone and personal interviews with representatives of Federal agencies providing assistance to small firms interested in business development overseas, to identify services/assistance available for initiation or expansion of operations overseas, and to present the concept of PVO-corporate collaboration to those agencies. NHC developed a paper which identifies Federal resources and programs available to small businesses and summarizes the major findings resulting from the interviews which relate to:

  - a general lack of familiarity and misunderstanding on the part of private and public sector organizations and representatives with the concept of PVO-business collaboration
- lack of Federal experience, outside of Agency for International Development, with PVOs and knowledge of PVO capability. Ms. Bell-Taylor noted that a Small Business Administration publication, distributed at the meeting, identified organizations such as consulting firms, trade associations, universities, commercial banks, and Chambers of Commerce as public and private sector sources of assistance for international business needs, but did not include PVOs among the recommended resource organizations. She cited this example as an indication that Federal agencies are not familiar with PVO capability and that PVOs, therefore, are not considered fully as sources of assistance.

- a lack of inter-agency coordination of information. Agencies are generally not apprised of one another's activities and there is virtually no coordination of information. This situation precludes "one stop shopping" by small businesses looking for aid and eliminates the likelihood of referrals to appropriate PVOs active in the target countries.

- NHC contacted organizations representing small business concerns (including trade and business associations) to determine business development assistance needs and to introduce the concept of PVO-small business collaboration. While gathering information on the various organizations' experience overseas, NHC identified a number of groups interested in becoming involved in the Subcommittee's activities.

Ms. Bell-Taylor concluded her presentation by noting that following the September meeting, the Newman and Hermanson Company will analyze the information currently available to it on PVO-corporate collaboration and will prepare a paper for Subcommittee use as the basis for deliberations on the recommendations it will submit to Administrator McPherson, as well as for general distribution.
The Chairman then introduced the first of the eight speakers present from organizations representing small business concerns. A summary of their remarks regarding the organizations' experience overseas and issues relating to PVO-small business collaboration follows.

**John Baize**, of the **American Soybean Association**, a non-profit association representing 25,000 soybean farmers, provided the Subcommittee with an overview of the Association and its objectives. The Association is non-profit but profit-oriented, and aims to assist U.S. farmers to increase their profits by increasing foreign demand for production of soybeans in overseas markets. He explained that ASA operates over 200 projects overseas. Expansion of the soybean market is heavily dependent on the development of export markets. This is accomplished by assisting foreign swine and poultry producers and other users of soybeans and soybean products to increase their production and profitability. The Association then achieves its objectives by achieving foreign objectives.

The export market development program (conducted in cooperation with the Department of Agriculture) focuses on increasing the utilization of soybean products overseas in the following areas:

- swine, poultry, and margarine production
- protein fortification of endemic foods (e.g. the Association works with the Government of Mexico and an indigenous private firm to increase utilization of protein in tortillas, and to increase protein levels in the Mexican school lunch program).
- soy milk production
- use of proteins to extend short meat supplies

To achieve its program objectives, the Association engages in the following activities:

- identifies potential users, such as poultry producers.
- provides seed money and technical assistance to establish indigenous producer associations necessary for information dissemination.
- works with users and producer associations to conduct necessary research (e.g. in the case of poultry producers, the American Soybean Association would conduct feeding trials with a top poultry producer in the particular country).
- provides assistance with facility design, animal selection, etc.
provides marketing assistance.

- supervises overall project.

- brings teams of top producers to the U.S. to review facilities and programs here.

In addition to its activities overseas, domestically the American Soybean Association conducts research programs designed to increase efficiency in production and utilization of soybean products, and provides marketing assistance to producers.

Eugene Grasberg of The Agribusiness Council, provided the Subcommittee with an overview of the Council and its objectives. The purpose of the organization is to assist American companies interested in developing operations overseas, particularly in developing countries. The Council's work involves facilitating:

- joint ventures between U.S. and local partners
- direct investments
- commercial operations involving imports to the U.S.
- market development for products created for use in LCDs.

Dr. Grasberg identified informational needs as the primary small business need for development of operations overseas. He described PVOs as an excellent source of information on local physical, social and political climates and noted the importance of the potential role PVOs could assume as information providers. Dr. Grasberg emphasized that small businesses establishing operations overseas need as many friends as possible. PVOs could serve that vital need and provide access to the local private sector network.

Barriers to small business development overseas are formidable. Small business is small in terms of the human resources, expertise, time, and money available for investigating foreign markets and developing necessary contacts. Small, family-owned businesses in which decision-making authority and expertise rest with two or three people face serious logistical constraints in terms of developing operations overseas. Dr. Grasberg noted that the requisite travel which results in jet lag and the absence of key individuals, is often a strain on the Council's larger members. He suggested that physical limitations may preclude small business involvement overseas. PVOs could assist small businesses in overcoming these limitations by carrying out the necessary preliminary tasks, such as researching local markets and assisting in the establishment of the operation by resolving legal, commercial, and customs issues. The PVO could serve as the local business contact between visits by the principals of a smaller firm. Additionally, PVOs could:
• provide assistance necessary as a result of the language barrier

• augment services provided by local investment and trade promotion organizations

• serve as an intermediary by informing small U.S. firms of opportunities in the geographic area in which the PVO is active

• broker the partner selection process

Herman Director of the National Small Business Association, which represents a diverse membership of 50,000, stated that the Association's objective is to advance the position of the small business person in the market place, domestically and abroad. Through the Bidders Early Alert Message System (BEAM), the National Small Business Association (NSBA) provides its membership with advance notice of contracts which members may be interested in bidding on. NSBA maintains a list of products and services provided by its member firms and applies for the appropriate papers on behalf of its members. BEAM is a very effective mechanism for encouraging early action by the Association's membership with regard to contract bidding. The system has been very successful domestically, and is now being utilized in the overseas field.

The National Small Business Association has limited experience with PVOs. The Association's membership, however, has experience in overseas operations, and the Association itself routinely addresses requests for assistance from foreign countries.

Based on that experience, Mr. Director identified the following factors as barriers to small business development overseas:

• language barrier

• purchase price of requisite papers ($600-700)

• requirement that bond be submitted with the bid

• need to secure, in advance, a reliable, local agent authorized to represent the U.S. business in its dealings with the local community

• lack of Federal assistance available to small businesses

• lack of expertise on the part of Federal officials/agencies responsible for providing assistance
Mr. Director concluded his presentation by noting the need for the development of scientific and academic resources/services to be made available to small businesses in need of technical information relating to overseas operations. He expressed interest in working with any organization(s) interested in developing those resources. Mr. Director affirmed NSBA's interest in working with PVOs and assisting the Subcommittee, where possible, in its efforts. He also noted that NSBA's services could be useful to PVOs.

Stanley Taylor, Director of Private Sector Initiative with Caribbean/Central American Action (CCAA), is located at the U.S. Chamber of Commerce where he works with small business and Chamber programs as part of CCAA's activities. Eighty per cent of the Chamber's membership is comprised of small business. The Cooperating Chambers Program, developed with the assistance of AID, was cited as an example of the Chamber's efforts to promote economic development in LDCs through the direct involvement of the private sector. The Cooperating Chambers Program links Caribbean Chambers of Commerce to U.S. Chambers to build networks and establish relationships between the two business communities. U.S. Chambers invite local businesses interested in going overseas to attend joint meetings with Chambers from countries under consideration. The program also involves visits by both Chambers, Caribbean trade missions to the United States, and the development of business and economic development programs.

The Cooperating Chambers Program attempts to provide small businesses with information on the process that is necessary for making determinations about whether to do business in a specific country. The problems small businesses generally encounter overseas stem from their failure to properly research factors which must be considered for the establishment of successful operations overseas, including:

- target country tax measures
- local economic conditions
- local markets, in terms of both supplies and sales
- local transportation facilities
- vehicle(s) for moving product in and out of country

PVOs can assist small business in overcoming this problem by facilitating communications between representatives of U.S. business and Government, and foreign tax specialists and potential buyers and suppliers. Additionally, PVOs can be of assistance, both from a trade and investment standpoint, by helping small and medium-sized businesses identify potential resources, domestically and abroad.

Mr. Taylor concluded his presentation by noting that the Chamber works closely with OPIC and the Departments of State, Commerce, and Agriculture, and provides businesses with appropriate referrals to these agencies, as necessary.
Nelson Denlinger of the U.S. Wheat Associates also represented the U.S. Agricultural Export Development Council, an umbrella arm which represents a number of cooperator groups, the largest of which include the U.S. Wheat Associates, U.S. Feed Grain Council, American Soybean Association, the Rice Council and the Cotton Council.

The U.S. Wheat Associates have thirteen offices overseas that work to develop foreign markets. The organization works with indigenous millers, bakers, and others involved in the wheat trade. The Associates provide information on the technical aspects of the industry, they explain the differences between the various U.S. wheat classes, and provide information on the appropriate uses of the different classes, in addition to providing market information. The organization's funding is derived from the following three sources:

- the USDA Foreign Agricultural Service
- third party overseas cooperators – primarily indigenous businesses working with U.S. Wheat Associates on promotional activities
- the farmer check off system

Mr. Denlinger noted that the organization has very limited experience with PVOs, knows its markets in most regions very well and therefore, suggested it has no real need for PVO assistance. The Associates have had some contact with AID, but work most closely with the Foreign Agricultural Service of USA. Mr. Denlinger noted that the organization has found that the Federal agencies generally are very effective at providing assistance to the private sector, and would consider involvement in a joint, mutually beneficial study with a Federal agency.

Vanessa Burgess of the Overseas Private Investment Corporation provided the Subcommittee with an overview of OPIC's financial and political risk insurance programs. She noted that OPIC's objective is to promote U.S. investment in developing countries. OPIC insures against loss due to inconvertibility of currency, nationalization, war, insurrection and civil strife. Loans and loan guarantees are provided through the investment finance program. Ten million dollars have been targeted for U.S. small business. Ms. Burgess was able to provide a great deal of input on issues relating to PVO-small business collaboration as a result of OPIC's substantial experience with both of those groups. OPIC has worked with several PVOs including the Institute for International Development, Inc. to help that organization set up a revolving loan fund for indigenous businesses overseas. The OPIC loan program has been very successful, it supports a wide range of enterprises, from manufacturing businesses to agricultural projects. Ms. Burgess noted that initially, part of her job was to determine ways in which OPIC could work with PVOs, and PVOs with small business. She found that there was no interaction between the two groups, and attributes that partially to an image problem which PVOs must overcome to be accepted by the business community. She noted that OPIC is currently conducting a telephone survey of small businesses to identify their assistance needs and make some determination regarding the role PVOs could play in business development overseas.
Ms. Burgess stated that small businesses face numerous barriers with respect to developing operations overseas, the greatest of which is lack of financial resources. Many small businesses that would like to establish operations overseas do not possess the necessary resources (financial, and otherwise) and lack access to venture capital. OPIC requires a track record and financial statements indicating that the business can sustain itself. Many small businesses cannot meet those requirements and OPIC has no place to refer those businesses that it can't accept though they may, potentially result in, viable operations. AID could play an extremely valuable role by establishing an international venture capital program to address this issue. PVOs possessing the interest and business expertise could be involved in the operation of that program.

There are a number of potential assistance roles for PVOs to assume with respect to small business development overseas. In addition to getting involved in the provision of venture capital, PVOs could:

- conduct feasibility studies
- expedite foreign government approval of OPIC insurance contracts
- expedite OPIC loan procurement and assist processing other government loans
- identify potential locations for operation
- inform potential investor of availability of land
- negotiate and secure leases
- train overseas personnel
- provide information on cultural matters affecting the business

Ms. Burgess cautioned that the PVO role should not be misconstrued as one in which PVOs provide business advice. U.S. small businesses "are beyond that point" and are in need of support-type services. AID's most significant role would be to develop, establish, and fund a program to support PVOs providing very specific services to U.S. small business.

Ted Moser of the Institute for International Development, Inc. noted that IIDI works in the area of small business development overseas, but focuses mainly on indigenous business development.

PVOs are currently providing business development assistance to the following three sectors of the indigenous business community, which vary in levels of operations:
microbusinesses — smallest level of business PVOS are currently involved in. Essentially, one person enterprises (e.g. street vendors) that PVOS lend money to in order to increase potential income of the family or create a job.

small manufacturing businesses — operations employing 1-10 people, and receiving loans of $1-10,000 from organizations interested in providing loans to indigenous entrepreneurs to create jobs.

medium-sized businesses — the level of business most appropriate for joint venture with U.S. business. With regard to the first two levels, IIDI has not identified any potential for collaboration beneficial to U.S. business. At that level, U.S. business involvement is in the form of contributions to IIDI to assist indigenous business development. The level of education of the entrepreneur and sophistication of the business are not compatible with that of the North American business. Medium-sized businesses (defined in terms of the level of Third World business operations, not American) are the target participants of the pilot project IIDI has recently embarked on with OPIC assistance. IIDI serves as a catalyst and a broker for joint ventures between indigenous and U.S. businesses, in which the North American investor, IIDI (through OPIC grant monies) and the Third World investor are all 1/3 equity partners.

Mr. Moser noted that potential partners (PVOS and U.S. businesses) must consider each organization's motivation for involvement in a joint venture prior to making a determination regarding participation. He noted that PVO program objectives must be considered and cautioned that a strictly income reward will not be enough to motivate PVO participation. To fully consider collaboration, it must serve the needs of the business and the PVO, which are both, in this instance, concerned with generating a profit from the venture. IIDI has developed a list of criteria considered for determination of acceptance of a business for involvement in a joint venture, which includes:

- profit potential
- type of jobs created
- potential for export development (product export potential)
potential for integration with loan program assisting lower level entrepreneurs (e.g. North American investor with a market for Dominican furniture, is farming out the production of the furniture to local cottage industries which IIDI provides loans to for job creation).

Mr. Moser acknowledged the differences between the two groups and noted, that given the constraints presented by their differing objectives, clients, etc., there are somewhat limited areas where the interests of the two have the potential for overlap. He further noted that, where that overlap exists there is great interest in and potential for collaboration. He provided the following examples of situations of potentially great interest and benefit to both parties:

- Small business need to import materials serves IIDI's need to export from the Third World
- U.S. small business exports of raw materials would provide IIDI with materials for manufacturing (products for export) in the Third World
- U.S. small business exports of raw materials to Third World which could be used to produce a socially beneficial product for local consumption (e.g. soy milk), would be of interest to IIDI

Mr. Moser suggested that to the extent possible, AID could play a very important role in promoting collaboration by establishing an international joint ventures pool.

Catherine Pearson of Caribbean/Central American Action discussed a number of issues relating to the potential for PVO-corporate collaboration. She noted that CCAA has, in the course of its work, concluded that job creation is the most pressing need in developing countries, and has, therefore adopted a focus on areas of assistance that involve economic and commercial promotion.

The first issue Ms. Pearson brought before the Subcommittee was the question of where efforts to promote job creation should be focused. The development sector is more involved in addressing needs that it may consider more immediate, such as providing health care and family planning assistance, and therefore, is not as active in the area of economic development. There is no mandate for basic economic development, such as job creation. Ms. Pearson attributed this to an ideological gap in the development community. The basic human need for an opportunity to advance oneself is not always defined as such, within that community.

Some of the tasks involved in promoting job creation activities are potentially profit making and therefore of interest to corporations which might assist in job creation. U.S. firms must be encouraged to consider establishing operations overseas. Many U.S. firms have development objectives. They provide scholarship programs and housing, and work through
non-profit organizations to make their resources available for development efforts. Ms. Pearson noted that the problem of image, which serves as a barrier to collaboration, must be resolved. PVO's and corporations are often suspicious of one another, and as a result have no understanding of how they can be of assistance to each other. Ms. Pearson suggested that a forum be provided to bring representatives of the two groups together to increase their understanding of the other's capabilities with respect to their own organizational objectives, and to stimulate new ventures.

Ms. Pearson noted that in the past, the focus has been on very large corporations, the result being what she referred to as "a size gap." She then discussed the issue of how to identify potential small and medium-sized businesses which would be interested in, and appropriate for, the partnerships under consideration. The business must be well established, and able to survive without top management while they are overseas. It must be small, but growing, and ready, in terms of having a need for an overseas venture.

Finally, and this a potential role for AID, there must be a mechanism to promote and identify potentially successful joint ventures. This must be done on a project-by-project basis, with an emphasis on the co-venturing concept from the very beginning.

The Acting Chairman thanked the participants for their assistance and adjourned the meeting at 10:40 a.m.
John C. Baize
American Soybean Association

Wilhelmina Bell-Taylor
The Newman & Hermanson Company

Ross E. Bigelow
AID

Vanessa Burgess
Overseas Private Investment Corp.

Alice Green Burnette
Peace Corps

Bert Chapman
AID

John Clark
American Gas Association

Paul A. Crouch
Brother's Brother Foundation

Nelson Denlinger
U.S. Wheat Association

Herman Director
National Small Business Association

Graeme Frelick
National Council for International Health

Eugene Grasberg
The Agribusiness Council

Alden R. Hickman
Heifer Project International

Elisabeth Hinshaw
Peace Corps, Office of Training & Program Support

Mrs. Theana Kastens
Deak-Perera

Ivan Kats
Obor Foundation

Mary Keegan
ACVFA Member

Joel Kurtzman
PACT

Glen Leet
Trickle Up Program

Peter Loan
Sister Cities International/Technical Assistance Program

Ted Moser
Institute for International Development

David A. Pasquarelli
Florida Association of Voluntary Agencies for Caribbean Action

Catherine A. Pearson
Caribbean/Central American Action

Mary-Lou Rayball
The Newman & Hermanson Company

William Reese
Partners of the Americas

Jack Riehl
International Management & Development Group

Randall Swope
Pan American Development Foundation

Stanley E. Taylor
Caribbean/Central American Action & U.S. Chamber of Commerce

Mila Vehar
The Conference Board

Dawn Wadlow
International Voluntary Services

Elizabeth Waldstein
CARE

Chuck Wattles
- AGENDA -

- Report on the Status of AID Biden-Pell Grantees for FY 83

- Presentation and Discussion of the Implication of the Recommendations from the PAID/ACVFA Development Education Committee
Meeting of the
Subcommittee on Development Education
Advisory Committee on Voluntary Foreign Aid
September 15, 1983

Presiding: John Sewell, Chairman
Recorder: Wilhelmina Bell-Taylor

The meeting of the Subcommittee on Development Education was convened at 2:00 p.m. by the Chairman John Sewell. Twenty-seven people attended the meeting which was conducted in Conference Room 105.

The Chairman opened the meeting by noting that the interest and concern generated about development education in the last year is rewarding. This remarkable shift can be attributed largely to the establishment of the Joint Working Group on Development Education which resulted from the merger of the American Council of Voluntary Agencies (ACVA) Subcommittee on Development Education and the Private Agencies in International Development (PAID) Task Force on Development Education. The co-chairpersons of the Joint Working Group were introduced—John Sommer, Experiment in International Living, and Tom Keehn, Private Agencies in International Development.

Following the opening remarks by the Chairman, the meeting was turned over to John Sommer who explained that the Working Group is an outgrowth of a PAID sponsored retreat convened at the Experiment in International Living in Brattleboro, Vermont. Twenty U.S. and Canadian development education specialists gathered at the retreat "to achieve a clear, common understanding of the purposes and action potential of development education" (ACVA/PAID:1983). The product of the enclave is a position statement authored by the Joint Working Group of ACVA/PAID entitled: A Framework for Development Education in the United States. Mr. Sommer pointed out that the paper is still in draft form and that it will be finalized in 2-3 weeks at a meeting of the Joint Working Group in New York. It is anticipated that the final version of the paper will be completed and distributed in early October.

The position paper presents a common statement and an action program for private and voluntary organizations on development education. The paper does not take the approach of defining development education; however, it does offer a uniform goal, objectives, guiding principles, key elements of a strategy, and an action plan for an organized approach by PVOs.

The paper begins by defining three pillars of development education which undergird its primary goal: the building of a committed constituency for development education at home and abroad. The three pillars are:

- **Information** - Development education conveys information in many ways and in many different areas.
Values and Attitudes - Development education promotes a concern for justice and equity by instilling respect for people of all cultures; encouraging personal responsibility; promoting global interdependence; and fostering understanding of sharing and cooperation as means to improve the prospects for global security.

Action - Development education stimulates change by encouraging people to think and to work together.

What follows immediately are highlights of Mr. Sommer's presentation on the ACVA/PAID Working Group's framework for development education.

A DEVELOPMENT EDUCATION PROGRAM FOR PVOs

A. GOAL: to create a level of public understanding, promote values, and stimulate actions that:

1. recognize the interdependence of the world's people;

2. contribute concretely to the elimination of the root causes of world poverty and inequity.

B. OBJECTIVES:

1. to raise the awareness, commitment, and competence of PVOs in development education;

2. to place development education on the national agenda for the general public.

*Notes: - Mr. Sommer's presentation to the September 15, 1983 meeting of the ACVFA Subcommittee on Development Education was based on the August, 1983 draft of the ACVA/PAID Joint Working Group position statement.

- Portions of the position statement have been printed with the permission of the speaker and PAID.

- Readers are advised that the material presented is a summary, not the full text, of the position statement.
C. GUIDING PRINCIPLES:

1. Development education is a **learning process**.

2. An effective development strategy must be implemented in partnership with people from developed and developing countries.

3. Development education programs must utilize and build upon the concept of pluralism.

D. KEY ELEMENTS OF A STRATEGY:

1. Effective selection of a **target audience**;

2. Formulation and selection of clear and powerful messages and themes that would be meaningful to the audiences defined;

3. Use of appropriate means and media to convey messages;

4. Working in coalition with **affinity groups** is essential.

E. ACTION PLAN:

The paper proceeds to set a specific agenda for implementation of a PVO Development Education Program in the United States. Major activities covered in the action plan are:

1. Conduct market survey.

2. Develop financial and other resources (in both public and private sectors).

3. Develop long-term campaign around critical development issues (e.g. upcoming food shortages in Africa and Latin America; Central America).


5. Review and formulate evaluation strategies for development education.
6. Encourage resource-sharing among PVOs in the U.S. and elsewhere.

7. Develop strategies for working with coalitions and affinity groups.

8. Follow-up on media workshop (conducted last year at Columbia University).

9. Take necessary organizational steps (e.g. recent merger of ACVA and PAID development groups into Joint Working Group).


Mr. Sommer indicated that there are still elements of the program which must be firmed up.

In response to a query regarding the Advisory Committee's role in the program and implementation process, the speaker presented several suggestions. First, he recommended that the Advisory Committee consider particularly Element #2 -- "developing financial and other resources." Next, he indicated that the Joint Working Group will look for Advisory Committee support in approaching AID for help with operationalizing the program. Finally, Mr. Sommer pointed out that the Joint Working Group will need help in establishing linkages with the private sector (foundations and corporations). This is another area where the Advisory Committee could be helpful.

Tom Keehn, co-chairman of the Joint Working Group, stressed that this is a critical time and opportunity for development education. Moreover, he emphasized the need for additional resources by stating that the premiere charge to member organizations of the Joint Working Group is to find ways to direct more of their own resources to development education. Mr. Keehn underscored the point that development education is not a fund raising activity or a public relations activity. Rather, it is to be regarded as a program activity; and PVOs can demonstrate this significant distinction by establishing offices and programs especially for development education. CARE was cited by Mr. Keehn as an example of a PVO that had taken such action.

The Chairman acknowledged Helen Siedler, Director of the CARE Office of Education and a member of the Joint Working Group, who emphasized that the statement of the Joint Working Group is talking about public education. Given this overriding consideration, Ms. Siedler indicated that two aspects are added to the guiding principles of the position statement; namely,

- Evaluation is an integral part of development education. It is essential to provide information back to the community and determine where the program(s) need to be strengthened.
Development education efforts must be conducted as partnerships involving third world people in the process, as well as the people the educational programs and messages are attempting to reach.

The ensuing discussion turned to ways in which PVOs could use their membership in international federations to promote development education. It was suggested that meetings of U.S. PVOs and their European and Canadian counterparts can serve as vehicles for promoting development education.

The Assistant Subcommittee Chairperson, Willie Campbell, inquired about the success of PVOs in getting private sector funds for development education. In response, one participant indicated that change in the availability of private sector funds has resulted from the Biden-Pell programs incentive. Another participant commented that corporate, United Way, foundation and individual contributions received by her organization for a development education project were being leveraged by a Biden-Pell grant. The project, Impact on Hunger, is currently in its second year. Advisory Committee member John Clark requested clarification on the point that the corporate funds referred to were corporate foundation funds.

The Joint Working Group has recognized the private sector funding problem and is seeking support for a seminar on private corporation and foundation funding. They have approached Grantmakers International with the idea of bringing corporation and foundation executives together to convince them that development education is something they should support. Meeting participants generally agreed that the advice and support of the Advisory Committee should be sought in planning the seminar.

The market research activity presented in the Joint Working Group position paper was the subject of major consideration during the Subcommittee meeting. There was speculation about the cost, extensiveness, and duration of the market study. Overall, the proposed plan was considered to be a good one. One view expressed was that a full scale public opinion survey was necessary. It should involve determining knowledge level measures, developing test messages and using focus groups to flush out the various recommendations generated by the general poll. However, the point was made that a comprehensive study of this nature and magnitude would be expensive.

Another participant presented a more modest approach based on using existing data and establishing consulting relationships with groups that have already conducted related research. For example, data gathered for the four-year study of the Chicago Council of Foreign Relations could be useful. The study which was funded by the McArthur Foundation focused on public attitudes about development education, hunger and other issues.

A question was raised regarding estimated budgets for the various activities proposed in the position paper. Mr. Sommer explained that the individuals/groups who have been designated responsible for specific activities will develop budgets, and also determine sources for funding. Beth Hogan of AID/FVA suggested that the Subcommittee could serve as a conduit gaining AID attention for development education funding.
requests. Activities endorsed by the Subcommittee that are potentially useful to the entire PVO community would be considered as high priorities for AID support.

The Chairman introduced Beth Hogan, AID/FVA representative to the Subcommittee, who presented a report on the status of the Biden-Pell Grant Program. Ms. Hogan announced that the second competitive process for grants was nearing conclusion. The selection process, conducted principally from March-June, has resulted in the selection of 8 new grantees and the award of five continuation grants. Public announcement of the new grant recipients will be made prior to the end of the fiscal year on September 30.

The five continuation grants were awarded to:

- International Nursing Services Association
- Credit Union National Association
- Save the Children
- Impact on Hunger
- Overseas Educational Fund

In addition to these second year grants, new grants have been awarded to the following organizations:

- Accion/AITEC International
- Catholic Relief Services
- Hunger Action Center/University of Arizona
- International Institute of Environment and Development
- Phelps Stokes Fund
- Population Reference Bureau
- Quad Cities World Affairs Council
- World Hunger Education Service

An annotated listing of project activities is available through the Office of Private and Voluntary Cooperation, Room 239 SA-8, Washington, D.C., 20523.

Of the $1 million allocated for AID's Development Education program in FY 83, $650,000 was used to fund the competitive, matching grant program. The balance of $350,000 was used to support development education activities which did not fit the framework of the small grants program. The Los Angeles Teleevent and a development education workshop held in conjunction with the International Development Conference are two examples of activities funded outside the timetable established for the competitive grants program.
Ms. Hogan pointed out that the Agency's Executive Staff is highly supportive of the Development Education Program and is interested in increasing FY 84 support to approximately $1.8 million. Although the budget for the Biden-Pell program is left to the Administrator's discretion, the $1.8 million earmarked is still unofficial at this writing.

Next year the Biden-Pell grant process will begin earlier to eliminate the delays inherent in the end of the fiscal year rush. It is hoped that the concept paper stage of the application process will be resumed in order to allow room for negotiation. It is anticipated that requests for concept papers will be announced by the end of the calendar year.

Ms. Hogan informed the Subcommittee that an evaluation of the Biden-Pell grant program is planned. The primary objective of the evaluation is to assess the design, implementation, outputs and impact of the grant program in relation to the goals and objectives of the Biden-Pell Amendment, AID and project grant participants.

The evaluation will be conducted by an independent consultant who has been selected. The proposal evaluation criteria to be developed through this study will be shared with current grantees and prospective applicants through a workshop or seminar planned for the spring of 1984.

The evaluation is intended to assess the effectiveness of the entire program rather than focus on the specifics of the individual project grants. A variety of evaluation techniques will be used including interviews, site visits and the review of quarterly reports, evaluations and examination of the grantee selection criteria.

Remarks of Subcommittee members and participants following the report by Ms. Hogan were:

- A working session is needed on proposal writing.
- A connection must exist between the market research study and the evaluation.
- The Advisory Committee should be involved in the evaluation of the Biden-Pell Program. The evaluator will be invited to the December ACVFA meeting to discuss progress of the project.
- All 13 FY 1983 Biden-Pell grantees will be invited to the second in a series of development education roundtables conducted by the Joint Working Group on Development Education. The roundtable will take place in New York at the ACVA sometime in November.

The Subcommittee Chairman concluded the meeting by summarizing the issues that the Subcommittee should take up at its next meeting and specific actions/recommendations resulting from their deliberations:
The Subcommittee will recommend that the ACVFA address the need for increased private sector support for development education at its next meeting.

The ACVA/PAID Joint Working Group will take the initiative, with the support of the Advisory Committee and in collaboration with Grantmakers International, to develop and submit a proposal for a seminar on private sector funding for development education.

The Subcommittee will request time on the agenda of the December ACVFA meeting to present a report on the position statement of the Joint Working Group and to request Advisory Committee support for the seminar.

The Chairman requested that in his absence, the Assistant Chairman report to Advisory Committee at the next morning's business meeting on the Subcommittee meeting. The Subcommittee meeting was adjourned at 3:52 p.m.
Advisory Committee on Voluntary Foreign Aid
Subcommittee on Development Education
September 15, 1983

John G. Anderson
Foster Parents Plan

Enso V. Bighinatti
American Red Cross

Willie Campbell
Overseas Education Fund

John W. Clark
American Gas Association

Roger Flather
Roger Flather Associates

Eugene Grasberg
The Agribusiness Council

Alden R. Hickman
Heifer Project International, Inc.

Beth Hogan
AID/IVA/PVC

Carrol Joy
Impact on Hunger

Thomas B. Keehn
PAID/ACVA Joint Working Group on
Development Education

Joel Kurtzman
PACT

Peter Loan
Sister Cities International/Tech.
Asst. Program

Patricia L. Riley
Peace Corps

Helen Seidler
CARE

John W. Sewell
O.D.C.

John Sommer
Experiment in International Living

Claire E. Starkey
Caribbeana Council

Steven F. Stockmeyer
National Assn. of Broadcasters

Beverly Tangri
The Hunger Project

Aphrodite Tzetzus
Sister Cities International/Tech.
Asst. Program

Elizabeth Waldstein
CARE

Chuck Wattles

Percy C. Wilson
Phelps Stokes Fund

PLEASE NOTE: Not all of the meeting participants signed in.
The second meeting of the Subcommittee on Women in Development was convened at 2:00 pm by ACVFA member and Chairwoman Michaela Walsh, and Mary Barden Keegan, member. Prior to introducing the speaker for the session, Gerard Dodd of The Maine Idea, Ms. Walsh briefly summarized the history of this Subcommittee, emphasizing that her own concern about inadequate recognition of the important role that women play in economic development activities prompted her to play an instrumental role in its formation.

Ms. Walsh also stated that she anticipates that the work of the Subcommittee will focus in the area of enterprise development — in that focus supporting a priority of AID's Office of Women in Development. She announced further that the June 1984 ACVFA meeting will be devoted to the consideration of women in development issues.

Introducing the session's speaker, Ms. Walsh stated that there is a growing concern about what enterprise development is and means in relation to Third World women entrepreneurs. There is a distinction between small business development and income generation activities. PVOs (and others) working in enterprise development have a responsibility to recognize this distinction and to understand the implications and the impact on those involved of the choices being made.

This issue is, of course, even more complex when intended project beneficiaries are women. For example, how can a judgment be made as to whether a project will simply provide an additional source of income or result in the development of a profit-making enterprise when women are traditionally outside the established institutional systems necessary for business development, lack both role models and the sophistication necessary to devise ways to gain access to these systems, and face sociological and cultural barriers that men do not? Indeed, how does one decide which focus (business development or income generation) would be the more appropriate? Sometimes an income generation project may indeed be appropriate; at other times, however, it may only appear to be appropriate, and, with the correct sorts of interventions, business development may be more so. There are no easy answers to these questions; however, the information contained in Mr. Dodd's presentation and the discussion that it prompted provide some of the things that should be considered as PVOs and others attempt to answer them.

Mr. Dodd took as his topic the question of how to identify those small businesses with which a development agency should work, using the experience of The Maine Idea — Successful Self-Employment (TMI), a non-profit mini-business service of Accion International, which works throughout the state.
of Maine, to illustrate. The purpose of TMI is to identify, support and integrate micro-business into the full economy.

Mr. Dodd's presentation, which included two video tape segments of workshops and interviews conducted by TMI, was designed to address the following topics:

- To identify the TMI constituency, so as to facilitate relating the presentation to the PVO constituencies in the Third World.
- To describe the problems of small and micro businesses as well as the important role that such enterprises play in the economy.
- Assuming that a decision is made to work with micro businesses, to explore how to develop selection criteria for the best candidates for assistance.
- To raise the more general question of how best to empower and develop this sector of the economy.

Although Mr. Dodd explained that he has had experience working in Latin America, in making his presentation he explained he relied on the experience of TMI. He stated that the precise applicability and relevance of this experience to PVO work with small women-owned enterprises in the developing world would have to be determined by each person based on his/her own particular situation and the local economy. Nonetheless, he made it clear that he views TMI as a development model capable of being replicated.

Two important aspects of the TMI model are that participants are self-selected and sufficiently motivated to seek out TMI and that they pay ($40 per workshop, $9-$12 per set of workbooks) for the services that they receive. Moreover, TMI generally provides assistance to on-going (rather than start-up) operations. These characteristics prompted some discussion during the informal 20 minute "workshops" structured around topic 3 above, micro business selection criteria, and at various points in Mr. Dodd's presentation, revealing some of the perceptions of the Subcommittee attendees with regard to similarities and differences between the situation in Maine and that in the developing world.

A. **TMI's Experience**

1. **TMI's Constituency**—The micro enterprises with which TMI works can be characterized as follows:

   a. They are individually or family-owned.
   
   b. They have annual revenues under $200,000, usually under $100,000.
   
   c. They are both urban and rural.
d. Many are service providers; others are retailers and/or producers of some type of craft, small farmers, cooperatives, alternative businesses.

e. They are labor intensive.

f. They are less than 8 years old.

g. They sell within a 25-mile radius.

h. They have fewer than five employees.

i. They are frequently managed by women.

2. Problems and Potentials of Micro Enterprises

a. A common problem among micro enterprises is that they lack a "complete idea" of their business, meaning that they haven't taken the time to think through their long term goals and aspirations and therefore are unable to formulate appropriate operating principles and understand the general constraints on the business.

b. Another problem is the failure to link their product or service to the marketplace, i.e., failing to understand and/or respond to the nature of the demand, failing to adopt a rational business strategy in light of the demand.

c. In addition, although micro business owners often work long hours, they tend to use their time and dollar resources inefficiently.

d. They lack basic management literacy -- for example, they do not know the rudimentary elements of a good business plan and what a cash flow is; consequently, they are unable to set goals and priorities.

e. They are isolated from each other and from existing institutions.

Ironically, the solution to many of these problems is impeded by the problems themselves, presenting something of a "Catch 22" situation. For example, because many of the owners of these businesses work long hours, it is difficult for them to find time to acquire the expertise to address some of the basic management problems. And because many of them are
unable to articulate what they are doing, they are also unable either to determine the nature of their problems or to formulate possible solutions.

Moreover, because the business owners are isolated, it is difficult to reach them to make them aware of possible resources/approaches that could be useful to them. Clearly the systems for delivering practical management help are lacking. Moreover, the financial system is not geared to deal effectively with such enterprises, for even when well-managed, the fiscal vigor of an organization is considered to be more important than the management strength in credit decision-making.

Nonetheless, despite the difficulties faced by micro enterprises, their potential is enormous. This "informal Sector" of the economy is productive and motivated, independent and largely self-sufficient. In Maine alone, there are 23,000 micro enterprises, employing up to one third of the labor force. Moreover, they provide goods and services that others do not, and because of their small size, the revenue they generate tends to re-circulate within the community. The question at hand is how much greater job security would there be and how many new jobs would be generated if these enterprises could be strengthened.

3. **Selection Criteria for Micro Enterprises**

If we assume that a goal of management assistance is to develop viable businesses, then an important question to ask is who are the best candidates to receive such assistance? How can they be identified? How can they be motivated?

THI's approach is based on self-selection -- i.e., people come forward to participate in the workshops in response to advertising and/or "word of mouth" recommendations. However, implicit in this approach is the assumption that some judgment as to the viability of the enterprise should be made and that certain selection criteria should inform that judgment if the goal is -- as theirs is -- not simply to help a business to survive but to grow and prosper. Elements of a selection criteria might include:

a. The manager's personal integrity (ascertained in part by his community standing).

b. Managerial know-how.

c. Technological know-how.
d. Evidence of successful management practice, e.g. (1) cash flow management; (2) written business plan; (3) adequate systems of records; (4) open attitude toward outside help; (5) marketing analysis.

e. Existence of financial base and analyses.

f. Extent of family involvement -- other support systems.

In the preliminary survey conducted by TMI in 1979 conclusions relevant to the above were found. In response to the questions of what is necessary for a micro business to succeed and why do such businesses fail, the responses indicated that the personality of the entrepreneur was regarded as being one of the key factors in both the success and failure of such businesses. Moreover, the adequacy of the financial base was regarded as less important than all of the other considerations.

In descending order of importance, the response profile looked as follows:

<table>
<thead>
<tr>
<th>Reasons for Success</th>
<th>Reasons for Failure</th>
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<tbody>
<tr>
<td>1. Right personality.</td>
<td>1. Inadequate management skills.</td>
</tr>
<tr>
<td>(Has a sustaining vision or goal; is able to work with people; is willing to work long hours and to do everything him/herself; believes in what he/she is doing.)</td>
<td></td>
</tr>
<tr>
<td>2. Marketing and business ethics.</td>
<td>2. Wrong personality.</td>
</tr>
<tr>
<td>3. Adequate management skills.</td>
<td>3. Lack of marketing and/or business ethics.</td>
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<tr>
<td>4. How To Empower and Develop Micro Businesses</td>
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TMI uses a type of "systems" approach to address the problems of micro businesses identified above.
a. **Management Assistance**—It provides rudimentary management assistance to the entrepreneurs by means of a series of workshops and five workbook texts, each focusing on fundamental aspects of business, allowing the reader to proceed at his/her own pace and to relate the materials to his/her specific business. In both workshops and workbooks, the emphasis is on simple, straightforward, practical solutions. (For example, one beneficiary of TMI's services found that the institution of a weekly business meeting resulted in a radically improved business situation.) The philosophy governing this approach is that it is better to over simplify than to make overly complex. The workbooks are distributed widely through banks, chambers of commerce and directly to the businessperson, and the workshops are publicized by various means, including flyers, ads, posters (distributed throughout the state), public service announcements and local media coverage.

b. **Development of a Support System**—TMI believes that the small entrepreneur's ability to improve his/her operations is an attitudinal as much as a technical or management issue. In order to get started, the entrepreneur must have a good sense of self and be able to "network" with others. Once he/she has reached out into the broader business community, the empowering begins, as the entrepreneur realizes simultaneously that (1) he/she is not alone; others have similar problems; and (2) solutions are not necessarily complex or cumbersome.

In addition, TMI has been instrumental in putting together a micro-business association, by means of which the small entrepreneurs can gain support from each other. In some instances, the support is of a very important nature indeed, such as business referrals from other geographic areas.

Nonetheless, because there is a communications gap between this sector and other institutions — especially financial institutions — TMI has attempted to bridge this gap by conducting seminars and briefings for loan officers, acquainting them with the problems and potentials. Among other things, TMI attempts to persuade the officers to
consider the management as well as the financial aspects of the business when making credit decisions, and also encouraging them to look at a longer term pay off of the micro business for their bank. At the same time, these briefings serve the purpose of informing bank officers about the existence of TMI's program. (These loan officers are sometimes a referral source for the TMI workshops.)

B. Issues Related to Micro-Business Development in the Third World

The following items were raised as issues during the course of the discussions in small groups and/or the general Subcommittee meeting or by the presenter himself. The issues were not resolved in Subcommittee nor were they explored in any great depth, but are put forward as illustrative of the types of issues with which designers of enterprise development projects with Third World women as intended beneficiaries have to contend.

- How is it possible to differentiate among beneficiaries by an arbitrary set of selection criteria? If someone seeks out help, is the PVO not obliged in some measure to respond? Is there congruence between social goals and economic development goals in this regard?

- To what extent, in a start up situation, should information about the market determine whether an enterprise is assisted?

- "Micro" business in the developing world is different from that in Maine, at least in terms of the revenue generated. How is the distinction business size appropriately made in the developing world? How are potentials for growth ascertained? Should "growth orientation" predominate — i.e., only if the business is capable of expansion is it worthy of assistance — or should there be an application of TMI's "complete idea" to this situation, which allows for a deliberate choice not to grow?

- Would women not tend to be left out of the process if established businesses of a certain size are focused on? Also is self-selection of the TMI sort a valid concept in the developing world for women,
when frequently they lack basic knowledge about the systems that exist and in which the question of "motivation" is made more complex by cultural and social considerations?

- If certain people are targeted for assistance over others, should the same sort of criteria be applied -- for example, the standing in the community? If so, what does that imply in terms rendering assistance to women entrepreneurs?

- Since subsidized assistance programs are generally short-lived, how does one structure a project that is not founded on subsidy and yet is targeted realistically to those women beneficiaries who would most benefit from the project? Is it true that if beneficiaries of a management assistance project do not pay for the services rendered they do not value them? Does this apply also to women beneficiaries? Is it related in any way to the financial capability and/or sophistication of those involved?

- Should an approach to sharing resources be advocated for women entrepreneurs? What is the best approach to effecting change? In what ways would it differ from and/or be the same as approaches used in general for enterprise development in the developing world?

There followed a discussion of the points raised by Mr. Dodd, including a comment by the representative of the Trickle Up program that, in his experience, motivation is a key factor in the success of business development projects and that women are good "customers" for business development projects. Ms. Walsh re-stated that the Subcommittee would continue its focus on enterprise development, with the next Subcommittee meeting taking capital/capital formation as its main agenda item, from both a macro and a micro perspective, and oriented particularly to the needs of women. She also reminded the attendees that the June 1984 ACVFA meeting will be concerned with women in development issues. In addition, she indicated that she would welcome assistance in putting together the agenda for that meeting; those interested in working with Ms. Walsh were invited to leave their names with her.

The meeting was adjourned at 4:45 pm.
Advisory Committee on Voluntary Foreign Aid
Women in Development Subcommittee
September 15, 1983

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AID

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Extension Home Economist-Nutritionist

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Glen Leet
Trickle Up Program

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Partners of the Americas

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Agency for International Development

Olive B. Sampson
National Council of Negro Women

Gloria Scott
World Bank

Susan Scull
Peace Corps

Elise Smith
Overseas Education Fund

Helen Strow
American Home Economics Association

Florence Summers
Goodwill Industries of America

Irene Tinker
EPOC

Sarah Tinsley
Agency for International Development

Desiree Tucker
Agency for International Development
Michaela Walsh
ACFVA Member
Women's World Banking

Jane E. Wilbur
Creative Associates
- Tentative Agenda -

- Discussion of P.L. 480 - Title II Objectives
  - How appropriate are the objectives?
  - To what extent are the objectives being accomplished?

- Discussion of P.L. 480 - Title II
  Related Policies and Procedures
  - What are they?
  - How appropriate are they?
Meeting of the
Subcommittee on Public Law 480 - Food For Peace
Advisory Committee on Voluntary Foreign Aid
September 15, 1983

Presiding: Philip Johnston, Chairman
Recorder: Louis Briganti

The meeting was convened at 2:10 p.m. by the Subcommittee Chairman, Philip Johnston. Twenty-eight people were in attendance.

The Chairman opened the meeting by raising some fundamental questions regarding the role of the Subcommittee and how it can best serve its constituency including AID Administrator McPherson and the PVO community.

Subcommittee members expressed concern over the group's need for a sharper focus and a more clearly defined role. Consensus among the members was that the Subcommittee should in the future:

- strive to be more issue-oriented,
- secure greater input from its constituency for the formulation of issues/items for action by the Subcommittee,
- assume more of a role as a vehicle for communicating constituency concerns (particularly those of the PVO and agribusiness communities) to AID.

The Subcommittee decided that it would not depart entirely from the objectives established at the June meeting but that it would, in its effort to fulfill its mandate to monitor the Food For Peace program, work to address the more immediate or pressing issues arising from that effort as well.

Mrs. Julia Bloch agreed to follow up on a Subcommittee request for guidance but noted that the value of the Advisory Committee lies in its independent status and therefore, its direction should be determined internally. She also noted the significance of the Subcommittee's role as spokespersons for its various constituency groups.

Mrs. Bloch provided the Subcommittee with a brief overview of activities proposed by the Food Committee of the President's Task Force on International Private Enterprise. The Task Force Committee will be holding hearings and inviting presentations on the following topics:

- Food aid in Africa. The Task Force determined that a focus on Africa is necessary due to the fact that it is the only continent where per capita food production has actually declined.
- Stability of the PL 480 Program.
- Issues relating to the usage of local proceeds.
- Issues relating to Section 416 of the Agricultural Act, particularly with respect to China.
- Cargo preference issues.

Mrs. Bloch noted that Chairman Williams has expressed interest in a joint meeting of the Advisory Committee and the President's Task Force on International Private Enterprise and suggested that perhaps the two food subcommittees should meet as well.

In response to the Chairman's request for input on future Subcommittee activities, Dr. LaVern Freeh suggested that the Subcommittee decide on a course of action to expedite the resolution of issues barring monetization of commodities authorized under Section 416 of the Agricultural Act. An amendment to specifically allow the sale, barter, and direct donation of commodities by the recipient organization was briefly discussed. USDA and AID lawyers differ on the issue of whether a not monetization is permissible under Section 416. USDA lawyers maintain that it is not. Dr. Freeh noted that the legal issues impeding monetization should be resolved as quickly as possible, and suggested that the Subcommittee move to effect this. He urged the Subcommittee to move beyond the discussion stage in its effort to address the problem, and suggested that the Subcommittee draft a resolution endorsing the concept of monetization and urging the AID Administrator and the Deputy Secretary of Agriculture to resolve the pending issues in favor of monetization overseas. The Subcommittee agreed to recommend to the full Advisory Committee that it support monetization under Section 416. Dr. Freeh will write the resolution.

The second item of discussion was the famine in Ethiopia and the response of the U.S. Government. Three million dollars in emergency food aid was provided by the U.S. with the acknowledgement that drought victims are in need of this assistance irrespective of the political nature of their governments. Dr. Bernard Confer expressed concern over the length of time it took the United States to provide a commitment of relief to Ethiopia. The Chairman noted that the Subcommittee could be instrumental in developing a greater receptivity on issues like this one, and could serve as a vehicle for bringing those issues before AID. He also stated that the problem in Ethiopia and Somalia is not a matter of getting food into the pipeline, but rather ensuring that it is received, stored, transported and distributed to the hungry.

The issue of increasing commodity prices and the impact that may have on the Congressionally mandated floor of 1.2 million tons of food, was the third item of discussion by the Subcommittee. The established floor maybe endangered as a result of insufficient funds within the Food For Peace Program for meeting increased commodity costs. If the appropriation is not going to provide for the mandated quantity due to price increases, AID will have to address the issue of where the additional monies will come from. A bill which includes a provision of $96 million which is intended to maintain the mandated tonnage floor, is currently under consideration by the U.S. Senate.
The Chairman suggested an additional issue that the Subcommittee may address in regard to the commodity floor is whether the 1.2 million tons is sufficient to meet demand. Possible roles for the Subcommittee with respect to this determination would include providing a forum for discussion of the mandated tonnage floor and developing a recommendation for Administrator McPherson encouraging support of the Senate Bill.

The annual shift of Title II funds to the Title I program is of concern to the Subcommittee and was briefly discussed by the group. Martin Sokhin suggested that as a result of funding being particularly tight this year it would be useful for the Subcommittee to urge against the shifting of funds and for an increase in appropriations. Multi-year funding for Title II was also discussed.

The Subcommittee expressed interest in conducting a Food For Work evaluation but was informed by Bill Pearson, AID liaison officer, that Agency staff have conducted a number of country-specific evaluations of Title II feeding programs including some which have focused on Food For Work programs. Mr. Pearson suggested that there may be a role for the Subcommittee to play with respect to school feeding programs. AID conducted a survey assessment of the impact of school feeding programs. A possible Subcommittee agenda item could be the discussion of the findings which resulted from that survey.

Mr. Pearson also suggested that the Subcommittee identify and be prepared to focus on issues that will have potentially a major impact on the program in the future. For example, it is evident now that pricing problems will be a major issue of programmatic concern in the future. The Subcommittee should be prepared to assess the impact of that issue.

Finally, the Subcommittee discussed options for commemorating the 30th anniversary of the Food For Peace Program (July 10, 1984). Mrs. Bloch agreed to draft a resolution supporting recognition of the Food For Peace anniversary. She noted that AID's Office of External Relations could be used to develop a public relations plan for the event. Public support for PL-480 and the question of whether or not the Subcommittee should promote national recognition of the 30th anniversary were scheduled as a major agenda item for the December, 1983 meeting. The issue of whether or not food aid serves as a disincentive to indigenous agricultural production will also be discussed at that meeting. The final agenda item established for the December meeting is the 1.2 million currently mandated tonnage and issues relating to whether that floor is sufficient in terms of PL-480 program objectives. Mr. Pearson will prepare background information on the issue of the minimum tonnage and commodity price impacts.

Phil Johnston will inform the ACVFA staff of the December meeting agenda and will request that office to invite appropriate individuals and organizations to attend. The Chairman announced that the Carlucci Commission report discussed at the June meeting will be made available to the Secretary of State in November. The meeting was adjourned at 4:55 p.m.
Advisory Committee on Voluntary Foreign Aid
Subcommittee on PL-480 - Food For Peace
September 15, 1983

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Julia Bloch
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PLEASE NOTE: Not all of the meeting participants signed in.
Appendix A

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AS OF JUNE 20, 1983

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Debbie Mace, AID Staff Liaison

WOMEN IN DEVELOPMENT (B)
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