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REPORT TO THE COMMITTEE
ON INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
BY THE COMPTROLLER GENERAL
OF THE UNITED STATES



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Agency For International
Development Relationships
With Airlie Foundation
And George Washington
University's Department
Of Medical And Public Affairs

GAO reviewed Agency projects and relationships with the Airlie Foundation and a closely associated Department of George Washington University. Projects with these organizations have amounted to about \$10.3 million since 1971 and a new project is under consideration.

These projects are part of the Agency's program to restrain population growth in developing countries. Project activities have included producing a large number of films and reports and holding dialogues. GAO is addressing management problems and recommending that the Administrator take certain actions with respect to these and any future projects.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D. C. 20548

B-165731

The Honorable Thomas E. Morgan
Chairman, Committee on
International Relations *HT 6/15/75*
House of Representatives *R*

Dear Mr. Chairman:

This report describes contractual and grant relationships between the Agency for International Development and the Airlie Foundation and the closely associated George Washington University Department of Medical and Public Affairs. We made this review pursuant to your request of September 3, 1975. The scope of the review was determined during subsequent meetings with your office.

As requested, we did not ask officials of the concerned organizations for written comments on the report. After we provided copies, however, and discussed the contents with these officials, the Airlie Foundation elected to provide written comments. Both the oral and written comments were considered and, where appropriate, are reflected in the report.

This report contains recommendations to the Administrator of the Agency for International Development, which are set forth on page 42. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We will be in touch with your office in the near future to arrange for release of the report so that the requirements of section 236 can be set in motion. *55*

Sincerely yours

Comptroller General
of the United States

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ABBREVIATIONS

AID Agency for International Development
BSCP Biological Sciences Communication Project
FPR Federal Procurement Regulations
GAO General Accounting Office
GWU George Washington University
HEW Department of Health, Education, and Welfare
IADC Inter-American Dialogue Center

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COMPTROLLER GENERAL'S
REPORT TO THE COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES

AGENCY FOR INTERNATIONAL
DEVELOPMENT RELATIONSHIPS
WITH AIRLIE FOUNDATION
AND GEORGE WASHINGTON
UNIVERSITY'S DEPARTMENT
OF MEDICAL AND PUBLIC AFFAIRS

D I G E S T

GAO was asked to review the Agency for International Development's contracts, grant, and relationships with the Airlie Foundation and the closely associated Department of Medical and Public Affairs (the Department) at George Washington University.

The Foundation hosts seminars, meetings, and workshops; produces audiovisual television material and films; and directs conferences. The Department primarily collects and disseminates biomedical information.

Over the years these organizations have become well known and have developed considerable prestige within the governmental community. The Executive Director of the Foundation is also Professor and Chairman of the Department, and most officials work for both organizations. (See pp. 1 and 2.)

Since 1971 the agency has placed one film contract, one film-centered training package contract, and one grant with the Foundation and one contract with the Department for a total of about \$10.3 million. The two film contracts have been completed, but film work is continuing under the grant. The Department contract continues, and a fifth project proposed by the Department is under consideration. (See pp. 3 and 45.)

GAO examined the Agency's administration and management of these projects but did not independently assess their benefits or use or make a financial audit. See p. 4.)

All projects were part of the Agency's program to restrain population growth in developing countries; projects included developing and managing dialogues (conferences), producing films for motivating the Latin American elites, producing film-centered training packages, and collecting and disseminating population-related research data in reports to family planning and technical audiences. (See pp. 5 to 8.) The Office of Population, Bureau for Population and Humanitarian Assistance, administers these contracts.

The two contracts with the Foundation and the one with the George Washington University Department were negotiated. There was no direct and contemporary evidence in the files that the consideration required by Agency regulations was given to other contractors, particularly in the case of one film contract. When the grant was awarded, no applicable regulations had been written. (See pp. 9 to 13.)

The philosophy of the Foundation and the Department concerning contract and grant administration and management differs widely from that of the Agency's Office of Population.

Agency officials believe that involvement of its staff in contractor/grantee plans and activities is necessary to insure that Federal funds are spent for the intended purposes and with maximum benefit. The Foundation, Department officials, on the other hand, assert the need for their functions to be discharged largely on the basis of professional trust and with very little agency involvement. (See pp. 22 and 30.)

Because of the Foundation's liberal interpretation of the contracts and grant, certain provisions, in GAO's opinion, were not fully met and on occasion products differed from those anticipated by the Agency. For example, under one contract:

--63 films were made although the contract specified only a minimum of 34.

--Films were made on subjects other than population.

--No plan for distributing films was developed.

In these and other instances of repeated apparent noncompliance, no corrective action was taken, nor was the contract amended to show the Agency's concurrence. (See pp. 14 to 22.) Foundation officials believe all contract provisions were met. (See app. IX, pp. 58 to 65.)

Because of the Foundation's philosophy, the Agency has not always been provided with information it considers adequate on planned project activities sufficiently in advance for approval or for appropriate management decisions. Within the past year, however, the Agency has taken actions to increase its advance knowledge of grant activities. (See pp. 23 and 24.)

The Agency has not systematically and independently evaluated any of the films produced (about 80). Nor has it undertaken a meaningful evaluation of the use and effectiveness of the grant's primary activity, holding dialogues. While individual appraisals and limited evaluations contain both high praise and criticism of Foundation projects, they are insufficient for overall judgment of effectiveness. (See pp. 25 to 30.)

A multiyear \$1 million-a-year project proposed by the Department is now under consideration. A predecessor proposal calling for a grant to establish a population center was rejected by the Agency's Office of Population and Assistant Administrator in 1974 as too costly, duplicative, and not consistent with Agency policy. While it is not clear that these objections have been entirely overcome, agency officials contend that the proposal as revised will be beneficial if integrated with the present Department contract, as now planned. Officials believe the project is close to a stage where approval can be recommended. (See pp. 37 to 42.)

The last Agency audit of the Foundation projects covered the period that ended December 31, 1972, and the period that ended December 31, 1974, for the Department project. Another Foundation audit was planned for the spring of 1976. but has recently been postponed due to other priorities. (See p. 31.)

GAO recommends that the Agency Administrator undertake certain management actions before extending existing projects or entering into any new contracts or grants with the Foundation or Department. These include independently evaluating its Foundation projects; making sure both the agency's management role and all contract and grant provisions are clearly understood by all parties; ascertaining whether a contract, grant, or amendment is proper for planned activities; and assessing potential activities in the light of the agency's shifting emphasis toward more specific and country-based projects. GAO also recommends that the Administrator assure that in the future regulations applicable to negotiated contracts regarding solicitation of proposals and documentation are followed. (See p. 42.)

Agency officials, informally commenting on the report, said they generally agreed with its contents and planned to improve administration of its grant with Airlie Foundation and any future Foundation and Department projects. Airlie Foundation officials, in disagreeing with certain points, said they had met all contract and grant provisions (see app. IX). Their views are included, where appropriate, in the report.

CHAPTER 1

INTRODUCTION

The Chairman, House Committee on International Relations, asked us on September 2, 1975, to review the Agency for International Development's (AID's) relationships with Airlie Foundation and the closely associated George Washington University (GWU) Department of Medical and Public Affairs. (See app. I,)

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BACKGROUND

The Executive Director of the Airlie Foundation, who is also Professor and Chairman of the Department of Medical and Public Affairs in the George Washington University Medical Center, furnished the following information on the Foundation and the Department.

The Foundation

The Foundation is a tax-exempt, nonprofit, educational institution chartered under the laws of the Commonwealth of Virginia. It rents land and buildings from Airlie Farm on an "arms length basis." Airlie Farm is a 2,000-acre estate located near Warrenton, Virginia. The complex consists of some 50 buildings with an airstrip, hangar, and other facilities. The Farm is presently a partnership but is being converted into a Virginia Corporation for management purposes.

Airlie Foundation has been in existence since 1959 and has two principle divisions, the Airlie Conference Center and Airlie Productions. The Conference Center hosts some 500 programs a year. Representatives from academic, industrial, professional, and government groups conduct seminars, conferences, and workshops at the Airlie center. Airlie Productions concentrates primarily on films, audio- or videotape programing for television, and printed material.

The George Washington University Department of Medical and Public Affairs and Raven's Hollow, Ltd., lease space from Airlie Foundation.

GWU Department of Medical and Public Affairs

The Department devotes itself mainly to biomedical media programing and to disseminating biomedical information to physicians and the public through the mass media. Department officials say they know of no similar university activity in the United States.

The Department maintains offices and conference rooms at the Airlie center, as well as in the GWU School of Medicine. This arrangement with GWU facilitates Department activities and improves quality control.

Raven's Hollow, Ltd.

3 Raven's Hollow, Ltd., is a "not for profit, non-stock" Virginia corporation chartered under the laws of the Commonwealth. It is a "service" corporation established to support the activities of the Airlie Foundation, the GWU Department of Medical and Public Affairs, and other selected clients. It produces films under Foundation subcontracts, maintains the grounds, and does other work for the Foundation. 2, 01242

Personnel arrangements

The personnel of Raven's Hollow, Ltd., have constantly served as part-time employees of Airlie Foundation; the GWU Department; and Washington, D.C., area media organizations through prearrangement. Such arrangements have been necessary in order to meet the salary requirements of the highly skilled professionals required for project activities. Officials point out that under these personnel arrangements, it is safe to assume that any individual, including the Executive Director of the Airlie Foundation, could work for any of the entities described above, depending on the work available. Compensation would be provided by the entity for which the work was performed on a percentage-of-time basis.

Federal contracts and grants

The first Federal project with the Airlie Foundation was in 1961. Relatively small amounts of AID funds were received by the Foundation through early subcontracts; Government contracts and grants throughout the 1960s were with other agencies, primarily the Department of Health, Education, and Welfare (HEW). 20

The GWU Department predecessor's first Federal project was in 1964. Throughout the 1960s, it undertook biomedical communications projects, at both Airlie and Washington. Officials described two of the projects carried out at Airlie during the 1960s, as follows:

"Heart Program--This project was conducted in cooperation with the Chronic Disease Division of the United States Public Health Service through several reorganizations. At the time

this program was undertaken there was considerable national concern over the loss of middle-age males with coronary occlusion. The program was developed for utilization by mass-media, universities, and for the Federal Pavilion of the New York World's Fair. This project resulted in an award-winning documentary made with General Eisenhower entitled 'Reprieve.'

"Alcohol--The 1969 program, 'America on the Rocks,' was produced as a research and development project on the drinking patterns of the average American. Three versions of this program were developed and distributed throughout this country and are presently being utilized by television stations, hospitals, policy departments and others who are working with the problem of alcoholism."

Washington division contracts were more technically oriented. They included projects, for the National Aeronautics and Space Administration, on design management of biomedical applications systems and on biomedical research in technology utilization and, for the National Institutes of Health, a project to develop and test new procedures for collecting and analyzing interlibrary loan and reader service data.

Exclusive of the AID projects covered in our review, Federal funding for the Airlie Foundation and the GWU Department (or its predecessor) since 1964 and 1965, the earliest years for which accurate financial data is still available, amounted to about \$9 million.

AID contracts and grant

5 Since 1971, AID has awarded two contracts and one grant to the Airlie Foundation and one contract to the GWU Department for a total of about \$10.3 million. (See app. II.) Two of the Foundation projects were to alert the Latin American elites to the problems caused by increasing population and motivate appropriate actions. The third was to develop training film packages for university students and others in population programs. The contract with GWU called for publication of technical reports summarizing biomedical research data on population. A new proposal from the Department calls for developing popular information packages to disseminate research findings to the general populations of developing countries.

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SCOPE OF REVIEW

This review deals specifically with AID's relationships with the Airlie Foundation and the GWU Department of Medical and Public Affairs and with the management of its contracts and grant with these organizations.

We examined administration and management of the pre-award activities; awards of the contracts and grant; compliance with contract and grant provisions; AID monitoring and evaluation of projects; and internal audits.

We did not attempt to assess the benefits and use of the funded activities, nor did we undertake a financial audit. In a number of instances, we were unable to clearly establish the circumstances of particular events due to lapsed time and personnel changes.

This report was prepared largely from information obtained from the files of AID's Office of Population and contract office and from interviews with officials. Visits were also made to the Airlie Foundation and to the GWU Department.

CHAPTER 2

PRE-AWARD ACTIVITIES

Airlie Foundation and Agency for International Development population officials apparently entered into discussions concerning potential contracts in the late 1960s through the auspices of Department of Health, Education, and Welfare officials. AID discussions with the George Washington Department of Medical and Public Affairs began somewhat later.

A major AID reorganization about the time the projects began resulted in shifts in management responsibility. Before this mid-1972 reorganization, there was a central Office of Population in the Bureau for Technical Assistance and branch population offices in each regional bureau. In mid-1972, all AID population activities were centralized in an expanded Office of Population in the new Bureau for Population and Humanitarian Assistance.

ELITE MOTIVATION FILMS CONTRACT

This February 1971 contract was the first AID signed with Airlie Foundation. The Bureau for Latin America's Office of Population and Civic Development was the cognizant technical office.

Officials in the Bureau believed that the success of family planning projects in Latin America depended on public acceptance and the recognition by Latin American decision-makers that such programs were necessary for socioeconomic development and improved quality of life. They wanted to reach members of the indigenous elite and motivate them to take actions. The staff of the HEW Office of International Health, with whom AID officials worked previously, recommended that AID contract with the Airlie Foundation to produce films for this purpose. HEW had had several contracts with the Foundation in the 1960s, and officials told AID no other filmmaker could accomplish the job. In June 1970 one HEW official wrote on stationery of the Office of the Secretary in reference to the elite motivation film project, "which I suggested be undertaken by Airlie Foundation," that "our staff recommends a sole source contract." We could not find records of AID discussions concerning other potential contractors.

The decision to make the award to Airlie Foundation apparently had been made late in 1969 or early in 1970. AID's project authorization, however, was dated October 1970. The final Airlie Foundation proposal was delivered in November 1970; and the contract was signed in February 1971.

One reason for the delay was the opposition of the Latin American Bureau's contract office. (At that time, each AID bureau had its own contract office.) This office, asked to negotiate a contract with Airlie Foundation in June 1970, replied "It was our considered opinion, after weighing all the factors, that firms other than the Airlie Foundation can very possibly prepare the films and establish the resulting film bank."

There is no evidence, however, that the responsible division explored other potential contractors. By November, the contracting officer who had opposed direct selection of the Foundation had left AID, and at a meeting that month it was decided to go ahead with the direct selection.

TRAINING FILMS AND RELATED TRAINING
MATERIALS CONTRACT

The Office of Population in AID's Technical Assistance Bureau had identified a need in U.S. and developing country universities and other organizations for integrated teaching packages to be used in population programs. They believed a university should undertake such a project under an AID contract. Officials in the Latin American Bureau involved with the Elite Motivation Film Contract apparently recommended the Airlie Foundation officials, who also held positions in the GWU Department, for the project.

The early history of the project that was to be the Airlie contract is entwined with that of another AID film contract. In 1970, an AID project authorization for a \$900,000 series of training packages was prepared by the Office of Population. The first film was to provide a general orientation to the population issue and to AID's work; eight others were to be topic film packages. When the project authorization was signed in February 1971, however, it authorized only the first film. The Bureau noted that the eight other films needed clarification, and it was not convinced films were the most cost-effective teaching tool. AID sought formal competition for the first film and published a Request for Proposals in June 1971. Twenty-six proposals were received, among them one from Airlie Foundation. The project monitor selected the seven best and formed a panel to review them. A contract was signed June 30, 1971, with a New York City film producer.

In the interim, officials of the GWU Department were planning a proposal on the eight other training film packages. In December 1970 the Latin American Bureau project monitor for the Elite Motivation Films Contract delivered to the chief of the concerned Office of Population division a brief proposal

for "worldwide and interregional audio-visual curriculum and instructional materials."

By June 1971 the project authorization used originally for the first general film had been renamed and modified to exclude that first film. It now called for eight training packages to be made over a 3-year period for \$841,000. George Washington University was said to be uniquely qualified to undertake the proposal. The authorization was approved with the understanding that packages beyond the first three "will not be considered until an evaluation of the effectiveness and use is made of the first three films." The contract for the three films was awarded to Airlie Foundation instead of the GWU Department late in June. (See p. 10.)

INTER-AMERICAN DIALOGUE CENTER GRANT

The proposal to establish an Inter-American Dialogue Center (IADC) had as its ultimate goal the bringing about of changes in Latin American policies in order to reduce population growth. The proposal was formally submitted to AID by the Airlie Foundation on April 19, 1972. The stated approach was to (1) use sophisticated communications and group learning techniques in dialogues, which would educate and motivate elite groups of Latin Americans so that they would initiate and support population policies within their own countries, (2) disseminate "didactic and motivational materials, research results, and analyses" prepared in conjunction with the dialogues, and (3) train selected individuals to "replicate its media methods and conference techniques" and, in special cases, offer "logistical and technical support directly to media and conference activities in Latin America."

There was enthusiastic support for this project by certain Latin American Bureau officials. AID's Deputy Administrator said in late May 1972 that he had decided to fund the project. Early in June, the Latin American Bureau gave its approval, subject to an effectiveness evaluation to be made after the first 18 months. The chief of the responsible division insisted on this evaluation because of the experimental character of the program.

The files do not reveal the origins of the IADC project, but AID and Airlie Foundation officials said it was developed collaboratively. A memorandum from the chief of the division, who was the Latin American Bureau administrator's assistant for formulating Bureau policy and strategies and allocating funds among projects, reveals another aspect. He states "I have been in frequent contact with Airlie House about the substance of the proposal, and in a personal capacity, have given them the benefit of my thoughts on many of its details."

In disassociating himself from the project, this official stated "Because of my long association with and involvement in the development of this proposal, I think it would be inappropriate for me to be connected with official decisions in AID related to its rejection or acceptance for funding." Since no other grantees were considered for this project, we do not know what advantages, if any, were gained by the Foundation through the unofficial assistance of an AID employee.

RAPID DIFFUSION OF POPULATION
RESEARCH FINDINGS CONTRACT

Officials in the Bureau for Technical Assistance, Office of Population, identified a need for summary reports on family planning biomedical research findings for distribution to individuals professionally concerned with family planning in developing countries. At about the same time, an individual with a Ph. D. in Political Science and Population Dynamics who had been active in the population field since 1965 and had held important positions in various organizations concerned with population, had conceived of such a program. In discussions with AID, it was agreed this person would direct the project.

Next, the organizational home for the project was selected. Only organizations in the Washington area were considered. The GWU Department's Biological Sciences Communication Project (BSCP) had engaged in a wide range of library and information-handling programs, primarily in the life and social sciences. The BSCP director was a respected academician and administrator. By late March 1972, the Office of Population felt confident enough to notify BSCP that it was optimistic AID would be able to provide funds in the not distant future. In June AID's project authorization was approved. Subsequently the BSCP director retired, and the BSCP later became the Science Communication Division.

It was arranged that the project director selected by AID would join the GWU Department to manage the new project. The contract with GWU was signed in June 1972.

CHAPTER 3

AWARDS OF THE CONTRACTS AND GRANTS

The negotiated contracts with George Washington University and Airlie Foundation were cost-reimbursement type. Proposals were not formally solicited. Procurement regulations permit negotiation of contracts under certain circumstances if specified procedures are followed. We do not believe AID fully met the requirements of its regulations in awarding these contracts, particularly with regard to documenting any informal consideration of other potential contractors.

The Inter-American Dialogue Center project was approved in the form of a grant and therefore was not subject to the regulations intended to maximize competition in contracting. Although there were no written AID regulations on grants in effect, certain sound management principles, which should have been followed, were not in this instance. For example, there is no evidence that consideration was given to other potential grantees.

REGULATIONS CONCERNING SOLE-SOURCE CONTRACTS

The Federal Procurement Regulations (FPR) cites several conditions under which contracts may be negotiated without formal advertising, such as:

- When property or services can be obtained from only one person or firm (sole source of supply).
- When it is impractical to secure competition by formal advertising because the procurement is for training film, motion picture productions, or manuscripts.
- When services are to be rendered by a university.
- When professional services are provided by an individual contractor in person or a concern.

FPR further says, when property or services are to be procured by negotiation, proposals must be solicited from the maximum number of qualified sources.

AID procurement regulations in effect in 1971 elaborated upon the Federal regulations. The AID regulations allowed noncompetitive negotiation of contracts under certain circumstances, including those in which the contracting officer determined there was only "one reasonably available source." The regulations specified that if negotiation were used:

"(c) Consideration of as many sources as is practical, including informal solicitation to the greatest reasonable extent, is required even though formal solicitation of proposals from more than one offeror is not called for" and

"(d) The contract file in each case of noncompetitive negotiation will include appropriate explanation and support."

ELITE MOTIVATION FILM CONTRACT

This cost-reimbursement-type contract was signed with Airlie Foundation on February 23, 1971, for professional services. There were two separate but related issues in this award. AID's own procurement regulations were intended to insure and document the appropriateness of direct selection and negotiation. There is no evidence that any sources other than Airlie Foundation were considered by AID officials, nor was any informal solicitation undertaken. AID did consider statements of HEW officials comparing the Foundations's qualifications with those of other organizations. However, there is no explanation or support for noncompetitive negotiation in the files as provided for by AID regulations. Moreover, there is no evidence that the 1970 objections of the Latin American Bureau contracting officer were addressed. (See p. 6.)

TRAINING FILMS AND RELATED TEACHING MATERIALS CONTRACT

Until late in June 1971, AID considered, and was negotiating with, the GWU Department for this contract but on the 30th signed a cost-reimbursement-type contract with Airlie Foundation instead. This last-minute change was made because AID contract and audit staff said

- the GWU Department was directly related to Airlie Foundation;
- most of the work would be done at Airlie;
- both organizations were directed by the same individuals; and
- overhead at Airlie Foundation was lower.

The day before the contract was signed, the cognizant technical office prepared a new sole-source procurement justification, citing Airlie Foundation instead of the GWU Department.

AID Office of Population officials envisaged the contract as providing for curriculum development and integrated training packages tailored for university students and others in population programs. (See p. 6.) In approving the last-minute change of contractor, they insisted that GWU be involved and that the GWU imprimatur appear on the materials produced, because they believed this was necessary for student acceptance.

The authority to negotiate without formal advertising was justified under the FPR section on sole source of supply. As in the case in the award of the Elite Motivation Films Contract, however, this authority to negotiate did not remove the responsibility for considering other potential contractors. AID regulations call for considering as many potential sources as is practicable and placing an explanation and support in the files.

We found no evidence in the files that other contractors were considered. Subsequent to the award of this contract, a memorandum by the head of the cognizant technical division stated that discussions had been held with other universities. This official reconfirmed to us that such discussions took place. It cannot be determined from information in the files, however, if there were justifiable grounds for a negotiated contract. The absence of contemporary documentation indicates AID's failure to comply with its own procurement regulations and with sound administrative procedures.

Commercial filmmakers challenged the direct selection of Airlie Foundation. The initial and most determined challenge came the month after the contract was signed. AID initially responded that the purpose of the contract was to develop the curriculum for university population programs and that Airlie Foundation, combined with the GWU Department, was uniquely qualified. This response failed to satisfy the commercial filmmaker, which challenged the statement that Airlie Foundation or GWU were uniquely qualified and also noted that AID did not address its requirement for consideration of as many sources as was practicable.

At a September meeting with the commercial filmmaker, AID officials stressed the necessity for university involvement and the emphasis on integrated training packages (not just films). The filmmaker responded that GWU was not a recognized source of expertise in the population area. AID agreed to examine the contract again. Later in the fall, two noninvolved AID staffers were asked to review the award. They concluded it was proper considering the intent of the contract but noted the actual contract failed to make clear the intended emphasis on education development. They

suggested the contract be amended to specify the nonfilm elements, require analysis of methods of integrating the packages into curricula, and specify using GWU faculty in the Department and other departments as key personnel.

AID notified the commercial filmmaker in January 1972 that the award was proper but stated that AID was modifying the contract to provide for assurance of obtaining GWU capabilities. AID officials then prepared a novation agreement recognizing the GWU Department as the successor to the Airlie Foundation interest in the contract. The Foundation demurred, however, saying that this would result in higher overhead and additional administrative costs, that it had agreed the films would carry the GWU Department imprimatur, and that it was satisfied with its performance and was committed to completing the contract. AID did not pursue the matter, and no changes were made to the contract.

INTER-AMERICAN DIALOGUE CENTER GRANT

The files do not include substantive documentation on the procedures followed in the evaluation and award process used in this grant, which was signed in June 1972. Although Airlie Foundation proposed this activity under the grant form, the files do not reveal why the grant rather than the contract form was selected. As a grant, however, it was not subject to the requirements intended to insure competition which were applicable to contracts. Moreover, AID had no written policy on the use of grants at the time of this proposal. (A limited policy was formulated in June 1973, but a general guideline for processing grants was not published until October 1974.)

The basic premises for the selection were Airlie Foundation's expertise in conducting conferences and its films on social issues. The files do not show the participation of Airlie Foundation or its officials in population-related information, education, and communications during the period of this award. We were told that, although the Foundation had operated a conference center for many years, its role generally consisted of providing such services as rooms, meals, conference rooms, and related equipment. At about the same time, AID contracted with the National Academy of Sciences to hold international conferences dealing with population policy. One of these international conferences was for Latin Americans. While we did not examine this contract, its existence shows that others did have the capability to organize and conduct conferences involving Latin Americans and population issues. It also indicates that projects of this nature were contractable.

Airlie Foundation's experience in making population-related films in Latin America under the Elite Motivation Films Contract was also cited as justification for the selection. This contract had been in effect since February 1971. At the time the grant was awarded, however, only a few films were completed and no evaluation had been made.

In addition to holding dialogues, this grant allowed filmmaking. AID population and contract officers questioned placing this filming under the grant, preferring a separate contract with Airlie Foundation. The Foundation resisted, however, and films were included as a grant activity.

RAPID DIFFUSION OF POPULATION RESEARCH FINDINGS CONTRACT

A justification for the sole-source selection of the GWU Department for cost-reimbursement-type contract was signed in June 1972. It included two requirements (1) a facility, respected and recognized in abstracting technical and scientific information and (2) a project director with broad knowledge of a worldwide perspective on population problems who had experience and contacts in the field.

The GWU Department, with the previously agreed-upon project director, was selected on these grounds.

Contracts with universities are exempt from Federal Procurement Regulations concerning formal advertising, but this did not exempt AID from regulations designed to maximize competition. (See pp. 9 and 10.) There is no information in the files documenting consideration of other universities or organizations.

The project director and AID officials told us that only Washington area universities were considered, and given this geographic limitation, the GWU Department was selected. The previously identified project director was placed in this Department, and the contract was awarded.

CHAPTER 4

COMPLIANCE WITH CONTRACT

AND GRANT PROVISIONS

We have examined project activities in relation to the provisions of the contracts and grant and AID's management. In some instances Airlie Foundation did not fully comply with these provisions, and the Agency for International Development did not always act to insure full compliance. Performance under the Rapid Diffusion Contract with George Washington University generally matched contract provisions.

ELITE MOTIVATION FILMS CONTRACT

The contract's stated scope of work included (1) conducting studies to determine the target audiences most influential in creating a general awareness of film programs, the best techniques for distribution and utilization of these programs, and those Latin American organizations that should undertake similar media projects and (2) recording information on films and in an information bank. The original contract specifically called for production of at least six films, with the subject matter, treatment, intended audience, and length left to the judgement of Airlie Foundation with the concurrence of the AID project manager. Films would be of two types--one to describe ongoing population programs, relating them to improvement of the quality of life; and the other to instruct. The contract also called for creating a catalogued information bank of films and slides and a detailed distribution plan for disseminating the programs.

More films made than minimum called for

The contract, as amended, called for at least 34 films; Airlie Foundation made more than required. In February 1972, a year after the 19-month \$419,325 contract was signed, the responsible AID office asked for \$385,000 in additional funding for producing more films and extending the project through December 31, 1973. It said all travel funds had been expended and funds earmarked to complete production had been used for additional (AID-approved) filming instead. While budget categories are not binding and minimum contract requirements could have been met without additional funds, the funds were needed to complete all films approved by AID and already begun. A May 1972 amendment provided these funds for making a cumulative total of at least 12 films and more film bank material by December 31, 1973. Less than a year later, in February 1973, about \$425,000 was added to the contract to raise

total films to at least 18 and change the completion date to June 30, 1975.

In its September 1973 progress report, Airlie Foundation stated it had completed and released 15 more films since May 1973 and had a large number in various stages of production. The Foundation requested funds for more films, and a \$501,629 amendment adding 16 more films (a total of at least 34 films by June 30, 1975) to the contract was approved in February 1974. Only 6 weeks later, in mid-April 1974, the Foundation notified AID that work already authorized would result in the equivalent of 62 films, that completion of these film "commitments" required supplemental funding, and that more funds were needed to undertake new filming in fiscal year 1975. AID's contract office expressed concern and asked for detailed information on why the funds provided in February 1974 were spent so rapidly. The Foundation responded in May that with available funds it could meet all minimum contract requirements--including that for "at least 34" films. The issue of additional funds remained active, and eventually the responsible Assistant Administrator determined that no more film work should be undertaken under that contract and no more funds provided. (See p. 35.)

Although AID's decision not to provide additional funds may have had some bearing on the length or other aspects of the films, the Foundation eventually provided 63 films, with an average length of about 13.5 minutes. (See app. III.) Twenty-nine had a minimum length of 15 minutes. These films were provided under a contract requirement for "at least 34" films with a minimum length of 15 minutes each.

As the history of the contract amendments indicated, Airlie Foundation apparently committed itself to many more films than the minimum number authorized in the contract at the time. For example, in mid-April 1974 it had about 62 films in process and more planned, but the contract amendment signed only 6 weeks before had added funds to bring the total up to only "at least 34" before June 31, 1975. Foundation officials say that, since the contract only specified a minimum number, by producing many more, they were in full compliance.

We believe that AID should have specified the number of films it wanted, indicated this requirement in the contract, and insisted that the contractor comply with the provisions as written. We believe AID's lack of firm management of the contract resulted in the gross variance between the minimum number of films specified and actual output.

Films made on subjects
other than population

Airlie Foundation also produced films that were not directly related to population. Several of the 63 films were on health programs in general, one on cancer and the pap test, and one on nutrition. Many addressed family planning only briefly or indirectly. (See apps. III and IV for descriptions.)

Airlie Foundation officials told us that they decided upon film subjects in conversations with Latin American leaders and that, while AID was the sponsor, they considered these leaders their clients. Because of these requests, they made films on subjects other than population. They said the sensitivity of family planning in Latin America in the early 1970s was one reason for the low-key, indirect approach to this subject. They believed that "most successful population programs address a variety of health needs in order to make contraceptive information more ordinary and natural and acceptable."

AID officials have said that, generally speaking, they were often unaware of the films' actual contents until after Airlie Foundation had made some arrangements with the Latin Americans for the films. When they did not find the films totally appropriate, they felt to object would damage Airlie Foundation's and even AID's relations with the requestor or would result in additional filming expense. AID therefore concurred in going ahead with the films.

We believe that AID concurrence in the films' subjects was not sought by Airlie Foundation to the extent called for in the contract. Foundation officials said that, in approving travel requests, AID approved the subjects and that they were in full compliance. But, we believe the actions of the Foundation often precluded meaningful AID involvement. AID, on the other hand, did not demand full compliance with this contract provision. In 1975, however, AID added specific requirements for written concurrence regarding the actual contents of films planned by Airlie Foundation under the IADC grant. (See p. 36.)

Overseas travel requests
made too late

Another indication of the absence of a close working relationship between the contractor and AID is provided by activities surrounding overseas travel.

The Foundation was required under the General Provisions of the contract to get written approval from the contracting officer before sending individuals outside the United States. An amendment specified further that written approval could be received from the cognizant technical office.

On many occasions, AID was not notified sufficiently in advance for the project manager and U.S. Mission involved to approve the travel. For example, Airlie Foundation on April 6, 1973, requested permission for travel beginning April 15. The project manager's approval was dated April 16. An October 11, 1973, letter requested permission to travel beginning October 16; AID's concurrence was dated October 30. A cable from a U.S. Embassy in Latin America stated that AID Washington's February 21 cable requested concurrence for an Airlie team's February 22, 1973, arrival. The mission said it had had no prior notice and that the description of the purpose of the visit was most inadequate.

AID Office of Population officials said this problem was continual and applied to other Foundation projects as well and that it caused difficulties for its own staff as well as AID missions in Latin America. Airlie Foundation officials said that it was often not possible to confirm travel schedules until just before departure. We believe that the failure to resolve these problems demonstrates the absence of a cooperative working relationship.

No distribution plan developed

A major problem with the Elite Motivation Films project has been the apparently limited distribution of these films. In an early 1975 circular to 14 U.S. missions in Latin America, AID asked about the availability of the films. Many responded that in-country distribution needed to be improved. Most said that they were not informed about other Airlie films made in other Latin American countries. The cognizant technical office in AID has expressed its concern about distribution and use, noting that many films might already be out of date and no longer of use to AID, and has taken actions itself to improve their distribution. In addition, in an amendment to the IADC grant in July 1975, AID instructed Airlie Foundation to direct a country-by-country survey of film distribution facilities and organizations through which family planning films might receive maximum distribution and use.

The original contract with Airlie Foundation called for it to present AID with a detailed distribution plan in 12 months. In April 1972 the project manager reminded Airlie

Foundation of this outstanding requirement, and in May a contract amendment extended the due date 3 months. Airlie Foundation responded that developing a distribution plan was not realistic and that it planned to use Inter-American Dialogue Center participants as primary distributors. AID accepted this, without amending the contract or reducing the dollar amount of the contract. The only data supplied to AID were lists of persons/organizations to whom films had been sent.

Plans for the distribution of films was a key element in the overall project and was recognized in the contract. We believe failure to supply a distribution plan as originally called for in the contract was important.

Readily usable film
catalogue not prepared

Another provision of the contract called for Airlie Foundation to place all the film taken in an information bank and to catalogue this material so that AID-authorized institutions could plan and produce documentaries and various other materials from this, which would meet anticipated demands for new material at reduced cost and without delays. However, Foundation officials told us they understood the film bank was essentially for their own use. The contract, as amended, called for 500,000 feet of film.

The contractor kept the film but has not catalogued it so it could be readily used by other organizations. The only "catalogue" available is that generated by Raven's Hollow, Ltd., the independent corporation that Airlie Foundation sub-contracts with for film production. (See p. 2.) Raven's Hollow has listed each film chronologically, giving a subject for each frame. There is no subject, organization, person, scenic background, location, or country catalogue. Some AID and Airlie Foundation officials have said that film producers are traditionally reluctant to use others' materials, and if the AID officials involved in negotiating the original contract had known anything about films they would have known this.

Nevertheless, the provision for the development and use of the film bank was included in the contract and appears to have been considered a key aspect by AID--an aspect that was not met. In any event, the absence of a usable catalogue appears to have precluded AID's ability to use the film bank as anticipated.

TRAINING FILMS AND RELATED
TEACHING MATERIALS CONTRACT

This contract specifically called for producing three integrated teaching packages, each consisting of a film and specifically tailored teaching aids. The subjects of the three packages were establishing a national family planning program, operating and administering such a program, and contacts between family planning services and clients.

GWU involvement not obtained

A provision of the contract called for the contractor, in designing the packages, to consult with education experts of the GWU faculty and outside consultants, both academic and technical, to assure optimum training impact. Indeed, in justifying the selection of Airlie Foundation in response to the commercial filmmaker's challenge (see p. 11), the Office of Population stressed the overall capability of many GWU components--the medical center and hospital and population-related fields, such as social science research, educational methodology, ecology, demography, statistics, administration, and management. One GWU professor was specifically cited for his new strategies for applying communication media to development.

There is no evidence, however, that these resources were used by the Foundation. Members of GWU's Department of Medical and Public Affairs were, of course, involved because of their status as Airlie Foundation officials. There were no paid consultants, and the list of informal advisers given us by Foundation officials does not include anyone from GWU outside the Department. The specific professor cited was not listed.

Thus, the Foundation failed to use the broad expertise of GWU as provided for in the contract and as AID stated would be the case when addressing the challenge to the negotiated contract. (See p. 12.) We do not know what effect this had on the project, but we have noted that the final products did not fully meet AID expectations.

AID also considered it critical that the films and materials carry a university imprint in order to enhance their acceptance by the intended audiences--students in population programs. University involvement was considered so important it was repeatedly stressed by AID in justifying, first, the direct selection of the GWU Department and the Airlie Foundation and excluding commercial filmmakers and, then, in meeting the challenge to the award. (See pp. 11 and 12.) Although

the contract itself did not specify the GWU imprint, the Foundation had assured AID of the GWU imprint. (See p. 12.)

The completed films and the supplementary materials, however, carry an Airlie Foundation imprint. The validity of AID's earlier insistence on a university imprint appears questionable.

Films rather than training packages produced

The contract and related documents clearly envisaged producing training film packages, within the context of curriculum development, for university students and others. The original contract called for three packages by December 31, 1972. Delays attributed, in part, to the provision requiring AID approval of scripts before filming; the absence of a fully capable film writer-producer-editor assigned directly to the project until the fall of 1972; and the slowness in preparing training materials, required amendments postponing the completion date and increases in cost. A Foundation official told us the contract requirement that AID approve scripts was inappropriate.

In July 1973, for example, Airlie Foundation stated that it had funds to finish the three films, but it was "most unlikely" there would be any funds left to undertake production of related materials, indicating their secondary nature in the Foundation's view. The materials eventually provided consist of several pamphlets and a set of slides for each package. A single, folded sheet gives a paragraph description of each of the three films. For each film, there is a teacher's manual containing the film script and a few pages of questions and a 25-to 30-page booklet of selected readings.

The fact that these materials were developed after completion of most of the filming and were less comprehensive than anticipated was noted by the AID project manager late in 1973. He said "Airlie has never taken seriously the contract requirement for teaching materials intended to supplement the films and round out the packages."

INTER-AMERICAN DIALOGUE CENTER GRANT

The Foundation has held over 50 dialogues and produced or translated over 15 films (as of December 1975) under this grant. (See apps. VI and VII.)

In some instances the Foundation did not fully comply with grant terms.

The grant calls for AID approval in advance of publishing or producing materials, including films. Discussions with project managers and reviews of the files, however, do not always show such approval. For example, the Foundation printed a 1975-76 schedule of dialogues without AID's knowledge or approval. It made one film on a delivery system in Africa from the Training Films Contract film bank without the knowledge of either project monitor and made and distributed another that demonstrated self-examination for breast cancer without the approval of any responsible AID official.

Analysis of the grant and amendments shows that a progress report and an expenditures report due January 31, 1976, had not yet been provided on March 24, 1976. It appears that the wording of the applicable grant provisions and AID's monitoring led to uncertainties as to the due date.

In amending the grant in mid-1975 to include additional film work, AID added restrictions designed to increase its control over the Foundation's activities. (See p. 36.) In February 1976, AID planned to add restrictions in the next amendment that would extend the grant for a year from April 1.

RAPID DIFFUSION OF POPULATION RESEARCH FINDINGS CONTRACT

A review of AID's files and discussions with concerned AID officials do not reveal any major problems in complying with the provisions of this GWU Department contract, as amended.

Output matched contract expectations

The purpose of this contract was to collect, abstract, and disseminate the findings of population research in family planning. Some 20,000 abstracts have been made and entered into an online computer system. Population reports are prepared on the basis of this data and smaller inputs from five other organizations. Over 40 population reports have been published. (See app. V.) Spanish, French, and Portuguese translations are made. These reports are written for persons concerned with family planning and population programs. Reports are issued on specific topics, such as oral contraceptives and sterilization. The Department staff maintains a mailing list of about 32,000. Qualified persons may also make use of the computerized information retrieval service, POPINFORM.

This contract was quite specific and the GWU Department's performance has generally matched both contract provisions and AID expectations.

CONCLUSION

We believe that the project difficulties are largely attributable to the differing administrative and management philosophies of officials of the Foundation and Department and officials of AID's Office of Population. Agency officials believe that involvement of AID staff in contractor/grantee plans and awareness of activities is necessary to insure that Federal funds are spent for the intended purposes and with maximum benefit. The Foundation/Department officials, on the other hand, assert the need for their functions to be discharged largely on the basis of professional trust and with very little agency involvement. Apparently because of its technical nature, the Department contract was not affected by these differing views.

We believe that certain actions on the part of AID are necessary with respect to these matters. (See p. 42.)

CHAPTER 5

MONITORING AND EVALUATION OF PROJECTS

The Agency for International Development has not had adequate advance information about Airlie Foundation plans under the Elite Motivation Films Contract and the Inter-American Dialogue Center Grant. Within the past year, AID has taken actions to increase its advance knowledge of grant activities. In the Training Films Contract with the Foundation and the Rapid Diffusion of Population Research Findings Contract with the George Washington University Department of Medical and Public Affairs, AID did have sufficient information to make management decisions.

AID has not systematically and independently evaluated the effectiveness of Foundation projects. Individual appraisals and limited evaluations of these projects offer both praise and criticism but are not adequate as a basis for judgment. A formal, independent evaluation of the Department contract was made in 1975, however, and the project was praised.

AID KNOWLEDGE OF PLANNED ACTIVITIES

Elite Motivation Films Contract

Airlie Foundation made films under this contract that AID officials did not consider fully appropriate. The contract provisions called for AID concurrence in film subject but was often not obtained. (See p. 16.)

Many films were centered around general health programs--ministerial level plans, integral health programs, rural health programs, health services related to malaria eradication, and armed forces health programs. The population problem, or family planning programs, were addressed indirectly and briefly in most of these. Foundation officials said that in many cases the population problem and family planning programs could not be addressed explicitly in the Latin American environment of the early 1970s. Other films did not address the population issue at all. One is addressed totally to the need for and simplicity of a pap test for cancer. One was of a lecturer discussing nutritional values of local foods. Another showed a minister describing his nation's Ministry of Health. (See app. IV.)

AID officials say they had little input on the content of many films because, by the time they first learned of the content, it was generally too late and would be too costly

to modify them. Airlie Foundation officials told us their clients were the Latin Americans and they frequently asked to do films. Only later did AID project managers learn of the proposed films. (See p. 16.)

Another shortcoming in AID management is related to the films on general health and nutrition. Neither the project managers nor Foundation officials contacted AID officials concerned with health and nutrition to insure (1) that films were not already available and (2) that the contents of these films were correct and appropriate. Since a systematic, independent evaluation of these films has not been made, we are unable to determine if this lack of coordination had any adverse consequences.

Training Films and Related Teaching Materials Contract

The Training Films Contract was more specific than the Elite Motivation Contract and called for AID's project manager to approve the scripts of the films and related materials before they were produced. These more specific requirements enabled AID to maintain adequate knowledge of contractor activities over the life of the project. However, they contributed to delays (see p. 20) in the contract--extending the completion date from December 1972, as originally anticipated, to 1975--because AID often found proposed scripts and film contents inadequate and asked for revisions. (Even then, the completed project did not fully meet AID expectations; see pp. 19, 26, and 27.)

Inter-American Dialogue Center

AID project managers believe they did not always have enough information on activities planned by Airlie Foundation under this grant. Foundation officials felt AID officials were asking for too much information. The Foundation's philosophy on the requirements of a grantee are, in some ways, consistent with those stated in an AID policy letter dated June 1973. According to AID, a grant is given in support of a recipient's activities that contribute to the achievement of the Foreign Assistance Act objectives and is not to be used for projects over which AID plans to exercise a large degree of operational control. The IADC proposal itself appears consistent with AID objectives. Problems arose, however, because the Foundation did not fully accept AID's need for information on planned activities. When AID officials insisted on such information, conflicts developed.

The director of AID's Office of Population told us the office had a two-step approval process for grants. It first approves a general proposal; later it acts on the plans developed for specific activities. The original IADC proposal in 1972 was general. The records indicate that it was AID's intention to obtain more specific details by requiring plans for the oncoming periods. These were called for in the grant. Technically the Foundation met most of these requirements; however, information was often neither timely nor adequate according to AID officials.

Although AID anticipated specific plans for carrying out dialogues, producing films, and other activities with detailed objectives and actual means of achieving them, the plans were quite general. A typical description of a proposed dialogue as submitted to AID is as follows:

FAMILY HEALTH AND WELL-BEING

May 26 - 30, 1974 at Airlie

Development and utilization of educational media materials as related to population growth in the developing countries of Latin America.

The followup information supplied to AID before the actual dialogue was only a listing of topics and times for scheduled events.

Rapid Diffusion of Population Research Findings Contract

We have examined these files and see no evidence that the GWU Department acted without adequate AID knowledge. AID was actively involved in planning contents and schedules of the population reports, as well as in reviewing them before publication.

EVALUATION OF COMPLETED ACTIVITIES

Elite Motivation Film Contract

A provision in the original contract called for the contractor to evaluate the effectiveness of the films. Airlie Foundation selected a professor of media studies at a U.S. university to direct this evaluation, which covered activities during the first 19 months of the contract. However, the methodology and conclusions of this study were questioned by AID, and the fact that the evaluation team director had served as an Airlie Foundation consultant cast further uncertainty on its objectivity.

In 1974, when an expansion of this contract was requested, the then Assistant Administrator insisted that the films already produced be independently evaluated. Arrangements were made with the Pan American Health Organization to screen about 25 films and make 10 to 12 field tests in Latin America. When preparing for this evaluation, operating officials learned that AID did not have copies of the films and that the contract did not provide for AID copies. Some 50 films were completed by this time, and AID asked the Foundation to lend it copies of the "top 25 films, in your judgment representative" for use in the evaluation.

Before a contract for this evaluation was signed, AID decided the project would not be extended. Therefore, the independent evaluation was canceled, and an internal evaluation was planned.

In January 1975 a questionnaire was circulated to 14 U.S. missions in Latin America on the films' acceptability, utilization, impact, effect in motivating elites, and appropriate content. It also asked about indigenous film capability, local film library use, mission knowledge of all Airline films, and suggestions for improvement.

The responses were generally critical and, in many cases, incomplete. They were not adequate as a basis for an overall judgment. In April 1975 the AID project manager summarized the responses, which he also viewed as critical and limited. He noted that "only a surface evaluative opinion can be made of the effectiveness" of the films but that several general conclusions emerged from the replies. These were: since all Latin American countries have some form of family planning program, the time for externally produced films aimed at elites and for the low-key approach had passed; films should be shorter and related closely to family planning programs; time to finish should be shortened as some films were outdated by the time they were finished; distribution and utilization must be strengthened.

Training Films and Related Teaching Materials Contract

AID's project authorization for this contract called for eight training packages, with the understanding that an evaluation of the first three precede authorization of the remaining five. In the fall of 1973, Airline Foundation requested funds for the next three films although it had not completed the first three packages. AID agreed that, if the Foundation finished one package, evaluation of it along with AID's review of the two unfinished packages would meet the evaluation requirement.

The completed film package, "Communicating Family Planning--Speak, They Are Listening," was sent to six institutions, all universities with population programs. Since there was no structured evaluation format, the responses cannot easily be summarized. They were, however, mixed. Adverse comments generally concerned the lack of a clear central framework and objective and the "old hat" character of the information. Favorable comments concerned the film's motivational, rather than instructional, characteristics and its high-quality photography and sound. The Office of Population recommended continuing the program partly on the basis of these responses and its estimate of progress on the other two film packages.

By early 1975, all three film packages were completed and AID had decided not to produce any more under the contract. The three were sent to 25 institutions, universities with population programs and family planning organizations, for evaluation. We found responses from under half in the files. Again, there was no structured survey format, so responses cannot easily be summarized or an overall assessment developed. While the responses were not adequate for overall judgment, in general they were critical, although the high technical quality of the films was often cited. For example, the director of a population program at one university reported foreign students felt the films had a middle-class bias. He said, "certainly for student audiences the films are not sufficiently issue oriented to stir any interest." With respect to the objectivity and usefulness of the whole evaluation process, one institution said it was its opinion, "that Airlie would continue to be funded for such productions in the future regardless of the evaluation of their past effort."

Inter-American Dialogue Center Grant

The grant agreement specified that the Foundation provide a progress report annually, as well as a detailed expenditures report. The progress reports, while lengthy, contained the programs for dialogues held, some speeches, and letters from participants but were not analytical evaluations of progress nor proposals for improvement. The expenditures report was only a summary of monthly vouchers previously submitted. From these documents, AID was unable to assess the effectiveness of the dialogues or determine the cost of any particular dialogue or film produced.

The progress report, we believe, should have been an element in AID's decisionmaking process on the annual grant extensions. AID could not or did not use this management

tool, however. In the latest instance, the progress report due on January 31, 1976 (see p. 21), had not been submitted March 24; by this time, AID officials had spent much time discussing extension of the grant for the year starting April 1.

Efforts to obtain a meaningful independent evaluation of IADC activities have for the most part been unsuccessful. The Latin American Bureau's approval for this project authorized a 5-year program, subject to an effectiveness evaluation after about 18 months before funding beyond the initial 2 years was authorized. This evaluation was specified in the grant itself. The Foundation held different views as to the purpose of this evaluation. A responsible AID official wrote that, soon after the grant was signed, a Foundation official told him that the program could be evaluated after 6 months rather than the anticipated 18, so that plans could be made for the whole 5-year period. A Foundation official, however, told us such a statement would never have been made. The Foundation also described the planned evaluation as a self-initiated effort designed to reinforce or alter procedures for a more effective operation rather than a "basis for the continuation of the project."

Just after the grant was signed, the Bureau for Population and Humanitarian Assistance was formed and its Office of Population was assigned to monitor the grant. The project monitor did not consider an evaluation necessary for a decision on extending the grant beyond the initial 2-year period. However, plans for an evaluation continued and the Regional Population Center in Bogata, Colombia, was ultimately selected. By the time the evaluation was completed, in October 1974, AID had already approved a \$1,150,000 amendment extending the grant another year.

The evaluation had attempted to discover if the dialogues had any positive effect on the participants' knowledge or activities relating to population issues. A questionnaire was sent to all participants and some interviews were held. AID files on this report center around the recommendations presented. One AID memorandum noted that only 18 percent of all dialogue participants responded to the survey. Of this 18 percent, over half said they had seen some change in their countries' population policies, but only a limited number believed they had contributed to these changes. We do not know if these active participants were involved in population work before attending the dialogues. However, half of those who responded to the survey said they had been involved in family planning activity before attending

dialogues. In view of the evaluation methods and the limited response to this survey, we do not believe any judgments concerning the effectiveness of dialogues could be drawn. This evaluation did not address the films made with grant funds.

AID recently completed an "Interim Evaluation Report" covering the period from August 1, 1974, to September 30, 1975. The major issues addressed were the Airlie Foundation's lack of cooperation in discussing plans and actions involving dialogues and filming with responsible AID officials; the need for more co-sponsored dialogues with Latin American groups and fewer dialogues at the Foundation in Virginia; the need for an evaluation of grantee film work; and the need for a population expert on the grantee's staff. The effectiveness and benefits of the dialogues themselves were not examined.

Rapid Diffusion of Population Research Findings Contract

The 3-year term of this contract was to end on June 30, 1975. AID officials arranged for an evaluation before deciding if it should be continued. An important reason for this evaluation was a conflict that had developed between the project director identified and selected by AID (see p. 8) and top Department officials. This conflict over the project director's salary, status, and degree of control over the project had surfaced in 1974; by spring 1975 friction had increased to the point that the project director was threatening to resign.

Plans made late in 1974 resulted in a three-person review in January 1975. Before this team completed its report, however, its objectivity was questioned because one of the evaluators was also an adviser to the project and the scope of its report was reduced. This report stated that the project "deserves its reputation as one of the leading international information services in the population field," and that the project director "is administratively and professionally outstanding and has recruited a highly qualified, capable and dedicated staff." It also mentioned that certain facts and situations indicated "multiple administrative problems" and concluded that a fuller evaluation was required.

An independent five-man team was then assembled under the chairmanship of the chancellor of a large university. Its April 1975 report agreed with the first team's conclusion that the project was of high quality. It reported, however,

that disagreement between the project director and the Department chairman was extensive. The report noted that contact between top Department officials and the project director and staff appeared to be hostile. "The result appears to be damaging to the program" which the team found "most useful and deserving of continued support." The report recommended that AID attempt to bring the Department and project director into an effective working relationship and, if no change was observed, let the contract with the GWU Department expire in June 1975 and negotiate a contract with another institution. It concluded that the "skills and competence" of the project director "far exceed any possible value to be obtained by further association with the University, if the latter cannot be persuaded to fully cooperate." While AID's Office of Population agreed with this conclusion, the project director resigned and the contract was extended with the GWU Department. (See p. 37.)

CONCLUSION

As was the situation discussed in chapter 4, we believe AID's lack of knowledge of Airlie Foundation activities resulted from differing opinions on the role of each party in the contracts or grant. Our discussion of the actions we consider necessary on this matter and the lack of meaningful evaluations appear at the end of chapter 7. (See p. 42.)

CHAPTER 6

INTERNAL AUDITS

The Agency for International Development has not audited the contracts and grant with the Airlie Foundation for the period since January 1, 1973, and some of the points made in that audit were not resolved to the satisfaction of the auditors. Since then, the two contracts have been completed. An internal audit of these contracts and the grant for the period since 1973 was scheduled for spring 1976 but has recently been postponed due to other priorities. An internal audit of the Rapid Diffusion contract with GWU was made in the spring of 1975.

AUDIT OF CONTRACTS AND GRANT WITH AIRLIE FOUNDATION

The Office of Audit made an interim audit of the contracts and grant with Airlie Foundation for March 1, 1971, through December 31, 1972. At that time, the Elite Motivation Films Contract had been in effect almost 2 years, the Training Films Contract 1-1/2 years and the Inter-American Dialogue Center Grant only 6 months. The report, published in January 1974, contained six substantive recommendations and a seventh calling for AID to obtain a refund. The points are now closed, but the final refund payment had not been made as of February 1976.

Sole-source awards questioned

The AID auditors noted that both contracts were awarded without competition or solicitation, based on sole-source determinations. They questioned the propriety of the awards but did not make a formal recommendation because one section of the Federal Procurement Regulations stated that training film contracts do not require formal advertising. They did not address the points that (1) this was not the negotiating authority cited for either contract, and (2) not all AID regulations for negotiated contracts, then in effect, were followed. (See ch. 3, pp. 9 and 10.) The auditors also noted that the grant, as such, did not require a sole-source determination but that, since it cited FPRs, specified services to be performed, and provided for indirect costs, it was indistinguishable from a contract. The contracting officer did not agree with that observation.

Salary charge allocations could not be verified

The AID auditors noted they were unable to determine the reasonableness of professional salary charges allocated to the projects: payroll records were kept on an estimated

percentage-of-time basis and some Airlie Foundation employees worked for the GWU Department and Raven's Hollow, Ltd. Nor were they able to fully audit all these organizations to determine if more than 100 percent of an employee's monthly time was being accounted for by the various hiring entities. They therefore provisionally accepted the salary charges, pending a determination by the contracting officer and project manager as to reasonableness. The charges were subsequently accepted as presented.

Subcontracts with Raven's Hollow questioned

Two audit recommendations were directed at Airlie Foundation's subcontract for film work with Raven's Hollow, Ltd.

The AID auditors examined the procedure whereby the Foundation selected Raven's Hollow for film work under the Elite Motivation Films Contract. They concluded its bid was prepared on a different basis, which appeared to give Raven's Hollow a \$54,670 "windfall profit." The other point concerned Foundation purchases from Raven's Hollow, Ltd., that were originally intended to be made from other sources.

Airlie Foundation objected to these findings and in October 1974 was notified by AID's contracting officer that the potential disallowance of the "windfall profit" was cleared. He added, however, that it seemed to him that not all bidders were treated equally and that, in any future increases to the Raven's Hollow subcontract, "competitive bidding for film work should be considered unless a strong sole-source justification can be made to continue with" Raven's Hollow.

In clearing the "windfall profit" issue, the contracting officer had acted without the auditors' approval although such approval is not required. The Auditor General apparently attempted to revive the issue but was unsuccessful.

The Elite Motivation Films subcontract was the only one addressed in the audit report. At the time of the audit, the subcontract with Raven's Hollow, Ltd., under the Training Films Contract amounted to only \$76,185 and no film work had yet been subcontracted under the IADC grant. To date, over \$1.5 million has been subcontracted to Raven's Hollow, Ltd., for these projects. Presumably, all the subcontracts will be reviewed in AID's scheduled audit.

Disposition of points in AID audit

All audit points have been cleared. Of the \$24,065.21 that was disallowed, the contracts office was responsible

for \$7,789.09. All but \$1,576.91 of the latter amount was reinstated. All but \$345.33 has been repaid, and discussions continue concerning the payment of this amount. The remaining \$16,276.12 disallowance related primarily to overhead. The final overhead rate negotiated, however, resulted in a small upward adjustment to the provisional rate, which had the effect of invalidating the disallowance.

AUDIT OF GWU DEPARTMENT CONTRACT

AID's Office of Audit made an interim audit of this contract in the spring of 1975 for the period July 1, 1972, through December 31, 1974. The report issued in June 1975 recommended that:

- The semiannual status reports include data on users of the computer retrieval system.
- AID should promote greater use of this system, merge it with another online system, or discontinue it.
- Salary allocations of \$8,314 not authorized by AID should be reviewed by the contracting officer.

The first recommendation has been incorporated in the contract, the second was still under discussion as of February 1976, and AID is seeking repayment for the disallowances.

While not making specific recommendations, the report also noted that AID became too involved in GWU's internal operations and its relationship with employees (see pp. 29 and 30) and that the method of allocating salaries on a percentage basis could result in inequities to continuing projects. After some projects end, continuing projects might be charged for an inordinate amount of the time. (See p. 32.)

CHAPTER 7

STATUS OF FOUNDATION AND GWU

DEPARTMENT ACTIVITIES

The Airlie Foundation's Inter-American Dialogue Center Grant and the George Washington University Department's Rapid Diffusion Contract are active projects. The Elite Motivation Films Contract was completed on June 30, 1975, and the Training Films Contract on April 30, 1975. In both cases, Foundation and certain Agency for International Development officials had pressed for continuation, but the then-Assistant Administrator, Bureau for Population and Humanitarian Affairs, determined in 1974 that neither film contract should be extended when the existing contracts expired.

In 1975 filming activities previously under the film contracts were transferred by amendment to the IADC grant. In March 1976, AID was considering an amendment to the grant extending it for a year, from April 1, 1976, to March 31, 1977. The George Washington University Department of Medical and Public Affairs contract was authorized for calendar year 1976 in a December 1975 amendment. In 1974 the Department proposed a new \$1 million-a-year project. Although it has not been accepted, AID is currently considering a revised version of this project.

TRAINING FILMS AND RELATED TEACHING MATERIALS CONTRACT COMPLETED

The authorization for this program called for Airlie Foundation to produce eight training packages with the understanding that the first three packages would be evaluated before more were authorized. (See p. 7.) In 1973 this evaluation requirement was modified because only one film package had been completed and the Foundation wanted to start three more. The completed package was sent to six U.S. institutions for evaluation. Consideration of their responses was one factor in the Office of Population's request for a \$302,694 amendment to the contract for production of three more packages.

There was not complete agreement within AID, however, concerning this amendment. The project manager opposed further training films and, in November 1973 and again in December, asked to be relieved of monitoring responsibilities. He had been reporting directly to the Office of Population in his role as project manager since the fall of 1972, apparently because his division chief was critical of Airlie Foundation performance. When not relieved of monitoring

responsibilities, the project manager wrote a memorandum, later forwarded to the contracting officer, criticizing the Foundation's performance and questioning its unique capability, costs, and expertise. The contracting officer consequently wrote the Office of Population that it questioned the advisability of authorizing additional AID work with the Airlie Foundation on a sole-source basis. He noted that his office was then being asked to prepare amendments extending both film contracts and the grant; \$1,961,620 was involved. The contracting officer also asked AID's General Counsel to examine the proposed contract amendment. A February 1974 General Counsel memorandum stated that the amendment should not be signed unless sole-source selection of the Foundation could again be justified.

The then-Assistant Administrator decided not to expand the contract but simply to extend it and provide the additional \$102,039 requested by the Foundation to finish the original three training packages. It was ultimately extended to April 30, 1975.

ELITE MOTIVATION FILMS CONTRACT COMPLETED

By the fall of 1974, Airlie Foundation had completed or had in process about 63 films under a contract calling for production of at least 34 films by June 30, 1975. AID said in the fall that the Foundation had had no funds remaining for new film initiatives and that requests from Latin Americans for a number of films had been received. The Office of Population prepared documentation requesting \$150,000 for five more films.

The then-Assistant Administrator analyzed the situation and questioned the priority of new films and the effectiveness and utility of those already made. He also stated that with the information he had he could not justify sole-source selection of Airlie Foundation for more films. In a November 1974 memorandum, the Bureau's evaluation officer stated the Bureau would be hard pressed to justify a sole-source procurement. The then-Assistant Administrator decided to let this contract expire as scheduled June 30, 1975, without any expansion.

FILM WORK UNDER INTER-AMERICAN DIALOGUE CENTER GRANT CONTINUED AND EXPANDED

By spring of 1975 film activities under the two contracts were nearing completion. Airlie Foundation proposed that the grant and the two expiring film contracts be combined under the grant. By this time, the Assistant Administrator who had decided not to continue the contract activities

had left AID. The Acting Assistant Administrator concurred in the combined proposal. In mid-1975 the grant was amended to provide for production of six additional films originally requested but turned down by AID under the Elite Motivation Contract. The grant was increased by \$200,000 for this purpose and for maintaining the film bank and film distribution activities of the film contracts. Additional training films were not included in this amendment as anticipated because of budgetary restraints.

The IADC grant was amended for the purpose of making films not directly related to dialogue activities. The controls AID placed on the filming in the grant amendment are characteristic of a contract. For example, the amendment states that before initiating production of films, the grantee will submit to AID a description of the film message and manner of presentation, the purpose of the film, its intended audience, and the expected host country cooperating institutions. The written approval of AID is required, and written approval is also required for any subsequent changes.

There is no documentation in the files addressing itself to the grounds on which the former Assistant Administrator decided not to expand or continue the film contracts. Nor did AID address the General Counsel's opinion that, to expand the training film contract by amendment, it would be necessary to prepare new sole-source justification. Production of more films was, instead, handled in the form of an amendment to an existing grant; therefore, it was not necessary to address the sole-source-selection question. The production of 8 to 10 additional films has been proposed under the grant for the year starting April 1, 1976.

INTER-AMERICAN DIALOGUE CENTER GRANT
CONTINUED WITH SHIFTING EMPHASIS

The first activities plan for the year starting April 1, 1976, was submitted in late November 1975. Funding of over \$1 million was proposed. The thrust of the plan was centered along lines suggested by AID to shift the emphasis from the elite concept "to problem solving dialogues where an interdisciplinary group can be convened to discuss and make considered recommendations on how a particular aspect of a population related problem can be overcome." A meeting between AID and Airlie was held on January 15, 1976, to discuss AID's further requirements. The revised activities plan submitted by the Foundation on January 27, 1976, seems to incorporate the Office of Population's suggestions. The fact that officials are now specifying what products AID wants makes this situation more typical of a contract than a grant.

RAPID DIFFUSION OF POPULATION RESEARCH
FINDINGS CONTRACT CONTINUES

The original contract provided for a 3-year program, scheduled to end June 30, 1975. In the first half of 1975, AID arranged for evaluations for use in its decision on extending the contract. The Office of Population agreed with the evaluation team's observations that the project and its director were very good but that friction with the GWU Department should be overcome or the project and its director should be moved to another institution. (See pp. 29 and 30.)

The Acting Assistant Administrator decided in May 1975, however, to extend the project for a 6-month period, pending resolution of the friction within the Department. The friction increased, and in May 1975 the project director resigned. In the fall, however, a project authorization for a new 3-year period was approved. In December 1975, AID signed an amendment extending the contract to December 31, 1976, at an annual rate of \$1 million.

While AID officials are generally pleased with the project, they have noted that, since the project director left in 1975, they have had to spend more time reviewing and rewriting the population reports in order to maintain the high level of quality.

THE DEPARTMENT'S NEW PROPOSAL

On June 20, 1974, the GWU Department officially submitted to AID an unsolicited proposal for establishing an International Center for Population Dynamics. A preliminary version of the proposal had been reviewed by the Office of Population as early as May 1974 but appears to have been rejected orally because the budget was too high and it did not include enough about management.

The June 20 proposal called for funding over a 5-year period at approximately \$1 million per year. In the proposed population program, which was to build on the capabilities of the GWU Department and its cooperating institution, Airlie Foundation, efforts would seek to (1) identify key information deficiencies, (2) identify key audience groups, (3) prepare and/or help to distribute film and other educational materials, (4) assist family planning programs in developing indigenous capabilities, (5) serve as an informal clearinghouse for public information, and (6) identify and make known to interested parties issues for which applied research might yield major improvements. After refining the areas in which information gaps exist, the Department planned to conduct minialogues to develop recommendations which

would be the basis of in-country operations. These operations would proceed in collaboration with, or under the sponsorship of, local, regional, or international institutions and would often include the preparation and distribution of films or other didactic materials. Although it was a Department proposal, the type work and audiences envisioned were more similar to those of AID's Airlie Foundation projects than those of its existing Department contract.

Objections to original proposal

In a September 25 memorandum transmitting the June 20 proposal to the then-Assistant Administrator, the Director of the Office of Population wrote that the proposal "would require considerable review before it could be definitively considered." At an earlier meeting the Assistant Administrator and Bureau and Office of Population officials reportedly reached the conclusion that the proposed project did not merit funding as it stood. In early November, the Assistant Administrator sent a short memorandum and analysis of the proposal prepared by the Bureau's Program Review Staff to the Deputy Administrator. The analysis stated that there appeared to be nothing "strikingly new or unique about this proposal that is not being done in some fashion by some other mechanism." It noted AID had already spent millions establishing and strengthening university population centers, and although one in the Washington area would be convenient and draw on Airlie Foundation's and the GWU Department's experience, personnel, and facilities, a new U.S. university population center was not needed. The Bureau analysis said AID should seek to establish and/or strengthen population centers in the developing nations themselves. Noting the big demand that the project would make on scarce funds of title X (population) of the Foreign Assistance Act of 1961, as amended, the staff recommended against funding the proposal from a priorities standpoint.

In his memorandum, the then-Assistant Administrator noted that, after a full review of the Bureau's program priorities, he concluded that:

"* * * we should be seeking as much action as possible in the LDC's [less developed countries] themselves and through enhancement of their capabilities. This line of action is preferred over other approaches that emphasize building up the capabilities of U.S. organizations which entails comparatively high costs and large diversions of funds for overhead. * * *"

Nevertheless, top AID officials favored some form of the proposal. In continuing to oppose it, the Assistant Administrator wrote in late November that there was:

"* * * no simple way to categorize the proposal. It ranges broadly and vaguely over the six goal areas of the Title X Population Assistance Program, but there is some special emphasis on information, education, and communication (IE&C) activities to be conducted on a worldwide scale. [In summary] * * * the whole scope and style of the proposal runs against the outcome of a solid year and a half of study and work on AID's population assistance priorities and needs. * * *"

While it appears top AID officials still favored some form of the proposal, the Assistant Administrator continued to oppose its acceptance. In January 1975 he was asked to resign. AID testified before the House Committee on International Relations and top officials have stated that the request for his resignation was not related in any way to his position on the GWU Department proposal. In his tender of resignation to the President on January 31, 1975, he did not mention the proposal. However, in a January 27, 1975, letter to the President commenting on the request for his resignation and in other statements, he attributed it to his opposition to the proposal. Subsequently, his resignation and the conflicting explanations for it received considerable press coverage. The GWU Department's June 1974 proposal was not accepted at that time and has not yet been accepted (as of March 1976).

Revised proposal

AID officials asked the GWU Department to redraft the June 1974 proposal and in August 1975 received a draft proposal entitled "Proposal for the Establishment of an International Center for Population Dynamics." A letter accompanying the proposal noted that it was being submitted "in consonance with the expressed interests and objectives of the Agency." It called for grant funding over a 4-year period for a total of about \$5 million.

Efforts outlined in this proposal, however, were essentially those in the June 1974 proposal, with emphasis on developing an information system for better coordination and end-use of existing information services. Bibliographies and documents would be produced from this system, and major information packages would be developed and tailored to meet the needs of specific audiences. Target audiences identified were (1) the reproducers, (2) the controllers of policy, (3) deliverers of information and services, (4) oncoming reproducers, and (5) the general public.

The only written assessment of this August draft proposal we found was a short memorandum prepared by an Office of Population official late that month. He noted that the proposal was vague but that

"* * * the central theme seems to be that George Washington University would identify the problems of family planning programs and disseminate the answers to those problems to LDC programs by all known types of information media. * * * Many existing institutions, agencies or individuals are currently trying to do one or more parts of that job. * * *"

The final version of the August 1975 draft proposal was apparently submitted to AID in late 1975. This version, while containing an additional section entitled "Modus Operandi," appears to be essentially the same as the August 1975 draft.

AID actions and status of project

It appears that during the early fall of 1974, one Office of Population official devised an alternative to the June 20 proposal submitted by the GWU Department that he agreed was not acceptable. He wrote, however, that his division had

"* * * a series of high priority needs, principally in the IE [information and education] area, which we believe GW resources could be shaped, adapted and used to meet. * * * The current RIF [reduction in force] underlines the need for a new mechanism to meet the urgencies that confront us. The skills and capacities required must be obtained from a contractor since the direct hire route is no longer feasible. While some of these abilities are available through existing contractors, their distant locations, and their specializations, do not fit these new needs as accurately as they should. * * *"

He outlined these new needs and specified campaigns that AID could undertake. He concluded by stating

"* * * we simply have an enormous range of possibilities that need to be exploited to inject a new kind of vigor into the development and use of information and education around the world. * * * Just when this series of needs and opportunities come in sight, we find ourselves with half of our [division] staff stripped away by the RIF. The resources represented by already

existing knowledge and experience in organization at Airlie which have been exploited quite effectively in the Dialogue Center and the production and use of films for Latin America, and the open-ended flexibility of arrangements that can be set up at George Washington University, can make it possible for us to have an information, education, manpower and institutional development support mechanism within walking distance which we can design, control and use to move ahead rapidly with the campaigns outlined above. * * *

Neither this alternate proposal nor the Department's revised proposal was acted upon until 1975.

In the fall, the same Office of Population official wrote a project authorization that appears to be an outgrowth of these documents. It was, however, framed in the context of a \$1 million-a-year amendment to AID's Rapid Diffusion Contract with the Department (see p. 21), rather than a separate grant. AID officials stated that the project will be beneficial if integrated with the present Department contract. A determination of the specific similarities and differences between the proposed activities of the project authorization and those of the Department proposals is somewhat difficult because of the vagueness of these proposals. (See pp. 37 and 39.)

The project authorization stated that the project should be undertaken by the GWU Department to disseminate the biomedical information derived from the Rapid Diffusion project to the "reproducers, policy making elites, and the general public," the target audiences for the new project. It calls for funding over a 3-year period at about \$1 million a year. The contractor would develop a series of popular-level multimedia population information resource files based on and derived from the Rapid Diffusion computerized data base and population reports. The files would use a combination of oral, visual, and written media in popular vocabularies that could be adapted for local situations. Audiovisual production services would be subcontracted by the Department. The Department would also organize and manage ad hoc field service teams, which would use the files and other means to stimulate and assist family planning programs. A project director and staff would be hired.

The Office of Population approved the project authorization in December 1975. The Bureau, however, suggested revisions. While it is not clear if the former Assistant Administrator's objections have been entirely overcome, the project appears to be better defined. Bureau-level AID

officials believe the basic concept is sound, and the proposal is close to a stage where approval can be recommended.

CONCLUSIONS AND RECOMMENDATIONS

We believe differing and conflicting management philosophies have created an environment that is not conducive to good working relationships. These differences appear to have been largely responsible for past difficulties and to have hampered the achievement of AID project objectives.

The grant with the Airlie Foundation is entering the 5th and final year of its authorization. Within the next year, AID will decide whether or not it wants to continue the project. Therefore, we recommend that the Administrator of AID:

1. Arrange for independent evaluations of the effectiveness and value of Foundation projects for use in the decisionmaking process.
2. Assure that AID's role and that of the Foundation in managing any future projects are clearly understood by all parties.
3. Assure that all parties agree on their understanding and interpretation of the provisions of project documents.
4. Carefully consider the desirability of funding both dialogues and films under the same project and the proper project vehicle (contract or grant) for these activities, depending on the degree of control appropriate, as well as the unique qualifications of the Foundation.
5. Assess potential activities in light of AID's shifting emphasis toward more specific and country-based projects.

We also recommend that the Administrator of AID assure that no negotiated contracts are awarded in the future until FPR and AID regulations concerning solicitation of proposals from the maximum number of qualified sources and related documentation are followed.

Because of the close relationship between the Foundation and the GWU Department, we believe that the above steps would generally contribute to a meaningful decision on the current Department proposal and on any future proposals by either the Foundation or the Department. We also believe that AID should consider the extent to which the former Assistant Administrator's objections to the original proposal have been overcome.

If AID decides to approve the project, it should consider whether a contract amendment or a new contract is more appropriate.

THOMAS E. MORGAN, PA., CHAIRMAN

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Congress of the United States
 Committee on International Relations
 House of Representatives
 Washington, D.C. 20515

September 3, 1975

MARIAN A. SZARNECKI
CHIEF OF STAFF

B-165731

Mr. Elmer B. Staats
 Comptroller General
 General Accounting Office
 Washington, D.C. 20548

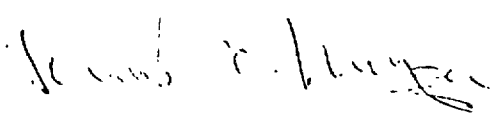
Dear Mr. Staats:

Enclosed please find a letter which I have received from the Honorable Donald M. Fraser in which he suggests that the General Accounting Office undertake an investigation of certain activities of the Agency for International Development.

I agree that such an investigation appears warranted and am herein requesting that it be undertaken by GAO. I have asked Congressman Fraser to provide me with a series of questions or issues in the matter to assist GAO in shaping its investigation. In the interim you may wish to have a member of your staff get in touch with Jack Sullivan of the Committee staff about proceeding in this matter.

With best wishes, I am

Sincerely yours,



Chairman

TEM:jsd

Enclosure

PROJECT FINANCIAL DATA

Project title	Date (note a)	Original amount	Amend- ment	FY expenditures				
				1971	1972	1973	1974	1975
(000 omitted)								
Elite Motivation Films Contract (LA 672)	2/23/71	\$ 419		\$65	\$237	\$ 544	\$ 774	\$ 1
	5/08/72		\$ 415					
	2/27/73		425					
	2/27/74		502					
		\$ 1,761						
Training Films Contract (csd 3304)	6/30/71	\$ 394			64	229	161	
	5/31/74		\$ 102					
	12/31/74		36					
		\$ 532						
45 Inter-American Dialogue Center Grant (csd 3678)	6/22/72	\$1,661				284	1,266	1,8
	2/25/74		\$1,150					
	3/20/75		1,000					
	6/28/75		200					
		\$ 4,011						
Rapid Diffusion Contract (csd 3643)	6/29/72	\$1,801				356	860	1,3
	6/03/73		\$ 567					
	6/28/74		330					
	6/10/75		500					
	12/31/75		800					
		\$ 3,998						
Grand total		\$10,302		\$65	\$301	\$1,413	\$3,061	\$3,3

a/Date of AID signature of contract, grant, or amendment.

b/First half ending 12/31/75.

FILMS PRODUCED UNDER
ELITE MOTIVATION FILMS CONTRACT

	<u>Language</u>	<u>Length</u> <u>(in minutes)</u>
Bolivia:		
Treasure of the Fatherland	Spanish	10
The Dawn of a New Era	Spanish	25
Colombia:		
The Answer	Spanish and English	18
The Green Flag	Spanish	20
Socio-Dramas	Spanish	15
Vasectomy (Rural Program)	Spanish	4
Think of Your Family	Spanish	15
Welcome	Spanish	12
Contraceptive Methods	Spanish	12
Candelaria. A New System of Health	Spanish and English	26
The Children	Spanish	4
The Vasectomy	Spanish	7
Techniques of Vasectomy	Spanish	14
Laparoscopy	Spanish	4
The Need to Know	Spanish	20
Costa Rica:		
Culdoscopy	Spanish	23
Culdoscopy	Spanish	10
Pelvic-IUD	Spanish	8
Hysterectomy	Spanish	22
Toward a Better Future	Spanish	20
Appointment With Progress	Spanish	10
Health--The Divine Gift	Spanish	10
Your Problem Is Ours	Spanish	10
Motivational Messages	Spanish	60, 30, and : seconds
Dominican Republic:		
Education	Spanish	6
The End of a Tabu	Spanish	22
Appointment in Santo Domingo	Spanish	20

APPENDIX III

APPENDIX III

	<u>Language</u>	<u>Length</u> <u>(in minutes)</u>
Ecuador:		
The Spirit of Espejo	Spanish	15
Puppet Spots	Spanish	7 one-minute spots
Puppets in Family Planning	Spanish	28
T.V. Motivational Messages	Spanish	7 one-minute spots
The Future Is Ours	Spanish	15
A Country on the Move	Spanish	17
The Family Before All	Spanish	15
Family Planning Messages	Spanish	5 one-minute spots
Family Planning	Spanish	7
El Salvador:		
Today-Tomorrow	Spanish	17
A Sure Solution	Spanish	8
The Challenge	Spanish	22
Guatemala:		
The Land of Eternal Spring	Spanish	20
We Watch Over Your Health	Spanish	15
Children Dream		15
A Dream Come True (Introduction)	Spanish	10
A Dream Come True (Introduction)	English	10
A Dream Come True: Quirigua	Spanish and English	25
Motivational Messages	Spanish	10 one-minute spots
Jamaica:		
A Message to the Nation	English	12
First Stop to Somewhere	English	15
Choice, Not Chance	English	10
First Port of Call	English	23
The Moment of Truth	English	10
Time of Your Life	English	10
"Better Your Life" Spots	English	11
Nicaragua:		
Nicaragua Spots	Spanish	6 sixty-second spots and 1 thirty-second spot

APPENDIX III

APPENDIX III

	<u>Language</u>	<u>Length</u> <u>(in minutes)</u>
Paraguay:		
Motivational Film--Anti-		
Illegal Abortion	Spanish	7
Family and Future	Spanish	20
Operation: Population and		
Development	Spanish	15
A New Dawn	Spanish	23
Cancer	Spanish	8
Peru:		
Nutrition	Spanish	10
Venezuela:		
Motivational Spots	Spanish	10 one-minute spots
When I Grow Up (Promos)	Spanish	3 one-minute spots
When I Grow Up	Spanish	20

Information from an Airlie Foundation document provided to AIE

CERTAIN ELITE MOTIVATION FILMS DESCRIBED

A Dream Come True: Quirigua (Guatemala)

"This is a documentary film of technical character, designed for professionals or future professionals in the field of health. In the area of Quirigua, there is an important training center for technical health personnel which offers intensive courses in a variety of related subjects: cultivation and conservation of agricultural soils; eradication of diseases and epidemics; vaccination campaigns; administration of health, hygiene, family planning, nutrition, etc.

"The students are being trained under conditions, and with the working materials, which they will encounter in the areas of the country where they will actually serve in the future. It is a realistic and practical system for preparing health technicians to perform in situations where doctors or graduate nurses are unavailable. This picture demonstrates a good example which can be adapted to the particular needs of different countries.

"Using charts which delineate operational costs, it demonstrates how such a pilot project can be designed to accomplish public health goals without deviation from the national health budget."

Cancer (Paraguay)

"A large number of women lose their lives, year after year, because of cancer of the uterus. As is true of almost all forms of cancer, the disease can be cured if it is discovered in time.

"The cameras follow a young Paraguayan woman who walks along the street in a carefree fashion. Young and attractive, she has, moreover, a sense of responsibility. She directs her steps to a doctor's office in order to have a Pap test made. The film shows the rapid and painless procedure which permits a woman to reassure herself that she does not have cancer.

"The film is of motivational character and makes an appeal for women of all ages to have the Pap test made regularly.

"The film is aimed at women but will also be of interest to their families."

We Watch Over Your Health (Guatemala)

"The task of reestablishing the balance between the natural resources of a country and the population which makes use of them has been understood at every level in Guatemala: private groups, individual citizens, and organizations.

"The demographic problem is considered at the national level primarily as a problem of health, without overlooking the educational responsibilities which influence the solution.

"We Watch Over Your Health" is a film which shows the actual situation in the country and what is being done to remedy it. The Minister of Health, himself, explains his point of view and sets forth present and future plans for solution of the problems.

"Appropriate for all audiences."

Think of Your Family (Colombia)

"In common with all large Latin American cities, Bogota is facing an acceleration of population growth well beyond its capacity to provide services. In recent years, hundreds of thousands of persons from the rural areas have emigrated to the towns in regions adjacent to the capital. The transplanted farmers face a new world for which they are not prepared. They have difficulty finding work; they fall prey to temptations; the family nucleus is weakened; nutrition and health levels are lowered; and there is an increase in disease and criminal behavior.

"PROFAMILIA has confronted this situation with steadfast determination and on a broad scale. "Think of Your Family" is a film showing the principal services that this organization provides for the urban population, among them education in family planning, information on methodology, and delivery of services.

"This film, appropriate for all audiences, is a powerful aid in helping the formation of similar urban programs."

Culdoscopy (Costa Rica)

"In the film Dr. Mario Pacheco of the Mexico Hospital, San Jose, Costa Rica, demonstrates a new surgical procedure for culdoscopy (female sterilization through the vaginal area).

"He shows the instruments involved and performs an operation using the new technique which he developed, under local anesthesia.

"The film was made for exhibition to medical audiences, medical students and nurses, and auxiliary health personnel."

The Spirit of Espejo (Ecuador)

"Eugenio Espejo combined the uncommon virtues which are characteristic of great men of all times: courage, perseverance, intelligence, a searching spirit. Almost two centuries ago he devoted himself to the study of medicine in behalf of his fellow-Ecuadoreans. Although he spent much time caring for and healing the sick, he was most passionately devoted to research into the cause and prevention of disease. Many of his theories were developed far in advance of those in the more sophisticated European medical circles. Further, he came to realize that health alone was not enough to satisfy his people's need for happiness and dignity; and this conviction led him into a tenacious campaign for the liberation of his country, which put his own liberty and life at stake.

"This documentary is about the history of the valiant physician and recounts the history of medicine in Ecuador from Espejo's day up to the present. It also emphasizes the need to strengthen the family nucleus, in order to create a stable foundation for society.

"Appropriate for all audiences."

Family Planning Messages (Ecuador)

"Although it is said by some that family planning concerns only women, increasing numbers of men are accepting methods, services and education on the subject. It is still true that the delicate decision to choose one particular method still rests with the woman.

"These five messages, of one-minute duration each, show women from different regions of Ecuador, of different levels and activities. The messages emphasize the need for and importance of a planned family.

"The films have been designed primarily for television use and are appropriate for all audiences."

Film descriptions from an Airlie Foundation document.

TRAINING FILMS AND RELATED TEACHING

MATERIALS CONTRACT: FILMS

National Family Programs--Restoring the Balance (28 minutes)

Delivering Family Planning Services--Reaching Out (29 minutes)

Communicating Family Planning--Speak They Are Listening
(33 minutes)

DIALOGUES HELD UNDER THE INTER-AMERICAN DIALOGUE CENTERGRANT WITH AIRLIE FOUNDATION

<u>Title</u>	<u>1973</u>	<u>Dates</u>	<u>Number of partici- pants</u>
Population and Health Care (Airlie)		1/26 to 2/2/73	54
Population Issues in Central America (Airlie)		4/8 to 12/73	22
Population Growth and Ecological Distribution (Airlie)		6/12 to 14/73	14
Population and Family Planning- Javeriana (Airlie)		6/20/73	11
Population and Health Care (Airlie)		6/24 to 29/73	30
Importance of Demographic Change (Airlie)		8/12 to 15/73	27
International Conference on Sex Education (Airlie)		8/24 to 31/73	12
Communications Techniques and Media Materials (Airlie)		9/2 to 6/73	18
Maternal Child Care, Nutrition and Demography (Bolivia)		9/17 to 22/73	106
Population and Development (Airlie)		10/30 to 11/2/73	9
Population Perspectives in Latin America (Airlie)		11/4 to 7/73	12
Applied Communications (Airlie)		11/18 to 22/73	38
Communications and Development (Airlie)		12/4 to 8/73	25
	<u>1974</u>		
Population and Health Care (Airlie)		1/25 to 29/74	112
Applied Communications (Airlie)		2/10 to 14/74	33
International Forum on the Role of Women in Population and Development-- U.N.--(Airlie)		2/25 to 28/74	240
Population and Continental Security (Airlie)		3/3 to 7/74	66
Communications and Development (Airlie)		3/13 to 17/74	21
Applied Communications (Airlie)		3/17 to 21/74	32
Population: Creating Awareness (Airlie)		4/3/74	27
Communications and Development (Airlie)		4/6 to 11/74	23
Demographic Problems and Human Ecology (Airlie)		4/21 to 25/74	24

APPENDIX VI

APPENDIX VI

<u>Title</u>	<u>1974</u>	<u>Dates</u>	<u>Number of partici- pants</u>
Applied Communications for Demo- graphic Problems in Latin America (Airlie)		5/12 to 16/74	33
Family Health and Well-Being (Airlie)		5/26 to 30/74	25
The Catholic Church and Population (Airlie)		6/9 to 13/74	34
Women and Family Well-Being (Guayaquil)		6/25/74	70
Impact of Population Growth on the Labor Force (Airlie)		6/30 to 7/4/74	39
Demographic Aspects of Socio- Economic Development (Airlie)		7/14 to 18/74	13
Population and Health Care (Airlie)		7/26 to 31/74	66
Family Health and Well-Being (Airlie)		8/4 to 8/74	30
Demographic Aspects of Socio-Economic Development (Airlie)		8/18 to 22/74	17
Women and Population-O.A.S. - (Airlie)		9/21 to 22/74	29
Population and Development-media- (Airlie)		11/10 to 14/74	28
Population and Development (Airlie)		11/24 to 28/74	35
The Role of Women in Population Growth (Dominican Republic)		12/1 to 4/74	70
Population and Ecological Trends (Airlie)		12/8 to 12/74	26
	<u>1975</u>		
Seminar on Family Planning- midwives-(Chile)		1/6 to 24/75	98
Population and Health Care (Airlie)		1/24 to 29/75	72
Population Problems Role of Govern- ment Leaders (Airlie)		2/10 to 14/75	66
Labor Unions and Population- FETRASALUD-(Caracas)		2/24 to 28/75	100
Population and Development (Media writers) (Airlie)		3/3 to 7/75	37
The Catholic Church and the Popula- tion Problem (Colombia)		3/23 to 28/75	23
Role of Women in Demographic Issues (Airlie)		4/7 to 11/75	45
Role of Education in Demographic Problems (Airlie)		4/21 to 25/75	35

APPENDIX VI

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<u>Title</u>	<u>1975</u>	<u>Dates</u>	<u>Number of partici- pants</u>
Population Law and the Status of Women (Airlie)		5/11 to 15/75	60
First Interhemispheric Conference for Bankers (Airlie)		7/20 to 24/75	40
Population and Health (Airlie)		7/25 to 30/75	54
IV Bolivian Congress on Obstetrics and Gynecology (Bolivia)		8/2 to 7/75	147
Communications and Development--Soap Opera (Airlie)		9/8 to 11/75	24
Health Leaders in the Americas (Airlie) minialogue		10/4/75	34
Youth Population and Opportunities (Caracas)		12/1 to 5/75	68
	<u>1976</u>		
Population Health and Nutrition in the American Continent (Airlie)		1/14 to 16/76	63

Data provided by Airlie Foundation.

FILMS PRODUCED UNDER THE INTER-AMERICANDIALOGUE CENTER GRANT

(As of December 1975)

Search for a Possible Tomorrow
 Introduction to IADC
 The New Professionals
 Paramedics in United States
 The Electronic Answer
 Plato
 Cherish the Children
 Frontier Nursing Service
 Profiles in Family Planning
 Health Personnel in Kentucky
 Forum
 International Womens Forum
 IPPF-21
 International Planned Parenthood Federation [IPPF]
 21st Anniversary Conference in Brighton, United Kingdom
 The Shield of Peace
 Interamerican Defense College
 Y Manana Que
 Latin American Women
 Nosotras
 Latin American Leaders
 The Quiet Revolution
 Chilean Breast Cancer
 A Question of Justice
 Women Lawyers Conference

Airlie Films Produced Under Other Contracts
But Translated Into Spanish Under This Grant

Restoring the Balance
 Worldwide Training
 Reaching Out
 Worldwide Training
 Speak, They Are Listening
 Worldwide Training
 Countdown to Collision
 USA Population Dynamics and Ecology

Data provided by Airlie Foundation.

APPENDIX VIII

APPENDIX VIII

POPULATION REPORTS PUBLISHED UNDER THE RAPID DIFFUSIONOF POPULATION RESEARCH FINDINGS CONTRACT

<u>Title</u>	<u>1972</u>
Clinical Use of Prostaglandins in Fertility Control Research 1970, 1971, 1972	September
	<u>1973</u>
Laparoscopic Sterilization: A New Technique	January
Estimated world Prevalence of Voluntary Sterilization 1972	February
Laparoscopic Sterilization--II What Are the Problems?	March
The world's Laws on Voluntary Sterilization, Family Planning Purposes	April
Five Largest Countries Allow legal Abortion on Broad Grounds	April
Menstrual Regulation--What Is it?	April
Colpotomy The Vaginal Approach	June
Uterine Aspiration Techniques	June
Prostaglandins Fertility Control Research--Maps and Directory	June
Family Planning Programs and Fertility Patterns	August
Copper IUDs Performance to Date	December
Vasectomy Old and New Techniques	December
A Review: Modulation of Autonomic Transmission by Prostaglanins	December
Condom An Old Method Meets A New Social Need	December
	<u>1974</u>
Laparoscopic Sterilization With Clips	March
"Prostaglandin Impact" for Menstrual Induction	March
Oral Contraceptives--50 Million Users	April
Menstrual Regulation Update	May
The Modern Condom--A Quality Product for Effective Contracep- tion	May
Birth Control Without Contraceptives	June
Eighteen Months of Legal Change	July
Physiology and Pharmacology of Prostaglandins in Parturition	July
World Fertility Trends, 1974	August
Advanced Training in Fertility Management	September
Female Sterilization By Mini-Laparotomy	November
World Plan of Action and Health Strategy Approved at Population Conferences	November
Index (Mailing Date)	November
	<u>1975</u>
IUDs Reassessed--A decade of Experience	January
Vasectomy--What are the Problems?	January
Vaginal Contraceptives--A Time for Reappraisal	January
Advantages of Orals Outweigh Disadvantages	March
Injectable Progestogens--Officials Debate but Use Increases	March
Female Sterilization Using the Cuidoscope	May
Sex Preselection--Not Yet Practical	May
Index 1974 (Mailing date)	July
Breast-feeding--Aid to Infant Health and Fertility Control	July
Contraceptive Distribution--Taking Supplies to Villages and Households	July
Minipill--A Limited Alternative For Certain Women	September
Prostaglandins Promise More Effective Fertility Control	September
Training Nonphysicians in Family Planning Services	September
Pregnancy Tests--The Current Status	November
Effects of Childbearing on Maternal Health	November

Date provided by GWU Department of Medical and Public Affairs.

AIRLIE FOUNDATION
AIRLIE, VIRGINIA
22183
CABLE ADDRESS AIRLIE

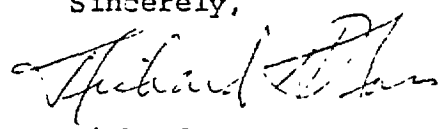
AIRLIE HOUSE

March 23, 1976

Dear Mr. Duff:

The comments of the Airlie Foundation concerning your draft report of audit entitled: "AID Relationships with the Airlie Foundation and The GWU Department of Medical and Public Affairs," which we discussed in detail in the Airlie conference room in Ross Hall at the George Washington University on Friday, March 19, 1976, are submitted herewith.

Sincerely,



Richard H. Ross
Director

RHR/brw
Enclosure

Mr. James A. Duff
Associate Director
International Division
U.S. General Accounting Office
Room 4128
441 G Street, N.W.
Washington, D.C. 20548

GAO note: Page numbers in the Airlie Foundation comments refer to a draft of this report.

APPENDIX IX

APPENDIX IX

AIRLIE FOUNDATION
COMMENTS
IN RESPONSE TO
DRAFT AUDIT REPORT
PREPARED BY

UNITED STATES GENERAL ACCOUNTING OFFICE

March 23, 1976

Reference Page ii - Digest

We categorically take issue with the opinions expressed in the last paragraph on page ii - Digest.

(1) The number of films made were those which could be completed within the total amount of funds available in all contracts concerned. There were no specific number of films "called for." The only numbers established were minimums. Our letter of May 28, 1974, reference contract AID/11-672, addressed to Mr. Gerald Gold, best summarizes and describes this situation. The Airlie Foundation completed all contractual minimums and more within the funds committed to the program without overrun, without request for additional unprogrammed funds, and within the time periods specified. As a result, your interpretation of not fully meeting contractual requirements is basically specious. (See Enclosure No. 1)

(2) There are several references in the report implying that Airlie departed from its mission by making some films on subjects other than population. The examples cited are "nutrition," "breast examination," and some "general health."

Experience of family planning program management experts has indicated that approach to potential acceptors through the avenue of maternal and child health care is often the most effective means of reaching them.

We, therefore, have considered all related areas of maternal and child health as potentially germane to the basic issue of population limitation, on the principle that increasing mothers' interest in their own health will make them more susceptible to the argument that limiting their child-bearing will make a strong contribution to that health; further, that better nutrition will enable more babies to survive their first years, hence will contribute to demolition of the myth that one must bear more babies to ensure the survival of at least two or three into adulthood.

Moreover, a significant portion of the population community believes that horizontal program systems, those integrated throughout the health services systems, are the most successful in that they make birth-limiting one natural part of the health information effort that treats the total person. The breast examination film was one component of midwifery training that also emphasized several kinds of contraceptive services, in an effort to deal with several elements of a woman's sexuality.

We believe that the most successful population programs address a variety of health needs in order to make contraceptive information more ordinary and natural and acceptable.

(3) Your statement "a plan for distributing films was not developed" is simply incorrect. We described to you in detail at both our first and second meetings the type of distribution plans that were submitted to AID. No criteria were ever set forth for what would be an acceptable distribution plan. We did submit what we felt was an appropriate and realistic plan, and were never informed that it was unacceptable. AID further approved the method and items of distribution, as prints were supplied. Documentation substantiating this point was supplied to you in our meeting in the Board Room of the International House at the Airlie Foundation on Wednesday, February 11, 1976.

(4) In regard to the last sentence of subject paragraph: "In these and other instances of repetitive apparent noncompliance, corrective action was not taken nor was the contract amended to reflect AID's apparent concurrence. (See pp. 19-25.)" contractual specifics were discussed in the letter of May 28, 1974, referred to under item (1) above.

As was pointed out to you in our discussion with your group on February 11, 1976, the Airlie Foundation at no time committed itself to make films in any number that were not authorized in the contract at the time. Again, we are talking about minimums; there was no maximum at any point. No commitments were made at any time to any individuals in any country that could not be fully funded and produced within the contractual authorization and funds provided at any specific point in time.

During the course of the contracts and grant, AID changed their rules several times concerning contacts with overseas

missions, and in each instance we complied with the rules as outlined once we were made aware of same. Within the terms and conditions of the contracts and grant in effect at the time of the decision, we always obtained either verbal or written concurrence of the responsible AID project officer at the appropriate time within the development of a specific film on a given topic in a specific country, area or region. Documentation and verbal descriptions confirming these points were provided to you during both of our detailed meetings.

In summary, the GAO report implies that AID did not see a need for more than six films. The number of films referred to at various stages of the contract were always stated as minimums, and at each phase we were able to exceed the minimum requirements with available funds. At appropriate stages of reporting, AID did have knowledge of the number of films completed and in progress; and were aware of those events that led to an ultimate total of sixty-three films under the elite motivation contract.

In addition, the statement that the films involved were not properly catalogued is totally incorrect. The "film catalog" maintained on all materials in the film bank was shown to your group during the visit to the film vault at the location of our sub-contractor Raven's Hollow. There was at no time any intent that other contractors would utilize materials from the film bank during the course of the contracts or grant. Once the contracts and grant as now constituted are finally terminated, all the materials, together with the catalog, will be forwarded to the National Audio-visual Center at Suitland, Maryland, in compliance with the boiler plate attached to all contracts of this nature. At that point, it will be in the public domain, available for use by other contractors. The film bank per se will continue to be utilized by the Airlie Foundation in behalf of the Agency for International Development so long as the current contracts and/or grant, or subsequent contracts and/or grants, are in existence.

Reference page 26 - Draft Report

The next to the last paragraph on this page contains an incorrect assumption based on limited and inappropriate reasoning. During our meeting at the George Washington University on Friday, March 19, 1976, Mr. Kavanaugh referred to the outline of a so called "evaluation questionnaire" which we accidentally received

together with other materials from AID. It referred to one of the films prepared under contract number AID/csd-5304 in the context of an "evaluative procedure" and any conclusions subsequently reached would be essentially meaningless.

A glance at subject document (Enclosure No. 2) will provide concrete proof of the hurried, shallow nature of this so called "evaluation." Positive statements to the Airlie Foundation from responsible AID officials indicate that subject films in every case met and exceeded the expectations of the Office of Population.

Reference page 29 - Draft Report (paragraph 1, line 3)

The Progress Report for funded year running from April 1, 1975, through March 3, 1976, is obviously due upon the completion of that year of work. The report referred to is obviously confused with the Activities Plan for the Dialogue Center initially submitted in November of 1975 and submitted in revised form on January 27, 1976. In this connection, the GAO report states that Activities Plans "did not include planned film work at all." (See bottom line, page 35.) This statement is incorrect and Activities Plans do include such information. Copies of the Plans referred to are included as enclosures. As a point of interest, the "other side of the coin" concerning disclosure of plans in advance is evidenced by the inability of AID to confirm the proposed Activities Plan as short as approximately one month before the end of the funded year. (See Enclosure No. 3)

Reference page 40 - Draft Report (approximately middle of page)

"A responsible AID official said that soon after the grant was signed, the grantee told him that the program should be evaluated after six months rather than the anticipated 18, so that plans for the whole five-year period could be made."

This must contain either typographical errors or it was totally misinterpreted. No such statement would ever have been made by a responsible official of the Airlie Foundation. In point of fact, in a project such as the Inter-American Dialogue Center it has been our contention that meaningful evaluation of the attainment of actual Dialogue Center objectives could not be obtained before four or five years of actual operation.

Reference page 41 - Draft Report

With regard to an "Interim Evaluation Report" covering the period from August 1, 1974, to September 30, 1975" it should be remembered that in our discussion of the preliminary draft of the GAO report, that a point was made that the GAO position was based, in our opinion, upon an "Interim Evaluation" by an interim project officer who was subsequently relieved from his duties and who had refused on several occasions to inspect the facilities of the Dialogue Center, who never attended a single dialogue, and who refused an in-depth briefing by the Project Director on the four years of activities prior to his appointment as the AID Project Officer.

Furthermore, the AID officer who was responsible for this "Interim Evaluation" never made any attempt to view or discuss or obtain any indepth information about film programs or media utilization.

It is obvious to the officials of the Airlie Foundation that while the GAO investigative review relied heavily upon this so called "Interim Evaluation" that there was no offer to divulge the contents, sources, or basis upon which this "Interim Evaluation" was developed.

Let the record clearly show that in our opinion the individual who was responsible for this so called "Interim Evaluation" report had no indepth expertise in Latin America, bio-medical affairs, or community action programs, but most importantly, in the development, production and utilization of media programming. It is patently obvious that a number of conclusions reached by the GAO were unfortunately based upon this type of opinion and personal prejudice rather than objective, professional, factual data.

Reference page 45 - Draft Report

In regard to the information contained in the paragraphs at the bottom of page 45 and the top of page 46, I am enclosing a copy of my letter of February 18, 1974, addressed to Mr. Gerald Gold, which will clarify our position on the recommended disallowances. The information concerning crew size as stated in the paragraph at the bottom of page 45 is incorrect. (See Enclosure No. 4)

Reference page 46 - Draft Report (Disposition of Points in
AID Audit)

Copies of pertinent correspondence, our cancelled check, and other data are enclosed to document our unequivocal refutation of the incorrect statement concerning payment related to the audit. (See Enclosure No. 5) You will note that we have not as yet received a reply to our letter of November 14, 1974, requesting a waiver in regard to Dr. Head's salary. Our University request concerning this same item has been approved, as the attached correspondence indicated. (See Enclosure No. 6).

In Summary, it is our candid belief that the GAO conclusions rested primarily on:

- (1) The unsupported opinions of one Inter-American Dialogue Center project officer out of five; plus
- (2) The false allegations contained in a discredited unofficial memo authored by a disgruntled Agency for International Development employee; plus
- (3) The lack of key documents in the Agency for International Development files or the misinterpretation or misunderstanding of contractual documents reviewed.

The information which we submit herewith for the record, plus the information provided in previous meetings with the GAO team, is intended to help clarify those points discussed, all in the best interests of the Agency for International Development and the Airlie Foundation.

PRINCIPAL OFFICIALS RESPONSIBLE FOR
ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Appointed or commissioned</u>
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT:	
Daniel Parker	Oct. 1973
Joan A. Hannah	Mar. 1969
DEPUTY ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT:	
John E. Murphy	May 1974
Maurice J. Williams	July 1970
ASSISTANT ADMINISTRATOR, BUREAU FOR POPULATION AND HUMANITARIAN ASSISTANCE:	
Allan R. Furman (acting)	Mar. 1976
Henry S. Hendler (acting)	Feb. 1976
Harriet Crowley (acting)	Feb. 1975
Jerald A. Kieffer	July 1972
DIRECTOR, OFFICE OF POPULATION, BUREAU FOR POPULATION AND HUMANITARIAN ASSISTANCE:	
R. T. Ravenholt	July 1972