United States General Accounting Office

GAO

Report to the Chairman, Subcommittee on Legislative, Committee on Appropriations, House of Representatives

March 2004

INTERNATIONAL EXCHANGE PROGRAMS

Open World Achieves Broad Participation; Enhanced Planning and Accountability Could Strengthen Program

G A O

Accountability ★ Integrity ★ Reliability

GAO-04-436

March 2004

INTERNATIONAL EXCHANGE PROGRAMS

Open World Achieves Broad Participation; Enhanced Planning and Accountability Could Strengthen Program

GAO Accountability • Integrity • Reliability

Highlights

Highlights of GAO-04-436, a report to the Chairman, Subcommittee on Legislative, Committee on Appropriations, House of Representatives

Why GAO Did This Study

Congress created the Russian Leadership Program in 1999 as a pilot project to promote mutual understanding by exposing emerging Russian leaders to the American economic system and democratic institutions. In 2003, Congress renamed the program the Open World Leadership Center, expanded its scope, and extended eligibility to a number of other countries. Because Open World had not been independently evaluated, GAO was asked to review (1) the program's progress toward achieving its overall purpose and (2) whether it has appropriate financial management and accountability mechanisms in place.

What GAO Recommends

GAO recommends that Open World establish strategic and performance plans, strengthen assessing and reporting on program performance, and improve its financial management and accountability mechanisms. Open World generally concurred with 7 of our 8 recommendations and is proceeding to implement some of them. Open World took issue, however, with our emphasis on performance measures, noting that its success is only measurable in the medium or long term. GAO believes that measuring incremental progress—a capability that will become more important as Open World expands—is critical to ensuring the program is on course, and there are valid methodologies for doing so.

www.gao.gov/cgi-bin/getrpt?GAO-04-436.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jess T. Ford at (202) 512-4268 or fordj@gao.gov.

What GAO Found

Open World has exposed a large, broad, and diverse group of Russians to U.S. economic and political systems. As of December 2003, the program brought about 6,800 men and women from Russia's seven geographic regions to more than 1,200 U.S. communities. Our analysis found that most delegates generally hold highly favorable views of their experience in the program. Many found ways to adapt what they learned to the Russian environment. Also, embassy officials said Open World complemented U.S. mission activities. However, because the program does not have formalized strategic and performance plans with measurable indicators, it is difficult to determine the extent to which it is targeting and reaching the right people and giving them experiences that result in improved mutual understanding. While Open World does survey delegates about their experiences, it has not yet conducted a full program evaluation to determine progress toward its long-term goals. Open World officials agree that such an evaluation is necessary and hope to conduct one in the near future.

Key Features of the Open World Leadership Program

- Wide geographical reach in Russia and the United States
- Diverse representation in academic degrees, professional backgrounds, and ethnic groups
- Focus on young, emerging leaders 45 years of age and under who have not been to the United States
- Use of facilitators
- English not a requirement
- Home hosting in U.S. communities

Sources: GAO (data); Photodisc (images).

Open World does not have the formalized financial management and accountability mechanisms that would provide Congress and other decision makers with timely and reliable information about its cost and performance. Now that Open World has permanent status and is expanding its scope, it is appropriate for the program to turn its attention to enhancing these mechanisms. Its procedures for reviewing program transactions and analyzing financial reports have neither been evaluated for their adequacy nor formalized in writing; and it does not prepare financial statements that can be subject to an independent audit. In addition, Open World does not have an audit or financial management advisory committee to advise the Board of Trustees on financial management, accountability, and internal control issues. Finally, Open World is not disclosing the value of services contributed by U.S. volunteers who support the program—information that generally accepted accounting principles encourage entities to disclose, if practicable.

Contents

Letter

1

Results in Brief 2
Background 4
Program Has Reached a Large, Diverse Audience, but Measuring Improvements in Mutual Understanding Is Difficult 13
Open World Lacks Formalized Financial Management and Accountability Mechanisms 24
Conclusions 27
Recommendations 28
Agency Comments and Our Evaluation 29

Appendixes

Appendix I: Scope and Methodology 31

Appendix II: National Host Organizations 34

Appendix III: Selected International Exchange Programs for Russia and the Newly Independent States That Are Administered by the State Department 37

Appendix IV: Selected Independent Entities Funded through the Executive Branch 41

Appendix V: Comments from the Open World Leadership Center 44

Appendix VI: GAO Contact and Staff Acknowledgments 48
GAO Contact 48
Staff Acknowledgments 48

Figures

Figure 1: Key Events in the Development of Open World 5
Figure 2: Program Operations and Activities 7
Figure 3: Total Expenditures Reported by Open World, Fiscal Years 1999 to 2003 9
Figure 4: Delegates in the Civic Program by Theme, 2000 to 2003 12
Figure 5: Representation of Delegates from Each Geographic Region in Russia and the Number That Visited Each of the U.S. States (1999 to 2003) 14
Figure 6: Delegates by Age (2003) 16
Figure 7: National Host Organizations (2003) 35
Figure 8: Selected State Department-Administered Exchange Programs for Russia and the Newly Independent States 38

Figure 9: Statutory Authorities and Governing Structures of Selected Independent Entities Funded through the Executive Branch 42

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

G A O
Accountability * Integrity * Reliability

United States General Accounting Office
Washington, D.C. 20548

March 17, 2004

The Honorable Jack Kingston
Chairman, Subcommittee on Legislative
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

Congress created the Russian Leadership Program as a pilot project within the Library of Congress in 1999[1] and, about 2 years later, established it as an independent entity on a permanent basis.[2] The program's founders envisioned it as a way to promote mutual understanding between the United States and Russia to positively influence Russia's development following the collapse of the former Soviet Union. The program aimed to expose emerging political leaders at all levels of government to the American economic system and democratic institutions through visits to communities across the United States, allowing participants to see how Americans from all walks of life conduct their business and professions and their private, social, and cultural lives. The idea was to develop a cadre of people committed to democratic and free market principles by reaching out to emerging leaders, similar to the way that young German leaders were targeted by the Marshall Plan after World War II. In 2003, Congress changed the program's name to the Open World Leadership Center,[3] expanded its scope to a cultural leaders program for Russia, and extended eligibility to the remaining 11 countries of the Newly Independent States and 3 in the Baltic states.[4] Congress has appropriated about $64.4 million for the program since it was created.

[1]Pub. L. 106-31, Title III, § 3011 (1999).

[2]The Center for Russian Leadership Development was established in Pub. L. 106-554, § [Title III, § 310] (Dec. 21, 2000).

[3]The program was renamed the Open World Leadership Center by Pub. L. 108-7, Div. H, § 1401 (Feb. 20, 2003).

[4]The remaining 11 countries of the Newly Independent States are Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. The three Baltic states are Estonia, Latvia, and Lithuania. While pilot programs have recently been launched in Ukraine, Uzbekistan, and Lithuania, as of February 2004, Open World had no plans to extend the program to other eligible countries until an assessment of the pilot programs is conducted.

In light of this expansion and because the Open World Leadership Center has not been independently evaluated since its inception, you asked GAO to review (1) what progress Open World has made toward achieving its overall purpose, and (2) whether the program has appropriate financial management and accountability mechanisms in place. Also, we are providing information for illustrative purposes on the statutory authority and governing structures of several entities that, like Open World, are independent but unlike Open World, are funded through the executive branch (see app. IV).

To address our objectives, we reviewed Open World's organizational structure, operational policies and procedures, program documentation, and legislative history. We also observed selected program activities, including the vetting process and a predeparture orientation in Moscow, as well as program orientation and other events in Washington, D.C. In addition, we analyzed the results of program surveys that participants completed from 2000 to 2003 and supplemented this analysis with interviews of 56 program alumni during fieldwork in Moscow, St. Petersburg, Petrozavodsk, and Samara, Russia. We assessed program and survey data that we obtained from Open World for accuracy, and we determined that the data were sufficiently reliable for the purposes of our study. We also met with Open World's Chairman of the Board of Trustees, Executive Director, and other staff and management; State Department officials; major contractors, including the American Councils for International Education; and representatives of national host organizations. In Russia and Ukraine, we met with the U.S. ambassadors, U.S. embassy officials, contractors, and representatives of nominating organizations. With regard to Open World's financial management and accountability mechanisms, we discussed the program's related processes with Open World officials and reviewed supporting documentation to gain an understanding of the operation of these processes. We did not conduct an audit of Open World's financial reports or individual transactions. (For a detailed discussion of our scope and methodology, see app. I.)

Results in Brief

Since the program's launch in 1999, Open World has exposed a large, broad, and diverse group of Russians to U.S. economic and political systems, yet it is difficult to gauge Open World's progress in improving mutual understanding because the program does not have a comprehensive and systematic strategy by which to measure such progress. As of December 2003, Open World brought 6,800 men and women from seven geographic regions in Russia to more than 1,200 communities throughout the United

States.[5] Based on our analysis of responses to surveys conducted by Open World, as well as our interviews with Open World alumni, participants generally hold very favorable views of their experience in the program and nearly all found it useful. Many of them offered concrete examples of actions they have taken to adapt what they learned from their U.S. visits to the Russian environment. Furthermore, ambassadors and embassy officials said that Open World complements U.S. mission activities and enhances outreach efforts and noted that congressional sponsorship of Open World lends a certain cachet to the program, allowing it to attract emerging leaders who otherwise might not participate. However, because the program does not have formalized strategic and performance plans with systematic performance measurement indicators, it is difficult to determine the extent to which it is targeting and reaching the right people and providing participants with the right types of experiences, including those that result in improved mutual understanding. Open World does survey all participants on their experiences in and immediate reactions to the exchange program, but it does not systematically compare participant attitudes and knowledge both before and after their participation in the program. Open World staff told us they have begun redesigning the surveys to enhance their usefulness as an evaluative tool. Open World has also conducted several alumni surveys. However, Open World has not yet conducted a full program evaluation to determine progress toward its long-term objectives. Open World officials agree that such an evaluation is necessary and hope to conduct one in the near future.

Open World does not have the formalized financial management and accountability mechanisms that would provide Congress and other decision makers with the kind of cost and performance information that is especially important for a permanent, expanding program. Now that Open World has permanent status and is expanding its scope, it is appropriate for the program to turn its attention to enhancing its financial management and accountability mechanisms. Open World has established procedures for reviewing and approving program transactions and for analyzing financial reports, but these procedures have not been evaluated for their adequacy or been formalized in written, management-approved policies that Open World staff are required to follow. The lack of formal policies, particularly

[5]In addition, there were 1,727 facilitators who served as both interpreters and "troubleshooters" for the delegations throughout their visit. Because facilitators may accompany delegations to the United States more than once in any given year, we do not include facilitators in our analysis of Open World survey data. However, Open World officials noted that the program benefits facilitators as well as delegates.

in the grants management area, may leave some critical elements of grantee accountability inadequately addressed. Although Open World prepares financial information for its Board of Trustees, Open World does not prepare financial statements and, to date, has not subjected its finances to an independent audit, as required by the board's bylaws. However, program officials plan to prepare financial statements for Open World and initiate an audit by the summer of 2004. In addition, Open World's governance structure does not include an audit committee or financial management advisory committee to provide the Board of Trustees and management with independent advice on financial management, accountability, and internal control issues. Finally, while Open World receives contributed services of significant value from U.S. volunteers who support the program, it is not collecting and disclosing data on the value of these services—information that generally accepted accounting principles encourage entities to disclose, if practicable.

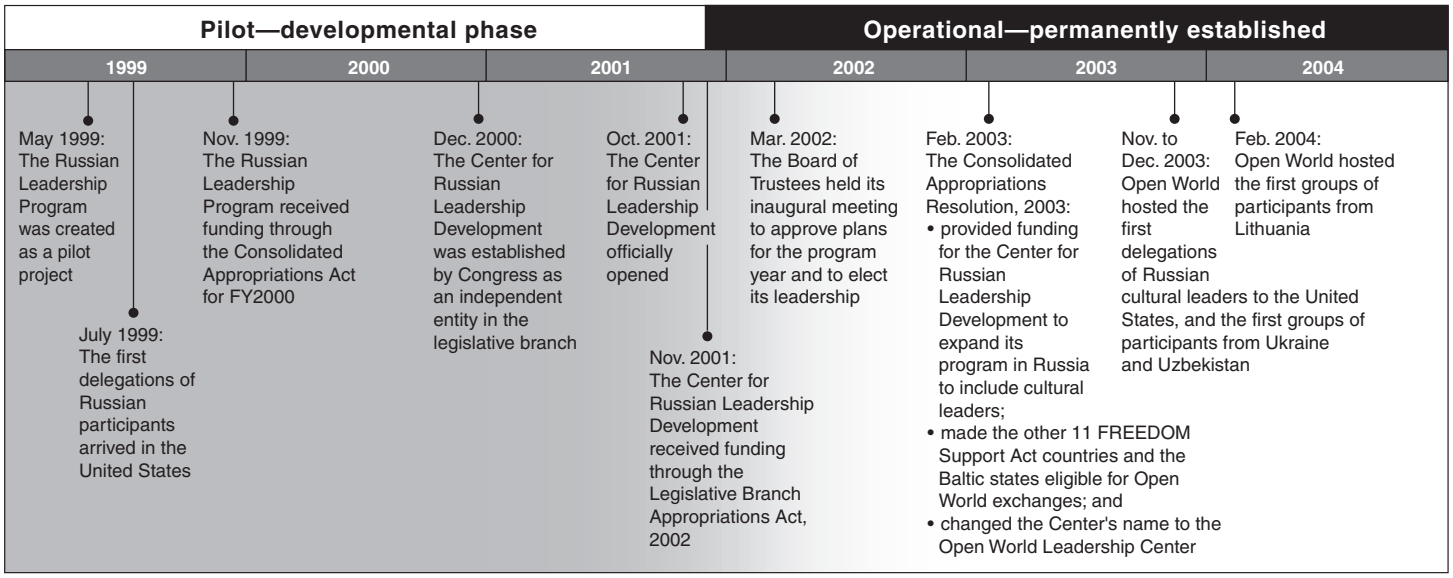
This report makes recommendations to the Chairman of Open World's Board of Trustees to establish strategic and performance plans that articulate Open World's direction and set measurable goals and indicators, strengthen mechanisms for collecting data and reporting on program performance, and improve its financial management and accountability mechanisms. In commenting on the official draft of this report, Open World generally concurred with our observations and conclusions. Open World also generally agreed with 7 of our 8 recommendations and said that it is proceeding with plans to implement some of them. However, Open World took issue with the report's emphasis on measurable goals and indicators of success, noting that the results of exchange programs can only be validated in the medium or long term. We believe that measuring incremental progress is critical to ensuring that the program's resources and activities are being optimally directed toward its ultimate aims, and we note that there are a number of valid methodologies for doing so. This capability will become even more important as Open World further expands. We have reprinted Open World's comments in appendix V.

Background

While Congress originally envisioned Open World as a vehicle to bring Russia's emerging political leaders to the United States, Open World has recently been authorized to expand the scope of its program. As shown in fig. 1, Open World has launched pilot programs in Lithuania, Ukraine, and Uzbekistan, with the first groups of about 50 participants from each country visiting the United States between December 2003 and February 2004. While Congress also made 11 other countries in the Newly

Independent States and Baltic states eligible for funding, as of February 2004, there were no plans to extend the program to these countries.

Figure 1: Key Events in the Development of Open World



Source: GAO.

Open World is governed by a Board of Trustees[6] and works with numerous partners to carry out the program. U.S. embassies play a key role by nominating individuals for the program, vetting applicants for final selection, and processing visas for participants.[7] In addition, Open World has contracts with several organizations, such as the American Councils for International Education,[8] which provides logistical support, and Project

[6]The Board of Trustees is composed of nine members—two members of Congress appointed by the Speaker of the House of Representatives and two members appointed by the President Pro Tem of the Senate on a bipartisan basis; the Librarian of Congress; and four other individuals appointed by the Librarian of Congress.

[7]In Moscow, the U.S. Embassy also provides program management and supervision of Open World locally-hired staff.

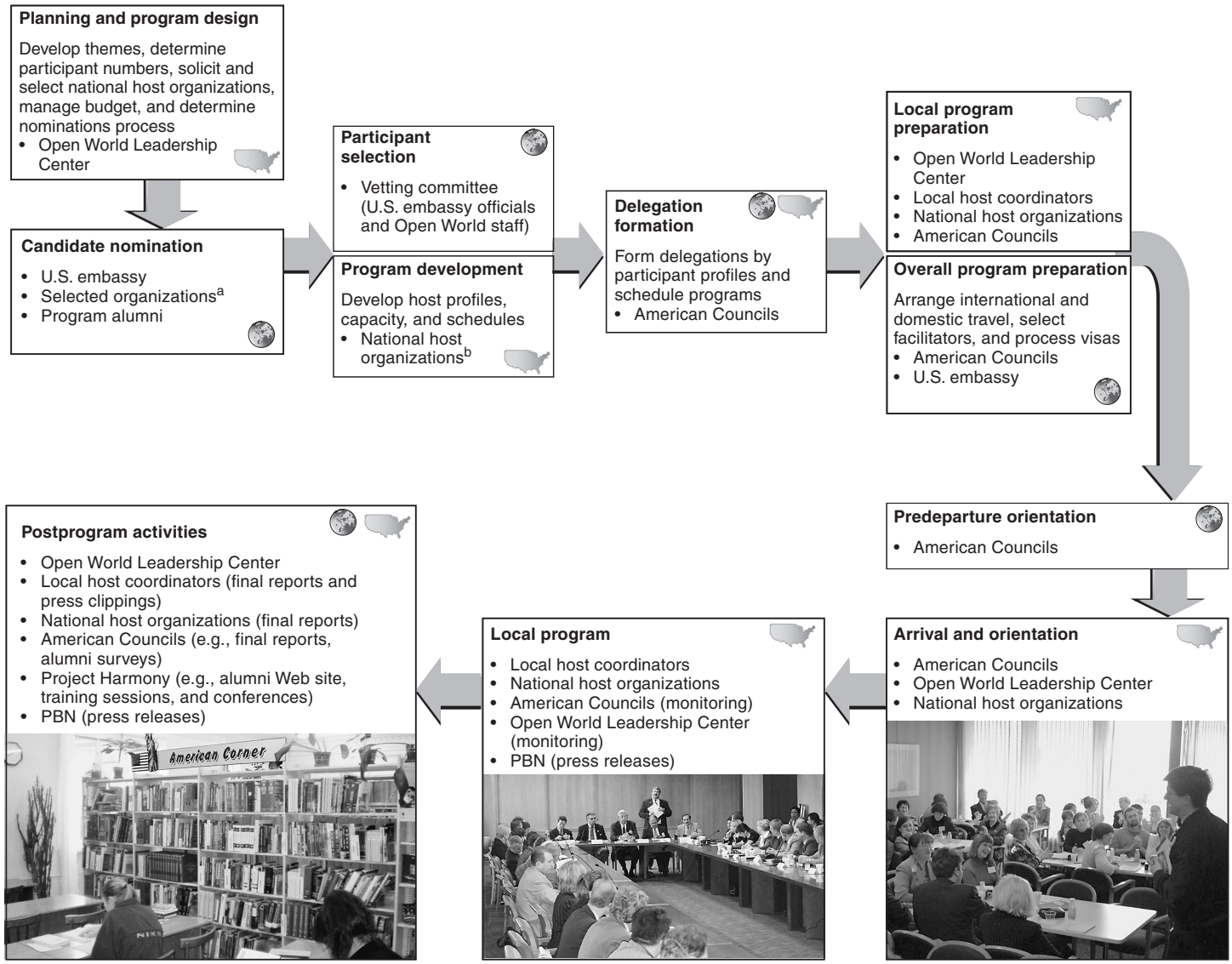
[8]The American Councils for International Education (referred to as American Councils in this report) is a nonprofit education, training, and consulting organization that specializes in conducting professional and academic exchanges.

Harmony,[9] which coordinates alumni activities,[10] along with a network of 26 Open World alumni coordinators throughout Russia. Grants are awarded to U.S. national host organizations that, in conjunction with local partners, develop programs for participants and arrange home stays. (See app. II for a list of national host organizations in 2003.) The following chart illustrates Open World's program operations and activities, as well as the entities involved in carrying out the program.

[9]Project Harmony Inc. is a nonprofit organization based in Vermont that develops and facilitates professional training, exchange programs, Internet centers, and other technology initiatives between the United States and Eurasia.

[10]Alumni activities include, among others, regional alumni conferences (14 have been held so far) and a Web site.

Figure 2: Program Operations and Activities



Sources: GAO (data); Open World (photos).

[a]Nominating organizations include, for example, the Open Society Institute, the American Bar Association's Central European and Eurasian Law Initiative, and many others.

[b]For a list of national host organizations, see app. II.

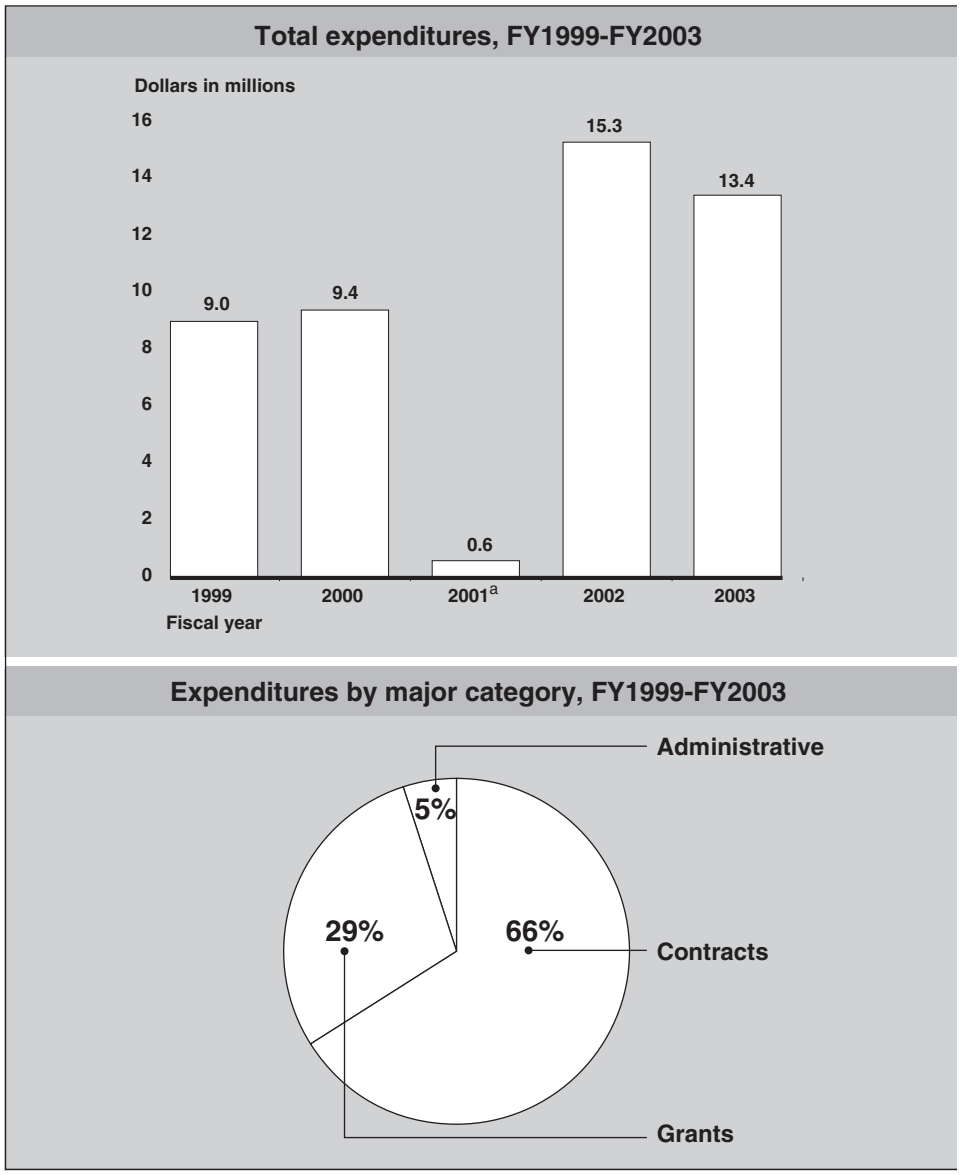
Funding and Support

Congress appropriates an annual amount for Open World, which has ranged from $8 million in fiscal year 2002 to $13.5 million in fiscal year 2004.[11] In addition, Open World is authorized to seek and accept private donations and reports that it has received current gifts and pledges of about $2 million.[12] Figure 3 shows the program's total expenditures (unaudited) for fiscal years 1999-2003 and expenditures by major category during the same period. Based on data for the program's expenditures and the number of participants for 2003 provided by Open World, we estimated the average cost per participant, including facilitators, to be about $6,200.

[11]In fiscal year 2000, the program was funded under the FREEDOM Support Act.

[12]Legislative Branch Appropriations Act, 2001, Pub. L. 106-554, Appendix B, Title II (Dec. 21, 2000). Open World's board established a Bilateral Corporate Advisory Council in 2001 to undertake fund-raising activities; the council is presently inactive.

Figure 3: Total Expenditures Reported by Open World, Fiscal Years 1999 to 2003



Source: GAO analysis based on unaudited Open World data.

[a]Fiscal year 2001 was a transition year for the program as it reorganized into the Open World Leadership Center.

When the program was established as an independent entity in December 2000, Congress provided the program with additional authority and

support, including the authority to receive donations and appoint an executive director and to establish a trust fund in the Department of the Treasury to be credited with appropriations and donations approved by the program. In addition, Congress authorized the Library of Congress to provide the program with support services, including the ability to disburse appropriated funds; pay the program's personnel; and provide administrative, legal, financial management, and other services. The Library was also authorized to collect the full costs of the services from the program's trust fund. To formalize this arrangement, the Library and Open World entered into an interagency agreement. In addition to providing for support services, the agreement enables Open World to use Library personnel to conduct the program and the Library to recover the related salary and benefit costs of such personnel. According to Open World officials, the Library currently has 14 established positions[13] assigned to assist the center in conducting its program.

As provided for in the interagency agreement, the Library of Congress provides financial management services to the Open World Leadership Center. Open World officials review and approve financial management documents before submitting them to the Library of Congress for processing. Much of Open World's in-house financial management activities are performed by a financial management consultant who makes recommendations to both the Executive Director and the Program Administrator regarding approval of program disbursements.[14]

Types of Exchanges

In an effort to reach emerging leaders in various sectors, the program for Russia focuses on three types of exchanges—parliamentary, civic, and cultural. Parliamentary visits match members of Russia's two houses of parliament—the Duma (the lower house) and the Federation Council (the upper house)—with host U.S. senators, representatives, and governors. The civic program in 2003 featured eight themes: economic development, education reform, environment, federalism, health, rule of law, women as

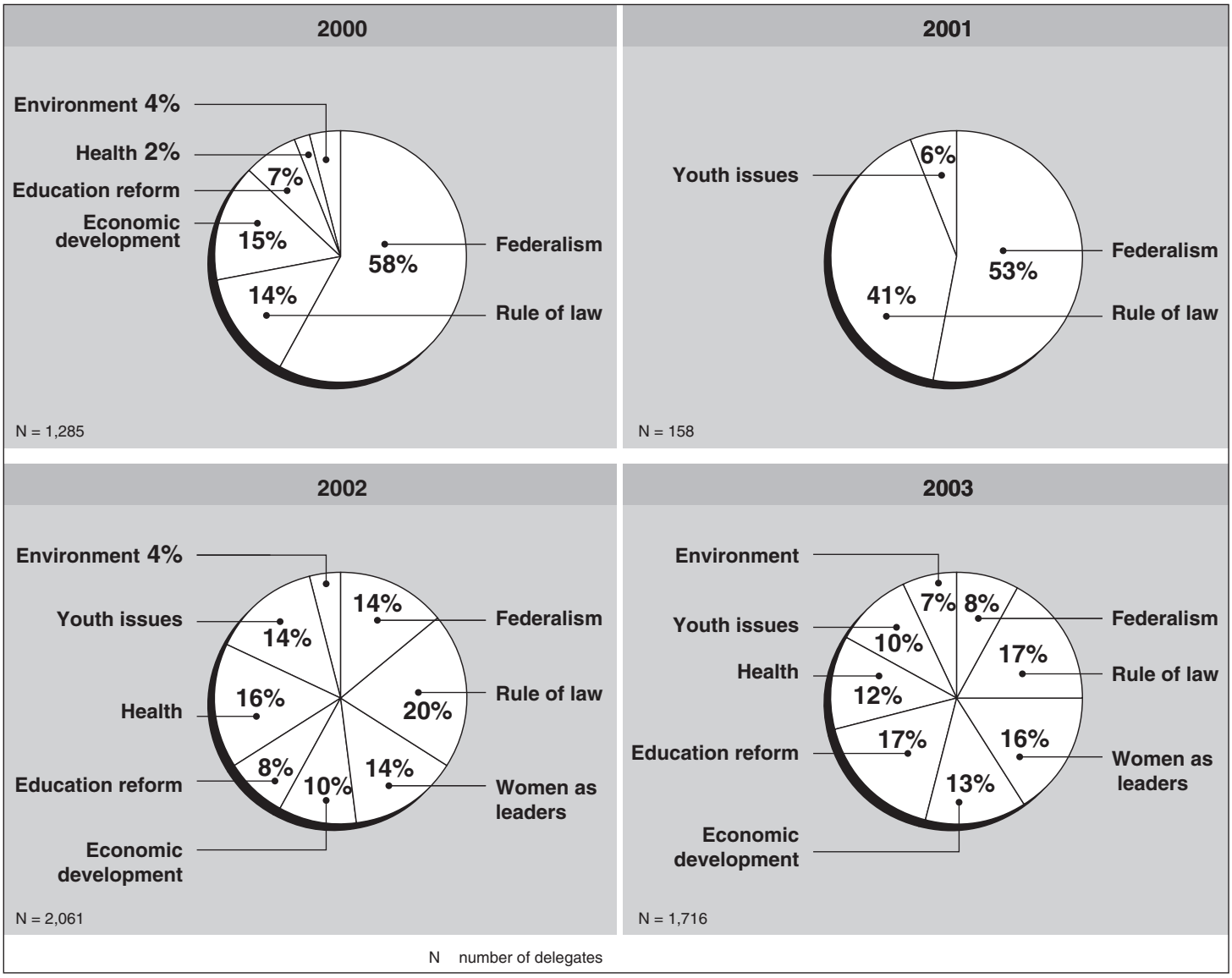
[13]Two of these positions are cultural affairs staff at the U.S. Embassy in Moscow; the remaining staff are in Washington, D.C.

[14]The consultant, who works on a part-time contract basis, performs a variety of budget execution and grant monitoring tasks for Open World.

leaders, and youth issues (see fig. 4).[15] It targets, among others, government officials and civic leaders at all levels, with an emphasis on regional and local levels, and other community leaders. The new cultural program for Russia is designed specifically for cultural leaders, including museum professionals, visual and performing artists and administrators, and librarians.

[15]Open World did not have programmatic themes in 1999. However, in an effort to make its programs more relevant to delegates, Open World developed programmatic themes in 2000 based on areas of focus for U.S. assistance to Russia.

Figure 4: Delegates in the Civic Program by Theme, 2000 to 2003



Source: GAO analysis based on unaudited Open World data.

The typical exchange program runs for 10 days, including a 2-day orientation program upon arrival in the United States. Delegations usually consist of five people—four delegates and one paid facilitator who acts as a "bridge" between the Russian delegates and their American hosts.[16] Most participants stay in private homes of American host volunteers for some or most of their local visit—a special feature of the program.[17] In addition, unlike some other U.S. exchange programs, English is not a requirement for the Open World program.[18] As a result, Open World has been able to send participants from each region of Russia to the United States—most for the first time.[19]

Program Has Reached a Large, Diverse Audience, but Measuring Improvements in Mutual Understanding Is Difficult

As of December 2003, Open World reported bringing 6,800 Russian delegates from seven geographic regions to visit over 1,200 communities in all U.S. states. The percentage of delegates from each region is roughly comparable to the proportion of the Russian population that each region represents. Figure 5 illustrates the representation of delegates, in terms of the number and percentage, from each region in Russia and the number of delegates that traveled to each state within the United States between 1999 and 2003.

[16]Facilitators are required to be fluent in English and have previous experience studying, working, or living in the United States.

[17]According to Open World officials, in 2003, 83 percent of the participants stayed in private homes.

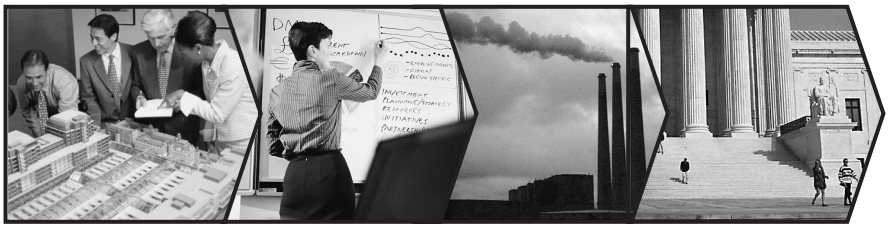
[18]According to Open World 2003 surveys, 60 percent of the participants reported they had either a below average command of English or none at all.

[19]Ninety-four percent of the participants reported that they had not been to the United States before their participation in the Open World program.

Figure 5: Representation of Delegates from Each Geographic Region in Russia and the Number That Visited Each of the U.S. States (1999 to 2003)

Match members of Russia's two houses of parliament with host U.S. senators, representatives, and governors

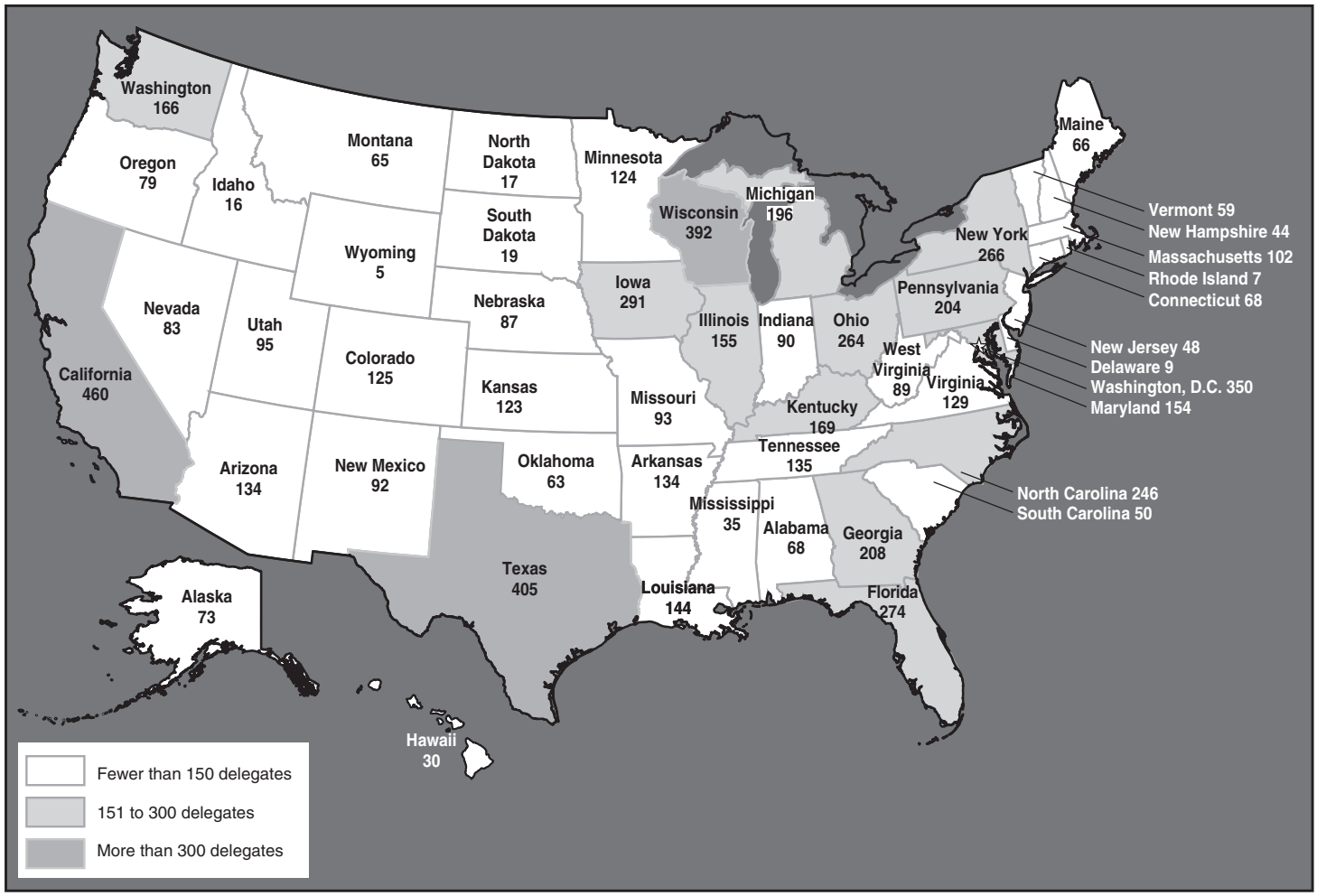
Parliamentary exchanges

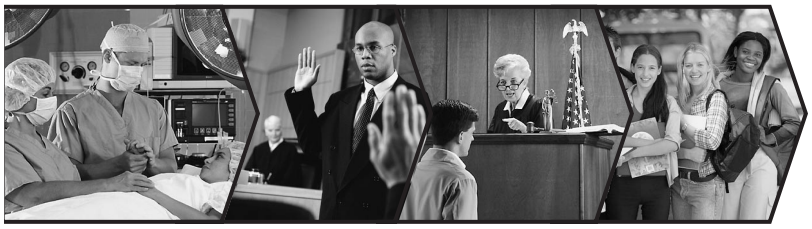


Economic development | Education reform | Environment | Federalism

Civic exchanges

Sources: (top) GAO analysis based on unaudited Open World data, Map Resources (maps); (bottom, left to right) Digital Stock, Nova Development, Photodisc, Photodisc, Brand X, Digital Stock.





Health | Rule of law | Women as leaders | Youth issues

Civic exchanges

Librarians | Museum professionals | Visual and performing artists

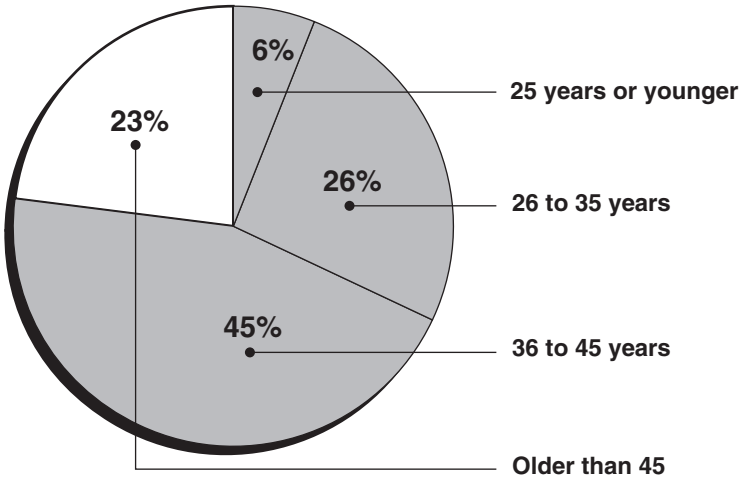
Cultural exchanges

Sources: (top) GAO analysis based on unaudited Open World data, Map Resources (maps); (bottom, left to right) Photodisc, Corbis, Corbis, Digital Vision, Open World, Digital Stock, Nova Development.

[a]Calculations of each region's population as a percentage of total Russian population were based on population data published by Gokomstat of Russia.

Fifty-eight percent of the delegates in 2003 were women. The average age of Open World delegates in 2003 was 39 years. As shown in figure 6, 77 percent of the delegates in 2003 were 45 years of age or younger.

Figure 6: Delegates by Age (2003)



Delegates 45 years of age or younger

Delegates 46 years of age or older

Source: GAO analysis of Open World survey data.

Delegates come from a wide variety of academic and professional backgrounds. Ninety-four percent of 2003 delegates reported having completed higher education, 12 percent had the equivalent of a master's degree, and 1 percent had the equivalent of a doctorate. Their degrees span a wide spectrum, ranging from the fields of law and medicine to agriculture and journalism. Fifty-eight percent of the delegates reported that they had authored publications. Professions varied from Duma members and judges to leaders of nongovernmental organizations. Twenty percent of the delegates reported they were elected officials. Open World records as of February 2004 showed that 140 members of the Duma and 20 members of the Federation Council—representing about 31 percent and 11 percent of the current Duma and Federation Council, respectively—have traveled to

the United States through Open World. Also, 577 Russian judges have participated in the program. In addition, Open World officials noted that Russia's diverse ethnic groups were substantially represented among program participants.

Stakeholders Generally Cite Positive Impacts of Program

Based on our analysis of responses to participant surveys conducted by Open World, as well as our interviews with Open World alumni in Russia, delegates generally hold highly favorable views of their experience in the program. Almost all of the delegates reported that the program was useful and had partially or completely met their expectations. They also reported a greater willingness to cooperate with Americans as a result of the exchange. While overall comments were positive, some delegates cited not having enough time to establish business contacts.

Delegates Give Open World High Marks Overall

Our analysis of Open World questionnaires that surveyed delegates for their experiences in and immediate reactions to the program, and our own interviews of past delegates, showed that Open World program alumni hold highly favorable views of their exchange experience. Almost all of them reported the program was either probably or definitely useful to them.

Many alumni with whom we met offered concrete examples of actions they had taken to implement what they learned from their U.S. visits in the context of the Russian environment.[20] For example, several members of the Russian Ministry of Internal Affairs in Moscow used information they gained from their visits with State Department officials and nongovernmental organizations to draft legislation prohibiting the trafficking of women. The Chairman of the Judicial Council in Moscow and several judges at the Supreme Court in Petrozavodsk told us that they established court management structures modeled after U.S. courts and developed a judicial code of ethics in consultation with American judges. Librarians in Petrozavodsk told us that, after returning from the United States, they helped to establish a library association in the Republic of Karelia that is similar to the Russian Library Association, a counterpart to the American Library Association. Another alumnus joined the Rotary Club in Moscow after his Open World experience and was recently elected the president of his chapter. One woman said that upon learning about fund-

[20]Some of these activities were also supported by U.S. assistance programs other than Open World.

raising efforts and philanthropy of private organizations in the United States, she began soliciting donations for her nongovernmental organization from private businesses in Russia.

In addition, almost all alumni said that since the exchange, they had contacted other Open World alumni in other regions within Russia. Many of them had been invited to and had attended alumni conferences or other alumni events such as computer training seminars and professional development workshops. In addition, over half the alumni we interviewed had used the Internet to view Open World's Web site or keep in touch with contacts made during their exchange experience. The American Corners[21] facilities that we visited in Petrozavodsk and Samara, whose directors had participated in Open World, have become a hub for alumni who use the facilities' computers for Internet access and other services.

The majority of the alumni we interviewed said that their views of the United States changed in some way after the exchange. For example, one alumnus said she was unable to accurately visualize the United States before participating in the program and had developed the impression from Cold War propaganda that Americans had few opportunities and little hope for the future. Some alumni expected Americans to be hostile and were surprised by their friendliness.

Open World surveys showed that, for the most part, delegates reported that the program improved their understanding of American institutions to some degree. For example, in 2003, a large amount of delegates (74 percent) believed that their visit improved their understanding of ethnic and cultural diversity in the United States, as well as their understanding of democracy (74 percent), role of Congress (68 percent), higher education system (70 percent), legal system (67 percent), freedom of speech (62 percent), market economy (50 percent), and role of religious organizations (52 percent). For example, among the past delegates we interviewed, one was impressed with the religious diversity in America when he observed Amish communities in Pennsylvania. Another delegate was impressed by the large Russian immigrant population in Brighton Beach, New York. Many delegates were surprised by how open and transparent American

[21]The American Centers and Corners program uses space in public libraries abroad to provide information about the United States and the U.S. government. The embassy supplies participating libraries with computer hardware and Internet access. As of March 2004, there were 26 such facilities in Russia, and the Department of State is expanding the program to other parts of the world.

government institutions are to the citizenry, citing, for example, the openness of and public access to city council meetings, congressional sessions, courtrooms, and public hearings.

According to Open World's 2003 surveys, 89 percent of delegates reported they probably or definitely expect a positive long-term impact as a result of their visit to the United States. For example, 88 percent of delegates reported that, as a result of the exchange, their readiness to cooperate with American leaders had risen. Eighty-six percent also reported that their trip improved relations between Russian and U.S. citizens. Fifty-four percent indicated that they extended an invitation to their American counterparts to visit them in Russia during the next year. Seventy-six percent said they plan to stay in contact with persons they meet in the United States.

Some Disappointment about Contacts

While overall comments in Open World's surveys were positive,[22] some delegates cited areas that could be improved. For example, 34 percent of delegates in 2003 indicated they had not had sufficient time to establish individual business contacts with their professional counterparts. In addition, 34 percent indicated they had not had sufficient time for individual consultations on professional issues. Although the majority of the alumni we interviewed said they were satisfied with the contacts they made during the program, a few of them wished they had met with higher-level officials. For example, a deputy chief at the Moscow State Duma reported Open World does not facilitate enough contacts with high-level decision makers. Another said that because he did not meet with his American counterparts, he had the impression they did not have an interest in meeting Russians. Others said the program was simply too short to meet with everyone they had hoped. Nonetheless, Open World's surveys indicated that 56 percent of alumni felt that a 2-week program would be optimal. Open World officials said they considered 10 days as a reasonable amount of time to expect participants to be away from their jobs.

[22]According to Open World's survey of program delegates, on average, over 90 percent of the delegates had a favorable view of most organizational aspects of the program, such as trip arrangements, place of stay, and meetings.

Open World Seen as Valuable Tool to Enhance, Complement U.S. Mission Activities

Ambassadors and embassy officials with whom we met noted that Open World complements U.S. mission activities and enhances outreach efforts—citing, in particular, the program's alumni as a valuable resource. Although the U.S. mission offers several State Department-administered exchange programs, none of these individual programs brings Russians to the United States on the same scale as Open World, particularly from the remote regions of the country.[23] (See app. III for a list of selected State exchange programs.) According to U.S. mission officials in Russia, including those at the consulate in St. Petersburg, it is at locations outside of the major cities that Open World has an advantage and can best target potential delegates for the program who have not yet traveled to the United States on other U.S. exchange programs. In fact, when visiting various regions within the country, embassy officials find it especially useful to meet with Open World alumni, many of whom are in leadership positions. For example, while visiting Volgograd, the U.S. ambassador met with Open World alumni who shared some examples of direct results of their exchange experiences. One alumnus started several youth programs in his district, while another started public information programs on healthy lifestyles directed at Volgograd youth.

In addition to enhancing outreach efforts, State officials in Washington, D.C., and U.S. embassy officials with whom we spoke in Russia said Open World complements other U.S. mission activities. Similarly, Open World is able to build on relationships fostered by other U.S.-Russia assistance activities to further its own program. For example, the U.S. Agency for International Development (USAID) worked through Open World to send more Russian judges to the United States than it could have funded on its own, as part of the Vermont-Karelia Project. This project was initially established to bring representatives of the judiciary of Karelia, with which the judiciary of Vermont has a long-standing working relationship, to meet their counterparts and learn about the U.S. judicial system. The program has since grown to include an additional six Russian regions and six U.S. states and is now called the Russian-American Rule of Law Consortium, of which the Vermont-Karelia Project is a part. Also, the State Department targets Open World alumni for follow-up technical assistance and training upon their return to Russia. Thus, although Open World does not bring Americans to Russia, under State or USAID sponsorship, some American

[23]According to State officials, State-administered exchange programs operating in Russia brought a combined total of more than 2,300 participants from that country to the United States in fiscal year 2003.

judges who had hosted Open World delegates later visited Russia to provide technical assistance and training.

Embassy officials and State officials in Washington, D.C., noted that, although there are other independent entities within the executive branch that carry out international activities such as exchange programs, Open World is the only exchange program within the legislative branch. (For illustrative purposes, app. IV provides information on some independent entities funded through the executive branch.) The officials told us that the program's independent status and current placement within the legislative branch offered some advantages, noting that congressional sponsorship of Open World lends a certain cachet to the program and allows it to attract emerging leaders who otherwise might not participate. The officials also said that congressional involvement was important to sustaining the support of Congress and other decision makers.

Program Has No Formalized Strategy by which to Measure Progress

Although Open World does deliberate and decide on programmatic themes and target audiences that it would like to emphasize each coming year, it does not have formalized strategic and performance plans that define success, what it will take to succeed, and how it should be measured.[24] Without a framework that identifies long-term goals, explicitly links them to U.S. mission priorities and plans overseas, and systematically identifies the incremental outcomes expected at each step, along with measurable indicators of such progress, it is difficult to gauge whether Open World is targeting and reaching the right people, whether it is providing delegates with the right types of experiences, and whether these experiences are resulting in improved mutual understanding. This also makes it more difficult for Open World to adjust its course of action, when necessary, and to determine whether it is using its resources in the most efficient and effective manner. Also, although Open World surveys all delegates on their experiences in and immediate reactions to the exchange program, it does not systematically compare delegate attitudes and knowledge both before

[24]Under the Government Performance and Results Act of 1993 (Pub. L. 103-62, 107 Stat. 285, as amended), executive branch performance management efforts are intended to inform Congress and the public of (1) annual performance goals, (2) measures that will be used to gauge performance, (3) strategies and resources required to achieve those goals, and (4) the procedures to be used to verify and validate progress. These plans are to provide a direct linkage between longer-term goals and day-to-day activities. Although legislative branch entities are not required to comply with the act, some model their performance measurement efforts along the same lines.

and after their participation in the program. Open World has also administered several different alumni surveys; however, these surveys are of limited value in gauging improvements in mutual understanding.

Open World does provide nominating organizations with general criteria for determining a person's eligibility for the program.[25] To further screen nominees, the vetting committee considers such factors as a person's active involvement in politics, the community, or teaching; the number of publications issued; the number of people the person supervises; whether the person is from outside the capital; and any prior visits to the United States to make subjective judgments about the applicant's potential to influence change and apply the experience gained from participating in the program. Nevertheless, it is difficult to determine whether these are the optimal criteria for any given year, or whether they are being met, without explicit and measurable performance targets that are designed and sequenced to mesh with a larger strategy for achieving Open World's long-term goals.

Similarly, the lack of a strategy makes it difficult to assess whether delegates are gaining the desired experiences from their involvement in the program. We found varied responses among the past alumni we interviewed regarding what would constitute an optimal mix of experiences. Some favored a more focused approach involving training that is narrowly targeted toward specific professional needs. Others said that a broad exposure to the United States and its institutions is all that can be expected during a 10-day visit. One program nominator said that the program should consist of two separate trips: On the first, delegates would simply gain an insight into the American political and economic systems, while the second trip would be more focused on specific professional experiences. Without an explicit strategy that links particular target groups with specific program content, approaches, and timing, it is difficult to determine whether the experiences that delegates are gaining are optimal at any given time.

[25]In general, nominating organizations are given an opportunity to submit a designated number of individuals for Open World's consideration. At times, program alumni have also been asked to nominate individuals. Open World solicits roughly two nominations for every participant slot. In 2003, there were 52 nominating organizations in Russia, 23 in Ukraine, 14 in Uzbekistan, and 8 in Lithuania.

Open World Surveys Are of Limited Value in Measuring Progress

Open World conducts surveys that attempt to capture delegates' experiences in and immediate reactions to the exchange program, including their impressions about whether their attitudes had changed as a result of their participation in the program. However, it does not systematically compare delegate attitudes and knowledge both prior to and following their participation. Open World has also administered alumni surveys; however, these surveys were not designed to determine the long-term impact of the program, including whether improved mutual understanding has occurred. While measuring the impact of exchange programs is difficult because the full effects of such programs may not be known for years, Open World officials agree that such an evaluation is necessary and hope to conduct one in the near future.

Program Surveys

American Councils conducts three types of surveys for the Open World program—application, predeparture, and postprogram. The application survey primarily contains descriptive information regarding the applicant, such as place of residence and occupation. The predeparture survey, filled out just before the participant leaves for the United States, contains additional descriptive information, including the participant's age, ethnicity, educational profile, employment, and views on democratic values. The postprogram survey, which is filled out immediately after the exchange program, contains information on delegates' exchange experiences and their impressions of how the program affected them. These three surveys had very high response rates, all exceeding 90 percent.

Overall, Open World surveys do an adequate job of measuring delegates' experiences and immediate reactions to the exchange program. However, the surveys miss the opportunity to measure whether a delegate's attitude toward the United States and its institutions changed as a direct result of participation in the program by not measuring pre- and postparticipation attitudes using parallel questions.[26] The postprogram survey asks retrospective questions about whether delegates' attitudes changed and whether their expectations were met. From a methodological standpoint, this approach is useful but not as rigorous as measuring attitudes and expectations before and after the program because it relies on the delegates' accurately recalling how they felt before the exchange program. Open World staff told us they had not regularly analyzed responses to the surveys for evaluative or management purposes; however, they have

[26]There is only one parallel question in the predeparture and postprogram surveys.

recently embarked on an effort to redesign the surveys to use them for these purposes.

Alumni Surveys

Open World alumni have been surveyed, but these surveys were primarily designed to aid in program management, not to measure the long-term impact of the program. In 2000, American Councils conducted a survey to gain constructive feedback on what 1999 alumni found useful about the program and to obtain their opinions on what kinds of people should be considered as future program candidates. This survey was distributed through alumni networks and had a response rate of less than 30 percent—too low to be representative of total delegates. In 2002, American Councils in Moscow administered a survey to elicit ideas from alumni on how the program could be improved and to prepare them for upcoming alumni activities. However, Open World officials reported that the survey was not helpful because the answers were too general or vague and contained few suggestions for cost-effective improvement. Open World officials informed us they conducted an alumni questionnaire in December 2003 to assist Open World in planning future activities for alumni, but as of January 2004, the results had not been analyzed. Open World and American Councils staff acknowledged that a full program evaluation of alumni to determine the program's progress over the long term was necessary and that they hope to conduct such an evaluation in the future.

Open World Lacks Formalized Financial Management and Accountability Mechanisms

Open World does not have the formalized financial management and accountability mechanisms—formalized policies, audited financial statements, an audit or financial management advisory committee, or full program data—that would provide Congress and other decision makers with the timely, reliable cost and performance information that is especially important for a permanent, expanding program. Although Open World has established procedures for reviewing and approving transactions and analyzing financial reports, these procedures have not been formalized in written policies. For example, Open World has procedures for reviewing budget submissions that accompany grant applications, for awarding grants, and for reviewing grantee expenditures. It also has procedures for analyzing reports on program payroll and outstanding obligations. However, it has not evaluated whether these procedures provide adequate internal control or codified them into management-approved policies that Open World staff are required to follow. Documentation of policies and procedures covering an entity's internal control structure and all significant transactions and events is fundamental to ensuring that all staff understand

and consistently apply procedures, while management assessment of these procedures is an essential component of internal control. Management evaluation of controls, along with approval and documentation of procedures, is particularly important when financial management services are being performed by a contractor. According to federal government standards for internal control,[27] written policies and related operating procedures should address key control activities such as approvals, verifications, reconciliations, and the creation and maintenance of related records that provide evidence and appropriate documentation of these activities.

The lack of formal policies, particularly in the grants management area, may leave some critical elements of grantee accountability inadequately addressed. For example, as long as the total grant amount is not exceeded, Open World allows up to a 10 percent variance between the actual and budgeted amounts by budget category on an approved grant, but it does not require grantees to report such variances as part of their reporting of grant expenses; it also does not have follow-up procedures to deal with variances of more than 10 percent. Also, according to Open World officials, grantees are required to submit receipts or other evidence for all grant expenses unless Open World agrees, as part of the grant agreement, to permit a grantee to submit the results of its "single audit" conducted pursuant to OMB Circular A-133.[28] However, the officials acknowledged that Open World does not have a formal policy that clearly defines the conditions under which it will accept the results of a single audit in lieu of a grantee's submission of receipts or other evidence for all grant expenses. For example, in 2003, Open World began requiring, as a condition for accepting the results of a single audit, that an audit's coverage include a "significant sample" of the costs incurred under the Open World grant. However, Open World has neither defined what audit coverage represents a "significant sample" nor implemented procedures to ensure that the requirement has been followed. According to program officials, Open World has permitted only a few grantees to submit single audit results in lieu of submitting receipts and other evidence of grant expenses. However, as the program

[27]U.S. General Accounting Office, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[28]Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of nonfederal entities expending federal awards.

expands, it may become difficult to manage the detailed review of supporting documentation for grantee expenditures; thus, Open World's use of audit reports as an oversight mechanism could increase.

Financial Statements Are Not Being Prepared and Audited

Open World obtains detailed accounting reports for the program from the Library of Congress. In addition, Open World has prepared for the Board of Trustees various schedules that separately present the program's planned budget and actual obligations. However, Open World does not currently prepare summary financial statements that are subjected to independent audit and used by the board in its oversight. Program officials plan to prepare financial statements for Open World and initiate an audit by the summer of 2004. As discussed in our executive guide on best practices in financial management,[29] a solid foundation of control and accountability requires a system of checks and balances that provides reasonable assurance that the entity's transactions are appropriately recorded and reported, its assets protected, its established policies followed, and its resources used economically and efficiently for the purposes intended. This foundation is built and maintained largely through the discipline of routinely preparing periodic financial statements and subjecting them annually to an independent audit. In fact, the April 2003 bylaws of the Open World Board of Trustees require an annual audited financial statement for the Open World Leadership Center Fund. This requirement further underscores the importance of Open World developing formal financial management policies. The auditor would use the financial management policies and any related operating procedures to gain an understanding of and evaluate Open World's internal control environment.

Governance Structure Does Not Include an Audit Committee

Open World's governance structure does not include either an audit committee or financial management advisory committee to provide the Board of Trustees and management with independent advice on financial management, accountability, and internal control issues. Such a committee is a required element of the governance structure of publicly owned companies and a best practice for other types of organizations. The audit committee of a publicly owned company plays a particularly important role in assuring fair presentation and appropriate accountability in connection

[29]U.S. General Accounting Office, *Executive Guide: Creating Value Through World-class Financial Management*, GAO/AIMD-00-134 (Washington, D.C.: April 2000).

with financial reporting and related external audits and general oversight of an organization's internal control. In the federal government, audit committees and advisory committees are intended to protect the public interest by promoting and facilitating effective accountability and financial management. This is accomplished by providing management with independent, objective, and experienced advice and counsel, including oversight of audit and internal control issues. In the case of Open World, use of an audit or financial management advisory committee could facilitate the process of formalizing financial management policies and procedures, including related internal controls, and preparing for the program's first financial statement audit.

Value of Contributed Services Is Not Disclosed

Open World is not collecting data on the significant volume and value of contributed services from U.S. volunteers. According to Open World, 83 percent of program participants in 2003 stayed in the homes of American host volunteers, a contribution that considerably reduces program expenditures associated with housing participants during their stay. As a result, the amount expended by Open World does not reflect the full scope and cost of operating the program. The usefulness of information on the nature and extent of similar contributed services is recognized under generally accepted accounting principles, which encourage entities to disclose, if practicable, the fair value of contributed services received.[30] Open World could obtain data, by geographic area, on the number of program participants that stay in the homes of American host volunteers and then apply standard per diem rates to estimate the value of meals and lodging provided by host volunteers. Collecting and disclosing this information would provide management, the Board of Trustees, and Congress with more complete information about the full scope of the program.

Conclusions

Since its launch in 1999, Open World has organized large numbers of diverse delegations from every region in Russia and brought them to the United States. Most delegates viewed their program experiences very favorably, and many say they have taken concrete actions to adapt what

[30]Financial Accounting Standards Board, Statement of Financial Accounting Standards 116, *Accounting for Contributions Received and Contributions Made* (Norwalk, CT: June 1993).

they learned from their U.S. visits to the Russian environment. Also, U.S. ambassadors and embassy officials consider Open World a valuable tool to complement U.S. mission activities and outreach efforts and noted that congressional sponsorship of Open World lends a certain cachet to the program, allowing it to attract emerging leaders who otherwise might not participate. However, because the program does not have formalized strategic and performance plans with systematic performance measurement indicators, it is difficult to determine the extent to which Open World is targeting and reaching the right people and providing delegates with the right types of experiences, including those that result in improved mutual understanding. Also, Open World lacks the formalized financial management and accountability mechanisms that would help provide decision makers with useful, relevant, timely, and reliable information. Open World began as a pilot project and was not established as an independent entity until 2001. Now that Open World has permanent status and is expanding its scope, it is appropriate for the program to turn its attention to enhancing its strategic and performance planning and financial management and accountability mechanisms. Such mechanisms are particularly important to ensure that Open World's efforts and the related activities of embassies, contractors, grantees, and nominating organizations are systematically integrated and managed to achieve measurable progress toward Open World's fundamental goals. Strengthening these mechanisms will become even more important as the program further expands.

Recommendations

To enhance Open World's management, particularly in light of the program's expansion, this report makes recommendations to the Chairman of the Board of Trustees of the Open World Leadership Center to (1) establish strategic and performance plans that articulate Open World's direction and set measurable goals and indicators; (2) strengthen the program's mechanisms for collecting data and reporting on program performance; (3) assess whether the current procedures provide adequate internal control over expenditures and grantee oversight; (4) develop and implement written, management-approved policies, procedures, and internal controls for Open World's resources and expenditures; (5) develop and implement controls and requirements for grantees to provide accountability for grant expenditures to ensure that funds are spent for their intended purposes; (6) develop and implement plans for routinely preparing financial statements that are annually subject to an independent audit; (7) consider establishing an audit committee or financial management advisory committee to provide the Board of Trustees and

management with independent advice on financial management, accountability, and internal control issues; and (8) estimate and disclose the value of contributed services from U.S. volunteers to better reflect the total scope of the program.

Agency Comments and Our Evaluation

Open World provided written comments on a draft of this report (see app. V). Open World generally concurred with the report's observations, conclusions, and recommendations and acknowledged that the time has come for strategic planning and for considering options to strengthen the program's administrative operations and financial reporting. Open World said that it is proceeding with measures to implement some of these recommendations. These measures include proceeding with plans to develop strategic and performance plans, review the program's data collection efforts, and prepare financial statements and subject them to an independent audit. In response to other recommendations, Open World said it would ask the Board of Trustees to consider forming an audit committee for the board, evaluating the in-kind contributions of the program's American volunteer hosts, and implementing a system for more regular summary financial statements for the board. However, Open World took issue with the report's emphasis on measurable goals and indicators of success, noting that the results of its programs can only be validated in the medium or long term. Open World also said that improving mutual understanding is not a measurable, performance-based goal.

We recognize the long-term commitment required to measure the ultimate success of exchange programs. However, measuring short-term incremental progress toward a program's goals is also an important component of any serious effort to assess progress over the long term. It is fundamental to making necessary course corrections along the way—a capability that will become even more important as Open World further expands. While it is sometimes difficult to establish direct causal links between exchange programs and their ultimate impact, we believe that establishing convincing correlations is a reasonable expectation. With respect to mutual understanding, there are a number of internationally recognized social science research and statistically valid methodologies that can be used with questionnaires, interviews, and focus groups for gauging changes in attitudes, knowledge, and behavior among exchange program participants.

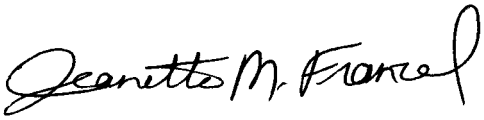
The State Department also reviewed a draft of this report for technical accuracy. State's comments have been incorporated into the report, as appropriate.

We are sending copies of this report to other interested members of Congress, the Librarian of Congress and Chairman of the Open World Leadership Center Board of Trustees, and the Secretary of State. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact Jess Ford at (202) 512-4128. Other GAO contacts and staff acknowledgments are listed in appendix VI.

Sincerely yours,

Jess T. Ford
Director, International Affairs and Trade



Jeanette M. Franzel
Director, Financial Management and Assurance

Scope and Methodology

To review the Open World Leadership Center's progress toward achieving its overall purpose, we reviewed Open World's organizational structure, operational policies and procedures, program documentation, and legislative history, and we observed key program activities, including the vetting process and a predeparture orientation in Moscow, as well as program orientation and other selected events in Washington, D.C. This provided us with an understanding of the nature of Open World activities and how they are carried out—from the time delegates are selected in Moscow to their actual visit in the United States. We also analyzed the results of program surveys that delegates completed from 2000 to 2003.[1]

- We reviewed the surveys, which were carried out by American Councils and translated into English for elements such as consistency, balance, tone, and adherence to common survey design standards. For example, we considered whether the response scales used (1) were balanced, (2) appeared to cover all possible response options, and (3) contained "double-barreled" options—that is, whether questions asked about more than one issue but allowed for only one response.

- We studied the survey results to see if there was anything unusual or unexpected that might indicate potential problems in the surveys' design or structure.

- We met with knowledgeable Open World and American Councils staff, both in Washington, D.C., and in Moscow, to determine the completeness of the data set and the accuracy of required data elements. We also engaged a GAO native Russian speaker to review the translation of key questions from Russian to English.

Based on these assessments, we determined that data produced by many of the survey items were sufficiently reliable and generally usable for the purposes of our study. These data included descriptive information on program delegates, such as education level; information on participants' satisfaction with certain aspects of their exchange experience; and opinions on how the experience affected them. While we determined that most data elements were sufficiently reliable, we did not use a few data elements that we had questions about.

[1]Data for 2001 were not available due to program changes that year. Unless indicated differently by the text, survey results for all years analyzed were comparable; therefore, we reported the 2003 results.

We supplemented our analysis of the program surveys with interviews of 56 alumni during fieldwork in Moscow, St. Petersburg, Petrozavodsk, and Samara, Russia, in October and November 2003. We chose those four cities for our review because they represent not only three of the seven geographic regions in Russia where 60 percent of the Open World delegates have come from[2] but also a mix of urban and rural areas, and a diverse group of alumni. Because our interviews were limited to a few locations in Russia (due to travel and time constraints), we did not generalize the results of our interviews to the universe of delegates. We recognize that the opinions and experience of the group of delegates with whom we met may not be representative of all program alumni; therefore, the results of our interviews should be used for illustrative purposes only. We conducted our interviews as follows:

- We developed a structured interview instrument for our meetings with program alumni with the assistance of GAO social science analysts and analysts fluent in Russian and in consultation with Open World. The interview instrument included questions regarding the contacts alumni made during their trips, changes in their attitudes toward the United States, and any actions they may have taken in Russia as a direct result of their participation in the exchange program.

- We conducted individual and group interviews with program alumni from various years of the exchange program, including some who were among the early delegates in 1999 and others who participated in the program as recently as 2003.

- Russian-English translators provided by the U.S. Embassy and the Open World Leadership Center facilitated the interviews.

To review whether the program has appropriate financial management and accountability mechanisms in place,

- We discussed the nature and scope of existing mechanisms with Open World officials.

[2]The seven geographic regions in Russia are Central, Far East, Northwest, Urals, Volga, North Caucasus, and Siberia. Moscow is in the Central region, St. Petersburg and Petrozavodsk are in the Northwest region, and Samara is in the Volga region.

- We observed deliberations of an Open World panel that reviewed grant proposals from organizations interested in hosting Open World delegations.

- We performed a "walk-through" of supporting documentation for a grant and a contractor payment.

- We performed this work solely to gain an understanding of Open World's existing financial management and accountability mechanisms, and as such, we did not conduct an audit of Open World's financial reports or individual transactions.

To provide information on the statutory authorities and governing structures of selected independent organizations funded through the executive branch, we conducted legislative research on the purpose, statutory authority, governance, and funding of four such organizations that carry out various international activities, including exchange programs: the African Development Foundation, The Asia Foundation, the Inter-American Foundation, and the National Endowment for Democracy.

We conducted our work from July 2003 to January 2004 in accordance with generally accepted government auditing standards.

National Host Organizations

The Open World Leadership Center awards grants to U.S.-based nonprofit and governmental organizations to host visiting delegations. Some organizations carry out Open World visits themselves or through their local affiliates, while others develop and oversee a network of local organizations to provide this hosting. These local organizations include civic associations, academic institutions, and nonprofit international training providers. Open World selects its host organizations annually through a competitive grants process. Figure 7 provides information on the 16 national host organizations selected in the 2003 grants cycle, from May 2003 to April 2004, and includes hosting activities.

Figure 7: National Host Organizations (2003)[a]

Organization	Mission
Academy for Educational Development	Works to solve critical social problems in the United States and throughout the world through education, social marketing, research, training, policy analysis, and program design and management
American International Health Alliance	Works to establish and manage partnerships and programs to improve the health status of individuals and communities in the Newly Independent States and Central and Eastern Europe
American University - Transnational Crime and Corruption Center	Devoted to teaching, research, training, and formulating policy advice on transnational crime, corruption, and terrorism
American University - Women and Politics Institute	Dedicated to training the next generation of women leaders
CEC ARTSLINK[b]	An international arts exchange organization that encourages and supports creative cooperation among artists and cultural managers from Central Europe, Russia, and Eurasia
CONNECT/U.S.-Russia	Promotes a more humane and peaceful world by examining critical issues facing the United States and the countries of the former Soviet Union through collaborative relationships
Duke University - DeWitt Wallace Center for Communications and Journalism	Supports a policy of democratic free media in the United States and around the world
Friendship Force International	Aims to create an environment in which personal friendships are established across the barriers that separate people
International Academy for Freedom of Religion and Belief	Strives to uphold and promote the principles of religious liberty
Meridian International Center	Promotes international understanding through the exchange of people, ideas, and the arts
National Peace Foundation	Strengthens the foundations for peace through partnerships, intercultural exchanges, and citizen networks
Rotary International	Offers humanitarian, intercultural, and educational programs and activities designed to improve the human condition and advance the organization's goal of world understanding and peace
U.S. Department of Agriculture - Graduate School, International Institute	Facilitates the exchange of knowledge and skills through educational exchanges and observational study programs
Russian American Rule of Law Consortium (including the Vermont-Karelia Rule of Law Project)	An organization for partnerships matching the legal communities of seven Russian regions with seven U.S. states to develop the rule of law in both countries
Vital Voices Global Partnership	Supports women's progress in building democracies, strong economies, and peace
World Services of La Crosse Inc.	Focuses on improving municipal services, economic development, health, social welfare, and quality of life in targeted communities

Source: GAO analysis of Open World data.

[a]These organizations, except for CEC International Partners, CONNECT/U.S. Russia, and Duke University, also served as national host organizations prior to 2003.

[b]CEC ARTSLINK was formerly known as CEC International Partners or Citizen Exchange Council.

[This page is intentionally left blank]

Selected International Exchange Programs for Russia and the Newly Independent States That Are Administered by the State Department

The State Department facilitates exchange programs—like Open World—with other parts of the U.S. government, the private sector, and foreign governments. State's Bureau of Educational and Cultural Affairs is responsible for the management and oversight of U.S. international educational and cultural exchange activities, as authorized by the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays Act). American embassies collaborate with the bureau in administering and supervising exchange activities. As shown in fig. 8, State offers a wide spectrum of academic, professional, and youth exchange programs in Russia and the Newly Independent States. The programs may run anywhere from 2 weeks to 2 or more years, according to State officials, and have varied in size from as few as 9 participants up to 675 participants. The State Department reported that the exchange programs operating in Russia, including those highlighted in this appendix and others, brought a combined total of more than 2,300 participants from Russia to the United States in fiscal year 2003.

Figure 8: Selected State Department-Administered Exchange Programs for Russia and the Newly Independent States

	American Council of Young Political Leaders	Business for Russia Program	Community Connections Program	Edmund S. Muskie/ FREEDOM Support Act Graduate Fellowship Program	FREEDOM Support Act Undergraduate Program
Type of program	Professional exchange	Professional exchange	Professional exchange	Academic exchange	Academic exchange
Legislation	Fulbright-Hays	FSA	FSA	FSA, Fulbright-Hays	FSA
Annual funding[a]	$21,670 in State funds; $16,970 from a private fund	$2.6 million	$3 million	$3.5 million	$1.4 million
Objectives	Provide foreign delegations visiting the United States the chance to gain a broad understanding of the U.S. political system, institutions, and economy, as well as to learn about the culture and values of the American people	Enhance participants' skills in business and entrepreneurship through internships and practical hands-on training with their U.S. counterparts, which can be transferred upon a participant's return home	Provide participants with exposure to the day-to-day functioning of a democratic, free market system and encourage public-private partnerships	Provide fellowships for master's level graduate study in the United States for citizens of Russia and the NIS in selected fields critical to the region's economic reform and political development	Provide one year of nondegree undergraduate study in the United States, plus internship and volunteer service
Target audience	Young political leaders between the ages of 25 and 40	Russian businesspeople	Entrepreneurs, local government officials, legal professionals, NGO leaders, and other professionals from Russia and the NIS	Young leaders from Russia and the NIS	1st, 2nd, or 3rd year undergraduate students from Russia and the NIS
Length of exchange	2 weeks	3-5 weeks	3-5 weeks	1-2 years	1 academic year
Home stays[b]	No	Yes	Yes	No	Yes
Reciprocity[c]	Yes	Yes	Yes	No	No
English requirement[d]	No	Yes	No	Yes	Yes
Annual number of participants (2003)[a]	9 delegates	330	350	54	50
Average cost per participant[e]	$2,400	$8,000	$8,000	$64,000	$28,000
Allowable expenses paid for by the program	Airfare, interpreters, accommodations, local transport, incidentals, and miscellaneous expenses	Airfare, insurance, cultural allowance, per diem ($25/day)	Airfare, insurance, interpreters, cultural and book allowance, per diem ($25/day)	Tuition, room, board, stipend, textbooks, international transportation, professional enrichment activities, and accident and sickness insurance; also testing costs for semifinalists	Airfare, housing and board, tuition and fees, insurance, monthly stipend
Evaluation[f]	March 2002	March 1999; current evaluation under way	Current evaluation under way	January 2002	May 2003

FSA FREEDOM Support Act
NGO Nongovernmental organization
NIS Newly Independent States

Source: State Department.

	Future Leaders Exchange Program	International Visitor Program	Productivity Enhancement Program	Russia-U.S. Young Leadership Fellows Public Service Program	Eurasia Professional Exchanges and Training Program
Type of program	Youth exchange	Professional exchange	Professional exchange	Academic exchange	Professional exchange
Legislation	FSA	FSA, Fulbright-Hays	FSA	FSA	FSA
Annual funding[a]	$4 million	$3.8 million	$4.6 million	$1.2 million	$480,300
Objectives	Assist future leaders in learning to build a new and open society and establish democratic values and institutions	Bring mid- to senior-level officials from Russia to meet with their counterparts and examine issues related to democratic and economic reform; program themes determined by embassy officials	Provide U.S. internships for groups of Russian entrepreneurs, including non-English speakers, in areas such as construction, agriculture, fishing, manufacturing, and wholesale/retail trade	Provide 1 year of intensive master's-level academic and professional training to Russian leaders through three program components: academics, community service, and an internship	Provide two-way exchanges offering Russian media professionals, NGO leaders, government officials, and other target audiences diverse and flexible programming, including U.S.-based internships, seminars, in-country workshops, and consultancies
Target audience	High school students from Russia and the NIS	Established or potential leaders in government, politics, media, education, labor relations, the arts, and other key fields; participants from geographic regions worldwide	Russian entrepreneurs and senior managers. Participants are expected to have several years of private business experience	Outstanding Russian college graduates who demonstrate leadership skills and an interest in public service	Entrepreneurs, media representatives, government officials, legal professionals, NGO leaders, and other professionals from Russia
Length of exchange	1 academic year	2-3 weeks	1 month	1 year	2-6 weeks
Home stays[b]	Yes	At times	Yes	No	At times
Reciprocity[c]	No	No	No	Until 2003	Yes
English requirement[d]	Yes	No	No	Yes	No
Annual number of participants (2003)[a]	352	285	675	26	34 in U.S.; 200 through in-country training
Average cost per participant[e]	$11,000	$12,734	$6,800 U.S. government; $1,500 participant	$46,000	$9,000
Allowable expenses paid for by the program	Airfare, monthly allowance, insurance	Airfare, per diem, insurance, cultural and book allowances, ground or local transportation	Participant pays application fee and $1,000 toward airfare. State pays airfare, per diem, interpretation costs, local transportation, cultural allowance	Airfare, insurance, housing/living allowance, tuition and fees, book-cultural allowance	Airfare, per diem, insurance, cultural and book allowances, interpreters when needed
Evaluation[f]	July 2003	November 2002	October 1999	August 2003	Current evaluation under way

[a]Reflects 2003 data for Russia only.

[b]Indicates whether participants stay in private homes.

[c]Indicates whether the program also funds reciprocal visits of U.S. citizens to Russia and the Newly Independent States.

[d]Indicates whether English is required to participate in the program.

[e]Based on total spending, including management costs, and the number of participants in the program; reflects 2003 data for Russia only.

[f]Indicates when the most recent evaluation of the program was conducted.

[This page is intentionally left blank]

Selected Independent Entities Funded through the Executive Branch

For illustrative purposes, figure 9 provides basic information, including statutory authority and governing structures, about selected grants-making organizations and entities that Congress supports. Like Open World, these programs are independent entities; however, unlike Open World, they are funded through the executive branch.

Figure 9: Statutory Authorities and Governing Structures of Selected Independent Entities Funded through the Executive Branch

Organization	African Development Foundation	The Asia Foundation
Purpose	Works with U.S. government agencies to develop micro and small enterprises, foster grass-roots trade and investment, improve community-based resource management, and strengthen civil society in Africa	Supports programs in Asia to help improve governance, law, economic reform, development, women's participation, and international relations Collaborates with private and public partners to support leadership and institutional development, exchanges, and policy research
Statutory authority	African Development Foundation Act, 22 U.S.C. § 290h Nonprofit, government corporation, subject to chapter 91 of title 31 regarding wholly owned government corporations	Asia Foundation Act, 22 U.S.C. 4401 Established in 1954 as a private, nonprofit, nongovernmental organization Recognized by Congress as a permanent mechanism for U.S. government financial support State awards annual grants for general support
Governance	Board of Directors consists of 7 members (5 from private sector and 2 from U.S. agencies), appointed by the President Board consults with an advisory council on foundation activities	President Board of Trustees
Funding	Appropriation authorized by 22 U.S.C. § 290h-8 - FY02 actual $17 million - FY03 actual $18.7 million - FY04 request $18 million Will leverage approximately $4.5 million in matching funds from African governments, other donors, and the private sector in FY04	Annual congressional appropriation through State Department - FY02 actual $9 million - FY03 actual $10.44 million - FY04 request $9 million Additional grants from State Department - FY02 actual $0.6 million - FY03 actual $0.5 million Competition for funding from U.S. Agency for International Development, other U.S. government agencies, and multinational development agencies Private corporations and foundations

Source: GAO and State Department.

Organization	Inter-American Foundation	National Endowment for Democracy
Purpose	Aims to strengthen bonds among peoples in the Western Hemisphere Supports programs that promote entrepreneurship, self-reliance, and democratic principles, as well as economic progress for the poor	Aims to strengthen democratic institutions and processes around the world by making grants to numerous U.S. organizations for programs in such areas as labor, open markets, political party development, human rights, rule of law, and independent media
Statutory authority	Inter-American Foundation Act, 22 U.S.C. §290f Nonprofit, government corporation, subject to chapter 91 of title 31 regarding wholly owned government corporations	National Endowment for Democracy Act, 22 U.S.C. §4411 Established in 1983 as a private, nonprofit corporation Supported by annual grant from State Department; subject to congressional oversight Subject to audits and must submit an annual report to Congress
Governance	Board of Directors (6 from private sector and 3 from U.S. agencies) appointed by the President	Board of Directors Parent entity to four institutes: Center for International Private Enterprise, National Democratic Institute for International Affairs, National Republican Institute for International Affairs, and the Free Trade Union Institute
Funding	Appropriation authorized by 22 U.S.C. §290f(s) - FY02 actual $13 million - FY03 actual $16.2 million - FY04 request $15 million Receives matching contributions from participating foundations for various programs	Annual grant from State Department - FY02 actual $33.5 million - FY03 actual $42 million (P.L. 108-7, section 526, provided an additional $8 million for democracy programs) - FY04 request $36 million Additional grants from State Department - FY02 actual $6 million - FY03 actual $20 million - FY04 request $25 million

Comments from the Open World Leadership Center

ОТКРЫТЫЙ МИР
OPEN WORLD

OPEN WORLD LEADERSHIP CENTER
www.openworld.gov Tel 202.707.8943 Fax 202.252.3464
The Library of Congress • 101 Independence Avenue, S.E. • Washington, DC 20540-9980

March 9, 2004

Dear Mr. Ford:

I am pleased to provide the Open World Leadership Center's comments on the draft of the General Accounting Office (GAO) report entitled "Open World Achieves Broad Participation; Enhanced Planning and Accountability Could Strengthen Program," GAO-04-436.

The GAO report concludes that "Open World has exposed a large, broad, and diverse group of Russians to U.S. economic and political systems." The report underscores Open World's success in meeting Congressional sponsors' intent that the program, from its inception as a pilot effort in 1999, achieve ambitious public diplomacy goals through the size, scope, and geographic diversity of the emerging generation of Russian political leaders it brings to the United States for the first time.

From 1999 to 2003, a total of 6,803 emerging leaders from all 89 Russian political subdivisions and all levels of government traveled on professional exchanges to over 1,200 communities in all 50 U.S. states. GAO's evaluation included interviews with Open World alumni, who, GAO concluded, "generally hold highly favorable views of their experience in the program." More significantly, many of the delegates GAO met with reported that they have "taken concrete actions to adapt what they learned from their U.S. visits to the Russian environment." GAO analysis indicates that Open World has achieved a remarkably high degree of proportional geographic representation, and that the Department of State considers Open World "a valuable tool to complement U.S. mission activities and outreach efforts" in Russia in part because of its unique place in the legislative branch, and because Open World attracts so many delegates who live outside Russia's major cities and who have not previously visited the United States.

We appreciate that GAO has acknowledged and taken into account that Open World operated as a pilot program for the first two years of its existence and did not become a permanent, independent entity until fiscal year 2002. It needs to be added that during this pilot period, Open World (then known as the Russian Leadership Program) had to cease activities in October 1999 and October 2000 at the end of each fiscal year because its statutory authorization had expired.

Board of Trustees: Librarian of Congress James H. Billington, Chair • Senator Ted Stevens, Honorary Chair • Senator Bill Frist • Senator Carl Levin
Representative Amo Houghton • Representative Robert E. Cramer, Jr. • Ambassador James F. Collins • Mr. George Soros • The Honorable James W. Symington
Geraldine M. Otremba, Executive Director

-2-

From the beginning, the program was committed to minimizing administrative overhead, working with, and contracting out to, already experienced agencies wherever possible. The Congress transformed the program into an independent Center that began operations in October 2001; and in fiscal year 2003 increased its funding for the first time, adding other countries as well as a Russian cultural component. The time has clearly now come for strategic planning and for considering options for strengthening administrative operations and financial reporting along the lines suggested in the GAO report.

Toward this end, we are proceeding with audited financial statements for fiscal year 2003 as stipulated by the Center's by-laws adopted in April 2003, developing strategic and performance plans, and reviewing the program's data collection. I will specifically ask the Open World Leadership Center Board of Trustees to consider formation of an audit committee, an evaluation of the considerable in-kind contribution to the Open World Program from its thousands of American volunteer hosts, and a system for more regular summary financial statements for the Board.

I would respectfully point out, however, that the report's emphasis on measurable goals and indicators of success reflects little understanding of either the purposes of this kind of exchange or the way in which those purposes can realistically be advanced.

The goal of Open World—both in its statute and its daily operation—is to introduce an emerging generation of political leaders to the actual functioning of America's democratic practices, market economy, and nongovernmental civil society. As the program's founder, I generally modeled it on the small but significant portion of the Marshall Plan that brought young German leaders to the United States after World War II to give them firsthand exposure to a very different system, which they gradually adopted to rebuild a shattered and defeated Germany into a prosperous and democratic federal republic. Much of the future leadership of the new Germany came from this relatively small part of the Marshall Plan, but the results were achieved over time and would not have been evident—as the GAO report seems to suggest—in short-term social science data collection. Success in this important area is measured in years, through the rise to leadership of a new generation that was not formed politically by a totalitarian system and has seen a democratic alternative at work.

The program for young Germans after World War II was designed for a people who had been pulverized and occupied militarily and had no alternative but to return to the democratic system that predated their 12-year Nazi system. Open World's young Russians came from a country that had itself thrown off a 74-year totalitarian system; but Russia had no prior experience with democracy and far less historic contact with democratic nations.

-3-

Because the Open World Program targeted people who had already demonstrated some leadership potential within post-Communist Russia, it was not possible to get them to leave for long periods of time. One measurable sign of success of the program is the astonishing fact that *not a single participant decided to stay in the United States* despite the difficult conditions that awaited them back in Russia. This is in sharp contrast to the large number of Russians (and other foreigners) who have come under various other programs and guises and remained in the United States. Another "measurable indicator" of success is the equally astonishing fact that, despite the marked recent rise of authoritarian nationalist and anti-western sentiment in recent years, no participant has used his or her time in America—as far as we have heard—for a public denunciation of America and its policies. Indeed, in my many conversations with participants passing through Washington, I have found the impact of even a brief stay here to be most profound on Communists and extreme nationalists—groups that we took considerable risk in including in the program.

There are a number of specific ideas and examples that Russian participants have taken back to their country; and Open World has received substantial media coverage inside Russia—particularly in the regional press. But it would be an expensive task to compile, conduct, and translate a systematic inventory of all press; and it would be patronizing and counterproductive to keep asking past participants to testify to the value of their experiences. Mutual understanding is a desirable by-product of Open World (and of most other exchange programs), but it is not a measurable, performance-based goal.

The Open World program is designed not to have Russians simply imitate in the short run something they found in America, but rather to experience the value and viability of an accountable, participatory and open society—and to adapt and achieve their own version of an open society as these leaders rise through the political system over time. Critics often argue that exchanges are basically "feel good" programs that must be validated by measurable short-term results. But Open World is a do-good program that has created many new Russian-American exchanges (sister courts, for instance) and some alumni networking inside Russia. Its transformation potential can only be validated in the medium or long term.

Because Open World involves a very large number of promising future leaders, it carries a comparably high statistical probability of successfully impacting the system. GAO notes that "the percentage of delegates from each region is roughly comparable to the proportion of the Russian population that each region represents." The program thus, by its very structure, encourages the democratizing process, which—for the first time in Russian history—is effecting changes from the periphery in and the bottom up rather than just out and down from the Kremlin.

-4-

In closing, I hope it is valuable to the Congress in requesting GAO's review to note the information gathered [Appendix III] about other exchange programs and executive branch agencies that conduct exchanges with Russia and other countries of the Newly Independent States (NIS). It would have been helpful to have pointed out in the executive summary (1) that the number of Open World participants exceeds that of all Executive Branch programs combined, (2) that it operates at an economical per capita cost ($6,200 in its most recent year), and (3) that only Open World operates effectively outside Russia's major cities.

As chairman of the Center's board of trustees, I will share GAO's report and findings with our honorary chairman, Senator Ted Stevens; our Congressionally appointed trustees, Senators Bill Frist and Carl Levin, and Representatives Robert E. Cramer and Amo Houghton; and our private-citizen trustees, who all have great experience in exchanges of this kind: former U.S. Ambassador to the Russian Federation James Collins, former Member of Congress James Symington, and the founder of the Open Society Institute, George Soros. Our goal as a board is to oversee the administration of the program and any future expansion requested by Congress. We appreciate the report's comments and will keep its recommendations in mind as we try to balance added financial investment in administration with the all-important goal of bringing as many future leaders to America as possible from the former Communist countries.

Sincerely,

James H. Billington
Chairman of the Board of Trustees

Mr. Jess T. Ford
Director, International Affairs and Trade Division
U.S. General Accounting Office
441 G Street, N.W., Room 4964
Washington, DC 20548

GAO Contact and Staff Acknowledgments

GAO Contact

Michael Courts, (202) 512-8980

Staff Acknowledgments

In addition to the person named above, Natalya Bolshun, Lyric Clark, Janey Cohen, Martin De Alteriis, David Dornisch, Etana Finkler, Maxine Hattery, Catherine Hurley, Ed Kennedy, Lori Kmetz, Joy Labez, David Merrill, John Reilly Jr., Mark Speight, and Heather Von Behren made key contributions to this report.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to e-mail alerts" under the "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are $2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone:	Voice:	(202) 512-6000
	TDD:	(202) 512-2537
	Fax:	(202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548

PRINTED ON RECYCLED PAPER

United States
General Accounting Office
Washington, D.C. 20548-0001

Official Business
Penalty for Private Use $300

Address Service Requested

Presorted Standard
Postage & Fees Paid
GAO
Permit No. GI00