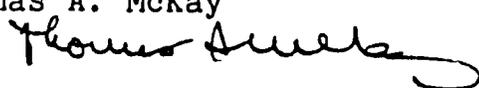


FID-ADMIN 274  
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9320239/42

FEB 4 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, FVA

FROM: FVA/PVC, Thomas A. McKay



Problem: You are asked to approve a three-year, \$775,000 Matching Grant to Goodwill Industries of America (GIA) to permit GIA to support income-generating activities for the mildly handicapped in seven USAID countries. AID's grant share is \$375,000.

Discussion:

A. Background: Goodwill Industries of America (GIA) is a non-profit membership service agency providing coordination, technical support, and policy guidance to its 175 autonomous members. Each member is a non-profit business enterprise, generating revenues from sales and contracts, raising funds through donations, and providing rehabilitation and training services to the disabled. In 1981, business revenues of U.S. Goodwills totalled \$282.5 million - 85% of their annual operating revenues. These local organizations support GIA with membership dues, part of which are destined for GIA's International Office, a division of the national Goodwill structure. Other sources of funding for this Office are international affiliate dues, private contributions, and corporation and foundation donations.

The Goodwill idea has spread worldwide since the first overseas affiliate was established in Uruguay in 1925. There are now 43 overseas Goodwill organizations, operating in 31 countries. They are coordinated by the International Council of Goodwill Industries. The USGIA is a member of this Council, and can draw help from its international affiliates for its projects in developing countries. These projects are handled through USGIA's International Office.

This International Office is fairly new. It was established in 1976, and funded from then through 1981 by AID grants (a DPG and IDG; 5 1/2 years; \$688,000 in AID funds providing 66% of cash program costs.). As the IDG was ending in 1981, GIA applied for a Matching Grant; they were turned down on competitive criteria. A one-year, \$100,000 Bridge Grant was also considered and not approved. GIA then substantially revised its program--in content, emphasis, staffing, methodology, and evaluation systems--and again submitted a Matching Grant proposal in 1982. This proposal concentrated on income generation programs exclusively, omitting the social welfare aspects of past programs. An evaluation plan, beginning with the collection of baseline data, was also added. This detailed plan to determine the economic impact of GIA

interventions remedied one of the more serious past criticisms of GIA work, the lack of verifiable indicators and of measured results. Taking these improvements into consideration, this year's Matching Grant Committee approved GIA's proposal for further processing, subject to Mission approvals for planned field work.

B. Proposed Matching Grant Program: GIA plans to work in seven countries, through indigenous affiliates, to increase the income earned by mildly handicapped young adults. Candidate countries are:

<u>Africa</u>	<u>LAC</u>	<u>Asia</u>
Mauritania	Jamaica	Philippines
Zimbabwe	Peru	
Togo	Panama	

The proposed country programs have dual emphases:

- (1) Technical Assistance: To improve the institutional capacities, programs, and financial self-reliance of cooperating indigenous organizations and
- (2) A Grants Program: To provide direct project support to the seven local affiliates. (\$280,000 will be distributed in amounts of \$10,000 - 45,000 per grantee).

In addition to direct in-country work with its seven local affiliates, GIA proposes to give regional seminars through the three collaborative organizations for the handicapped it helped found:

WAFAH: West African Federation of Associations for the Advancement of Handicapped Persons.

CARD: Caribbean Association for the Rehabilitation of the Handicapped.

GLARP: Grupo Latino-Americano para la Rehabilitacion Profesional.

These seminars would reach groups beyond the seven target nations, and would focus, like the country programs, on income generation for the handicapped and financial self-sufficiency for the sponsoring agencies.

Country Clearances: All missions queried (6) endorsed the programs proposed by GIA for their countries. The Africa Region has put a hold on all new US grant activity in Togo (including centrally-funded efforts) until at least March 1983, so the Togo portion of the Matching Grant is "reserved" at this

time. Togo is included in the Matching Grant, however, subject to the lifting of the Africa Region's ban.

C. Issues:

1. Program Focus: The present Matching Grant program focusses exclusively on income generation for mildly-handicapped young adults. A criticism of previous GIA proposals had been the emphases on networking, consciousness-raising, and similar social-impact issues. This proposal eschews those foci, concentrating on training the handicapped for jobs and strengthening the indigenous institutions that provide the job training and placement. This emphasis meshes with AID's sector goals.
2. Track Record/Impact: Track record, including economic impact, was a concern of the committees which rejected GIA's first bid for a Matching Grant, and for a subsequent Bridge Grant. The present Committee agreed that the proposed program, prepared by new and able staff, and including careful collection of baseline data and a single focus on income, was likely to succeed. They also agreed that the past IDG efforts had probably had substantial local economic impact, as witnessed by affiliate letters, in spite of staff having failed to measure that impact. (Those staff are no longer at GIA).
3. Evaluation: The grant proposes that formal agreements "Memoranda of Understanding" be entered into by GIA and the recipient indigenous organizations. These would spell out the duties and responsibilities of each party, including the submission of regular economic and evaluative data by the sub-grantee. An affiliate's failure to monitor and report activities on a regular basis would trigger withdrawal of GIA assistance. In each case, economic impact is to be measured during and for two years after an intervention. This information is for GIA's planning purposes, as well as to serve grant reporting needs.

The end-of-grant (34 month) evaluation is budgeted by GIA at \$10,000. The Matching Grant Committee doubted that this amount was sufficient and suggested that either AID or GIA allot additional funds. Asked to comment on the Committee's finding, GIA said (a) they often got "at-cost" social-minded evaluators, making \$10,000 a realistic figure, but (b) they wished a thorough, lessons-learned evaluation and would look for additional evaluation funding themselves, if this seemed necessary as the evaluation period came closer.

4. Sub-Grants Program: \$280,000 of Matching Grant funds will be set aside for direct project support to GIA's seven indigenous affiliates, as mentioned earlier. These are to be "seed-money" ventures, and will be at least equally matched by local funds raised by the recipients--increasing the impact of the central funds. The Committee approved GIA's plans for handling this small-grants component of the proposal.
  
5. Staffing: One of the Review Committee questions to GIA concerned how three professionals could manage a seven-country, three-region program--including the direct provision of technical assistance. Soon after the review, GIA further reduced its central staff to two professionals, reserving the third salary for part-time, overseas-based consultants. This compounded the problem.  
  
GIA replied to the Committee's query on staffing in a letter (and later revised the proposal), describing the broadly-experienced domestic GIA staff which stood ready to back up the International Office, often at no-cost. GIA also made a special commitment, in conjunction with the Matching Grant proposal, to see that the central international office was always properly staffed, if necessary by "borrowing" experts from the parent organization. This is not hard to do, as the international office shares space in the same Bethesda building that houses the national staff. In explaining their position, GIA emphasized they wished to keep their regular full-time international employees few in number, to husband funds for overseas activities.
  
6. The Match: GIA asks that AID provide \$375,000 to match its own contribution of \$400,000 in cash and \$147,000 in in-kind services. The Review Committee agreed that GIA could raise the amounts it was proposing to contribute to the grant. Supporting this view was the fact that GIA received \$103,000 in donations for its International Office in the first 9 months of 1982.
  
7. Togo Program: As noted earlier, the Africa Region in AID declined to clear our Togo cable, as no new work--centrally funded or other--is being approved in Togo until certain staff changes take place. Two other Matching Grant cables were also refused clearance, so this delay is not limited to the GIA program.

The ban may be lifted in March or April 1983. If so, we will query the Mission at that time for approval of GIA's proposed Togo program. GIA is aware of the problem, and has undertaken to omit Togo activities from the Matching

Grant unless/until receiving written notice from AID that the Togo program has been approved for receipt of matching funds. If the Togo program should not receive clearance or approval in a reasonable period of time, GIA will reprogram the Togo monies - either among the proposed six recipient programs, or by adding a new participant to the Matching Grant (with requisite approvals.)

Meanwhile, GIA will continue to assist its local Togo affiliate with privately-raised donations. The Togo model is unique and one GIA wishes to continue to monitor. In it, the GIA affiliate places handicapped youngsters in apprenticeship positions with master craftsmen, paying both teacher and student a modest stipend. These costs are less than those connected with the provision of central training facilities. Where apprenticeship systems are in place in other countries, this model may be replicable, and GIA hopes that eventually its aid may be increased through inclusion of the program in the Matching Grant.

Summary:

GIA's proposed program to increase income possibilities for the handicapped in seven USAID countries (including increasing the management skills of indigenous PVOs, and strengthening indigenous institutions via financial self-reliance) has been endorsed by the Matching Grant Committee. USAID Missions where joint GIA/IPVO activities will take place have also been supportive (excepting Togo, as mentioned.) The program is modest in size (From AID: Year I - \$100,000; Year II - \$125,000; Year III - \$150,000.) It is to be carefully monitored at three levels: indigenous PVO, GIA, and AID. All issues raised during the review process have been resolved. I therefore recommend that you approve funding for the GIA program, as delineated in this Memorandum and the attached proposal.

Recommendation: That you approve the above-described Matching Grant program with Goodwill Industries of America, and

the provision of \$375,000 to cover AID's share of its costs for three-years, subject to the availability of funds.

Approved: *J. Kelly Stoddy*

Disapproved: \_\_\_\_\_

Date: 2/7/83

Clearances:

FVA/PVC, IAHeyman DRAFT Date 1/26/83

FVA/PVC, SBergin DRAFT Date 1/26/83

FVA/PPE, LStamberg DRAFT Date 1/28/83

ASIA/DP, BGeorge SUBS Date 1/31/83

AFR/DP/PVC:HSmith SUBS Date 1/31/83

LAC/DP:PMaguire SUBS Date 2/1/83

*CM*  
FVA/PVC:CMillikan:1/28/83:ses:X58420:rvsd 2/3

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY  
 Centrally Funded

3. PROJECT NUMBER  
 938-0239

4. BUREAU/OFFICE  
 Bureau for Food  
 for Peace and Voluntary Asstde.  1

5. PROJECT TITLE (maximum 30 characters)

GOODWILL INDUSTRIES OF AMERICA (MG)

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
 09 08 86

7. ESTIMATED DATE OF OBLIGATION  
 (Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY  1  2  3  4  
 B. Quarter  1  2  3  4  
 C. Final FY  8  9  0  1  2

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			100			375
(Grant)	( )	( )	( )	( )	( )	( )
(Loan)	( )	( )	( )	( )	( )	( )
Other						
U.S.						
1.						
2.						
Host Country						
Other Donor(s)						
TOTALS			100			375

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) EH-	760	730				375		375	
(2)									
(3)									
(4)									
TOTALS						375		375	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code  
 B. Amount

13. PROJECT PURPOSE (maximum 450 characters)

To permit GIA to support income-generating activities for the mildly handicapped in seven USAID countries.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
 1 2 8 9

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

17. APPROVED BY

Signature  
 Thomas McKay, Director  
 FVA/PVC

Date Signed  
 MM DD YY  
 02 04 83

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY