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OFFICE OF PRIVATE AND VOLUNTARY COOPERATION
AGENCY FOR INTERNATIONAL DEVELOPMENT

PVO INSTITUTIONAL DEVELOPMENT EVALUATION SERIES
FIELD REPORT # 3

Goodwill Industries of America, Inc.

and

Caribbean Association for the Rehabilitation of the Disabled (CARD)
Eastern Caribbean

Asociacion Panamena de Industrias de Buena Voluntad (APIBV)
Panama

Jairos Jiri Association
Zimbabwe

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Executive Summary

This evaluation of Goodwill Industries of America (GIA) is one of a series of AID/PVC evaluations of five private voluntary organizations, focusing on the area of institutional development and dealing with three broad issues:

- 1) Organization and management of the PVO, and whether certain management approaches and kinds of organizations are associated with more effective projects.
- 2) Process and kinds of assistance provided by the International PVO to the affiliate and the relationship between the type of assistance and the way it is given, and the effectiveness of the funded activities.
- 3) Long-term development resulting from the PVO-funded activities, and how the organization and management of the PVO, and the process and kinds of assistance provided by the International PVO to the affiliate affect these results, positively or negatively.

The work of Goodwill and its affiliates was evaluated in three places: in the Eastern Carribean where the GIA affiliate is the Carribean Association for the Rehabilitation of the Disabled (CARD); in Panama, where GIA's affiliate is the Panamanian Association of Goodwill Industries (APIBV); and in Zimbabwe, where the GIA affiliate is the Jairos Jiri Association (JJA). Each program illustrates a different form of GIA support. CARD represents an institutional development effort by GIA to assist in the formation and growth of CARD as a regional organization. GIA is also working to encourage the traditional workshops run by CARD's member organizations to change themselves into businesslike operations that are capable of providing sustained employment on a self-financing basis to persons with disabilities. GIA's assistance to APIBV in Panama is to develop a pilot Partnership with Industry (PWI) program, a job development approach which GIA believes may be an effective model for training and employment generation in developing countries. The focus of GIA assistance to the Jairos Jiri Association in Zimbabwe has been on staff development through training of key personnel in local Goodwill Industries in the United States as well as management seminars for other staff members at JJA in Zimbabwe.

In addition to the focus of the evaluation as described above, the evaluators also assessed the cost effectiveness and likely sustainability of each program, and its impact on the economic and social betterment of the target groups and on society's attitudes toward these groups.

Goodwill Industries of America

Founded in 1902, Goodwill Industries of America (GIA) is an international federation of private voluntary organizations which are not-for-profit business enterprises providing disabled and disadvantaged persons with both employment opportunities within their own enterprises and vocational training and placement in business and other organizations in their communities. There are currently 174 North American affiliates, and 44 affiliates in 30 countries outside the US and Canada. Twenty-three affiliates are based in developing

countries which receive AID assistance. Local Goodwill Industries are legally and financially independent, operating on business principles, and striving to sustain their entire operations through the sale of goods and services. GIA's international affiliates include traditional rehabilitation agencies which provide vocational training and productive employment in small industrial workshops; self-help organizations of disabled persons which operate projects that provide training and employment to their members; and national or regional associations of rehabilitation agencies which either operate vocational training programs or provide supportive services to their members.

GIA's International Department is part of the Executive National Office in Bethesda, Maryland. With a recent annual budget of \$275,000, the International Department provides technical and organizational development assistance, project funding and networking/brokering services to affiliates. The Department views its role as collaborative and does not have any staff in-country nor does it directly implement projects in the field.

Carribbean Association for the Rehabilitation of the Disabled

The first GIA affiliate to be evaluated was the Carribbean Association for the Rehabilitation of the Disabled (CARD). Founded in 1980 with GIA's assistance, CARD's creation was the result of GIA's consultations with its five Carribbean affiliates which showed the similarity of the problems they faced in working with the disabled in the region. A region-wide, membership organization, CARD's mission is to promote effective measures to prevent disabilities, and to rehabilitate disabled persons and assist them to fully participate in society. CARD's objectives in carrying out this mission include information dissemination, technical assistance in program planning, implementation and evaluation, training opportunities, identification of vocational opportunities for the disabled, identification of resources for members, and public awareness and advocacy for the rights of the disabled.

Examples of CARD's program activities are:

- A three-year training program in vocational management for workshop managers and supervisors, funded by the Canadian International Development Agency; sixteen workshop managers have completed this training.
- A three-year vocational training and employment development program to provide technical assistance in workshop management to member organizations. This was funded by GIA through the AID matching grant, and included start-up funds for the mini-industries program started in workshops in four countries.
- Co-sponsorship and organization of three regional conferences, one of which, the Carribbean Conference of Deafness, resulted in the formation of the Carribbean Association for the Hearing Impaired.

Assistance which GIA has given to CARD has focused on:

- Organizing and financing CARD's formative meeting and first training courses;
- Formulating its bylaws and selecting its staff;
- Providing start-up funds for the mini-industry program;
- Sponsoring participation of CARD representatives in seminars in the United States.

GIA's program focus has been to provide CARD and its members with technical and financial assistance in vocational training and employment creation. GIA's orientation in this assistance has been to assist rehabilitation workshops to begin to function as viable business entities, which can provide sustained employment on a self-financing basis to persons with disabilities. CARD is unique in the region in that it provides vocational education and employment support and services to members without regard to the type of disabled population served or whether members are traditional rehabilitation agencies or self-help organizations.

CARD's Accomplishments

Since CARD was constituted as a regional membership association in

1981, it has achieved the following:

1) CARD has successfully established and maintained itself for five years and has organized on-the-ground programs with a bare-bones budget. This is no small achievement in the Eastern Caribbean where regional organizations come and go and are accused of doing too little with too many resources. The moving force behind CARD's development was its first President and Executive Director, the Managing Director of the GIA affiliate in the Bahamas, who took the idea of CARD as proposed at a conference in 1980 and made it into the regional membership organization CARD is today. CARD's annual budget for 1984 and 1985 was US\$60,000, including yearly administrative costs of approximately US\$3,200. While GIA provides half of CARD's administrative and program support through the AID matching grant, CARD has met the rest of its budget through membership dues, donations and grants from other donors. GIA has assisted CARD in diversifying its funding base. CARD will continue to rely on outside funding for the foreseeable future.

2) CARD has formulated bylaws, structured itself, recruited interested and competent board members and staff, and presided over a smooth transition in leadership at both the Board and Executive Director levels. GIA provided assistance in the formulation of bylaws, selection of staff and training of board members. Since 1984, the organization has been administered by the Acting Executive Director, a Peace Corps Volunteer with a rehabilitation background. A new Executive Director was to be chosen in March, 1986.

3) Management training courses for workshop managers and technical assistance to workshops are important elements of CARD's program, and are viewed as important contributions by CARD members. The Melwood Horticulture Training Center, a US-based private non-profit organization concerned with the rehabilitation and employment of the disabled provides technical assistance to CARD through the matching grant. Their assistance focuses on management, organization and small business development. As a result of their continuing technical assistance, workshop managers without a business background have learned economic principles affecting their enterprises and have begun to incorporate sound business practices into their operations. In addition, workshop managers are re-examining their operations and establishing advisory boards to provide on-going leadership, management and accountability of the enterprises.

4) CARD co-sponsored and organized three regional conferences concerning issues of the disabled which stimulated the disabled rights movement and led to a critical re-examination of the progress and problems of existing programs. In addition, regional communications and working relationships were established. Perhaps most importantly, the conferences provided the opportunity for disabled people to develop self confidence as leaders; an outcome of the first conference was that CARD restructured its bylaws to include a mandate that one-third of its Board of Directors must be comprised of disabled people.

Major Issues

• CARD's Institutional Identity and Organizational Focus: In the beginning, CARD declared itself to be a regional umbrella organization for all organizations working with disabled populations in the Carribean, and expressed its intention to work on several areas which affect the disabled. This behavior offended the long-established regional organizations already working with the disabled, which perceived CARD as an upstart with neither the experience nor the authority to claim title to the role of regional coordinator and as a potential usurper of their respective turfs. Since then, CARD has been able to allay the suspicions of the regional rehabilitation community by focusing on vocational training and employment generation and by proving that it intends to cooperate with rather than compete with or co-opt other regional organizations. GIA has been helpful in assisting CARD to narrow its focus in this way.

In spite of a narrowed focus on vocational training and employment generation, CARD still continues to want to do many more things with very limited financial and human resources. Its 1985 bylaws list nine objectives for the organization, in addition to providing vocational opportunities. It is important for CARD to choose carefully which areas will be priorities for the organization. To not have done so thus far has adversely affected the organization's planning ability and the clarity of its projects.

The new President and Board of CARD are eager to make the necessary decisions to appropriately limit the focus of the organization. A new Executive Director was to be recruited in March, 1986. A vocational development advisor was to be recruited as a counterpart to the Melwood consultant. The Board was considering structuring itself into program committees to ensure more comprehensive program guidance and smoother administration and management. The Board members are all volunteers and located in different islands, with limited resources available for travel. This arrangement makes for good regional representation but poor planning, communication and follow-up. CARD was also planning to structure Board travel in particular regions for specific purposes and opportune moments, as a way of improving the functioning of the organization.

GIA and Melwood can support these efforts by providing training and technical assistance to CARD in determining a more focused program and in designing plans to meet long-term organizational targets.

• Role, Training and Priorities of the Boards of Directors: In the effort which CARD has undertaken to assist rehabilitation workshops and self-help groups to become businesslike entities able to generate sufficient income and become self-sustaining, the role of the Boards of Directors of the workshops is likely to be crucial to the success of this effort. They will be the main channel for contact with local businesses, the arbiters of the tensions arising between the managers and clients/workers, and the principle advocates of the goal of self sufficiency in a system where the welfare of the client has been the overriding reason for operations.

The importance of the role of the workshop managers has been recognized and training, support and guidance have been given to them. However, much less attention has been given to the board members. The board members need considerably more training and help in

understanding what is expected of them and the dynamics of the change the workshops will be going through.

The CARD board of directors also need encouragement to attend board meetings, to conduct the work of the subcommittees being formed, and to perform more liaison work on behalf of CARD with its constituent organizations.

Such attention to the Board of Directors of CARD and to the Boards of Directors of the workshops will be key to the successful development of CARD and of its program to shift the workshops into self-sustaining business operations.

● Accountability at All Levels: CARD has not done much planning in the past. As a result, the organization does not have interim or long-term goals expressed in numerical or specific terms either for itself or for its utilization of the financial support it receives from others. This situation inevitably reduces the sense of accountability of CARD and its member organizations, and probably tends to undermine their sense of accomplishment as well. The evaluation team got the impression that CARD's professional staff and many observers of its operations share this view; want to change it; and would welcome assistance in doing so.

The organizational measures to be taken by the new President, Executive Director, and Board of Directors need to include this aspect of accountability. GIA can help by providing technical assistance in planning, as well as requiring that their own agreements with CARD include measurable targets.

● Institutional Change: Perception, Reality and Pace: The mini-industry program was initiated to support vocational training and employment opportunities for the disabled by the creation of small manufacturing enterprises. These were to be run by CARD's organizational members, using local raw materials, and producing items requiring a relatively low level of technology which could be sold domestically and could compete with expensive imported products. Mini-industries were started in Dominica, Montserrat, Nevis and St. Lucia, and items such as coat hangers, potscrubbers and chalk were produced.

This mini-industry program was undertaken without an appreciation of the complexities and changes which would be required, and without proper planning. The program was initiated based on experiences in the Bahamas and Jamaica without examining important environmental and resource-based differences. No canvassing of potential local support or interest was done; no analysis of the institutional capability of the targetted organizations was done; no financial analysis of the enterprises was done to determine their likely profitability, nor was there any analysis of market forces which would affect the potential of the industries. For these and other reasons, the program got off to a slow and shaky start.

The nature of this program will require its members to make the jump from operating educational and social welfare programs to operating business enterprises. This is not an easy task and requires modifications of established administrative systems, organizational

operating principles and management approaches, as well as attitudinal changes. CARD's ability to assist its member organizations in this transition will depend on its recognition of the complexity of the task and on the design and implementation of an effective program of action to address the problems. CARD's intended management training courses, as well as the on-going technical assistance in board and organization development are steps in the right direction. The commitment of the member organizations to adopt new operating principles and management styles will be the key to the success of this endeavor.

The greatest achievement of this program thus far has been that through the efforts to establish the industries, the member organizations have begun: 1) To recognize the problems confronting the operation of viable businesses; 2) To realize the important organizational and attitudinal changes which must take place within the workshop setting in order to run viable business enterprises; and 3) To identify the need for and obtain technical assistance from Melwood to support further development.

• The Role of the Disabled Persons in the Workshops: As the workshops make the transition from a charitable, social welfare approach to a more businesslike orientation, changes in the roles of staff, board members and clients will take place and will need to be examined. Tensions are likely to arise as workshop managers make the shift from working "for" the disabled to working with them as business managers. The disabled, as they become more production-minded, will become more assertive and desirous of taking charge of their lives, and will want to seek more authority. While such tensions are natural in a stage of dramatic organizational growth and change, they could become disruptive if they are not dealt with appropriately. CARD and GIA need to be prepared to deal with these tensions before they become destructive. Special training and guidance should be given to workshop managers so that they will be sensitive to such tensions and are able to deal with them constructively.

• Social and Economic Impact: CARD's actions have had little impact on the economic and social conditions of the countries in which it has member organizations, because of the small number of people involved in its programs and the relative isolation of the disabled communities within the national development settings. Impact is unlikely to be significant at a national level in the foreseeable future. Nevertheless, CARD has made an impact on the awareness level of the disabled and those working with the disabled, by supporting a business approach as an alternative to the traditional social welfare focus of CARD affiliates, and by sponsoring the travel of disabled persons to conferences and workshops. Given the small size of most of the economies, should CARD's efforts to produce businesslike workshops be successful and their coverage expanded to include most of the disabled of these countries, the impact could be consequential. In order to do this, CARD needs to direct and channel the energies of the affiliates' leaders, continue its business management technical assistance and training efforts, and develop a well-focused plan of action.

• Integration with Other Development Efforts: CARD affiliates have operated in a somewhat isolated fashion from the mainstream of

national development, at least partly due to the social service orientation of CARD affiliates and society's perception of the disabled. Because of this, local resources have been overlooked. In some Eastern Caribbean countries, vocational training resources are available from the OAS/USAID sponsored Special Training Program and technical assistance and financial resources are available from the National Development Foundations. Both might be sources of support to CARD and its affiliates.

CARD has made an effort, through a Melwood-organized course, to support its affiliates in their efforts to identify and tap locally available resources, but more is required. The affiliates need to follow up with national development organizations to determine how best to make use of the locally available resources. CARD should support this effort on the part of the affiliates.

Assessment of GIA Assistance

1. GIA has had a significant impact on the thought of persons working with the disabled in the Eastern Caribbean in that many of them appear to be convinced that they should place the emphasis of their work on creating businesslike organizations to provide sustained employment for their disabled clients.
2. GIA played a key role in establishing CARD and assisting it to be a viable institution in the region. Through assistance in organizing and financing the first formative meeting of CARD and its first training courses, formulating its bylaws and selecting its staff, providing start-up funds for the mini-industry program, and sponsoring the participation of CARD representatives in seminars in the US, GIA significantly helped to launch CARD.
3. GIA has provided important management training and technical assistance for workshop managers. However, more training is needed, particularly with the Board of Directors of CARD, and the boards of the member organizations in how to deal with social and organizational tensions arising under the program.
4. It seems that GIA underestimated the level of resources and time needed to achieve the results expected. Moreover, no specific targets were set, thus making it hard to measure accomplishment. GIA must now create specific targets and a system for measuring progress toward them. GIA should also become more active in offering guidance and support.
5. It is too early to determine with any accuracy the cost effectiveness of the CARD program since changes in workshop operation anticipated by the training programs have not yet translated into concrete economic benefits. GIA has provided a total of approximately \$120,000 to CARD over a three-year period for program and technical support and training. Since the level of support provided by GIA is so modest, the program is likely to be cost effective if it results in any lasting improvements through the CARD program.

Major Recommendations

For CARD:

1) The Board of CARD should further clarify the focus of the organization's efforts; review and approve the operational plans prepared by the staff to assure that they are compatible with that focus and have sufficient specificity to permit accountability for performance; and initiate a major effort to identify new sources of financial support.

2) Members of the Board of Directors of CARD should participate actively in the committees and provide liaison between CARD and its constituent members.

3) CARD should pay increased attention to the work of the Boards of Directors of its member workshops and to preparing and supporting the members of these boards in their work.

4) CARD should give priority in its budget to funding a counterpart position for the Melwood advisor and should seek the cooperation of GIA, the Peace Corps or other external agencies in providing staff support for the new Executive Director upon the departure of the current Peace Corps volunteer who is currently acting as CARD's Executive Director.

For GIA:

1) GIA should consider increasing the level and intensity of its assistance to CARD. This should include an agreement with CARD as to what specific program targets will be supported by GIA and a periodic review with CARD of progress made toward those targets.

2) In its future work with CARD, GIA should pay particular attention to the role and needs of the Board of Directors, and provide training which would help CARD and its members deal with conflict resolution and the social and organizational tensions likely to accompany the program's implementation.

3) GIA should consider providing: assistance for feasibility studies of new activities by the workshops; funding for attendance at subcommittee meetings by members of the Board of CARD; and funding to cover costs of the staff mentioned in Recommendation #4 above. Such consideration should take place in the context of a plan by CARD to identify new sources of financial support.

For AID:

1) AID should encourage GIA to use specific targets in its programs and to seek accountability from CARD and GIA of progress made on these targets. In doing so, AID should be realistic regarding what can be accomplished with the level of resources which AID is able to provide.

Panamanian Association of Goodwill Industries (APIBV)

The Panamanian Association of Goodwill Industries (APIBV), a non-profit social service organization, was created in 1970. The general objectives of the organization are:

- 1) To offer physically and mentally disabled people the opportunity to support their own social and economic development through rehabilitation, training and work in sheltered workshops;
- 2) To offer the country new sources of productivity through the incorporation and support of disabled persons in the labor force; and
- 3) To publicize the benefits of training people with disabilities.

The specific tasks of the organization are to:

- 1) Carry out vocational diagnosis and pre-vocational evaluation;
- 2) Provide physically and mentally disabled persons with pre-vocational and work adjustment training; and
- 3) Provide a basis for the incorporation into the labor force of mentally and physically disabled persons through competitive employment, the organization of cooperatives and independent work.

Until 1981, APIBV based its programs on the traditional social service model of rehabilitation (the operation of training workshops for the disabled within a rehabilitation agency) which resulted in serious financial difficulties for the organization and an almost negligible employment placement rate. In 1982, APIBV initiated a series of reforms to strengthen the organization, with the main objective being to increase workshop production by converting operations into self-financing sheltered workshops within a four-year period. By December, 1984, APIBV workshop production and sales covered 71% of the operating costs of the organization.

Presently APIBV supports the rehabilitation and employment of 60 disabled workers in four areas of production — carpentry, sewing, packing and door production; employs 15 technical and administrative staff members; and has an organizational budget of approximately US\$100,000.

GIA Assistance to APIBV

In June, 1985, APIBV and GIA agreed to establish a Partnership with Industry (PWI) program in Panama, known there as Alianza con el Comercio y la Industria (ACI). The PWI program differs from the traditional vocational rehabilitation model in the following ways:

- 1) Job opportunities in the local economy are determined before training programs are established;
- 2) Members of the business and industrial community form a partnership with the local rehabilitation agency and assume a senior management responsibility for the program; and

3) Training is conducted in the business or industry rather than only in the facilities of the rehabilitation agency.

GIA agreed to:

- Provide US\$25,000 to the program for one year;
- Organize and finance a study trip to the US for the ACI director;
- Produce a manual in Spanish explaining the program and how to develop it;
- Arrange technical consultancies by GIA or other personnel; and
- Continue technical assistance and training as well as establish contacts with organizations which could provide technical or financial assistance.

APIBV agreed to:

- Establish and manage an ACI program based on the principles set forward in the manual and adapted to local conditions;
- Document the development of the program, maintaining cost and benefit data to determine its effectiveness and to enable it to compare costs and benefits with other training programs;
- Organize an ACI advisory council from the business community;
- Hire a full-time director;
- Develop a plan for the program; and
- Select areas of potential training.

APIBV also agreed to consult with GIA before making any basic decisions about the program.

Functioning of the ACI Program

The present Panamanian Labor Code is a key factor in how the ACI program operates. Important elements of the code are:

- 1) It is difficult to impossible for an employer to dismiss any permanent employee for cause or even because of falling demand for the output of business;
- 2) It provides that after a certain time period of any type of employment a worker will be considered to be a permanent employee;
- 3) It prevents a worker from waiving his right to the protections of the Labor Code or of the Social Security legislation (Social security legislation adds approximately 40% of the salary level to the cost of employment); and
- 4) It prohibits private persons and organizations from performing the services of an employment agency.

The result of the code is that employers want to have as few permanent employees as possible and to use temporary employees instead. Many employees are dismissed from their jobs before achieving permanent status, irrespective of performance or need. There does not seem to be an organized system for providing temporary workers to employers. This is an important factor for the ACI program in that any reliable system for obtaining temporary workers, handicapped or not, is attractive. However, it is also extremely difficult to convince an employer to take on a handicapped person, or anyone, as a permanent

employee.

The goal of the program is to place ACI's temporary employees in permanent positions in private industry. Given the labor code, the ACI program plans to function in the following way. The ACI program employs disabled clients as trainees for the first two months, and under temporary contracts with employers for the next four months. In the beginning of the seventh month, the employee is let go, and all accounts with ACI are settled. Ideally, it is during the seventh month when the employee, through ACI, will have found permanent employment with this temporary employer, or elsewhere through the Ministry of Labor Special Placement Service. If the employee has not been able to secure a permanent position, s/he can come back to ACI in the eighth month and begin a new cycle of a four month temporary employment contract.

Accomplishments of the ACI Program

The ACI program was established in September, 1985, and run on an experimental basis through December, 1985. In the first six months of operation, it has accomplished the following.

1. The ACI has a full-time director, dynamic and well prepared, who has produced an annual plan and budget for the program. Two major areas of employment have been determined: packing and classification of products, and door installation. The ACI Program relies on other entities for sources of clients and evaluation services. While the ACI operates out of the APIBV workshop site, it is viewed as separate from the ongoing APIBV operations.

2. The Business Advisory Board was constituted during the fall, 1985. Its chairman is a businessman who has had a long and active association with APIBV, and who has been at the center of the effort to start ACI. The other six members are local entrepreneurs and professional people with skills useful to the operation. The ACI Advisory Board is both independent from the Board of APIBV and responsible to it. The Advisory Board plays a large role in identifying actual areas of employment before training begins.

3. In the first six months of operation, ACI has sponsored on-the job training and found permanent employment for five clients and temporary employment for twelve clients. In comparison, APIBV sheltered workshops have graduated 65 clients in the last 15 years of operation. It is unknown whether or not these clients secured or retained employment.

The current ACI program plan estimates that by employing 40 people per month, reaching a 100% permanent placement rate of 70 disabled clients per year, and maintaining a steady influx of pre-evaluated disabled clients, the program can become self-financing.

Major Institutional Issues

• The Separate Nature of the ACI and APIBV Workshops: GIA and APIBV agreed to operate the ACI program on an experimental basis under the auspices of APIBV, but to keep it separate from the on-going operations. This separateness of ACI within APIBV has proven to be a

mixed blessing.

Positive aspects are:

- ACI is identified with APIBV which has a good reputation in the local business community;
- ACI's Director can devote full-time to getting the program established;
- The programs have different foci, with ACI establishing a range of contacts with business, government and private organizations, while APIBV's workshops operate in a more insular and isolated fashion;
- ACI has access to the business community through the APIBV board and can also seek Advisory Council members from outside the APIBV network;
- Theoretically, ACI can be an out-placement service for the rehabilitation and training activities of the APIBV workshops; and
- The administrative separation of ACI within APIBV provides a basis for analyzing and comparing ACI costs and results with those of other operations.

Negative effects are:

- Recruiting the previous director of APIBV as the new director of ACI has created problems for APIBV. First, annual plans and budgets for APIBV have not been completed, nor has an analysis been done for the effective use of the expanded workshop space for APIBV which will be ready by mid-1986. The implementation of the APIBV workshop program seems to be running on an even keel, but the future planning of the organization remains in question.

Second, because of differences in personality and orientation, experience and training, there is tension between the previous Director (now in charge of ACI) and the new APIBV Director which could cause problems for both programs. The new Director is reluctant to out-place the most highly trained and productive clients through the ACI program, since the whole APIBV operation is supported by income from the workshops.

Third, the structure of the overall APIBV organization is not clear. Some staff and board members see ACI as a program department of the overall organization, while others see APIBV and ACI as two independent operations with interlocking but independent boards. While both descriptions are accurate to some degree, a clear definition of one structure needs to be decided upon to lessen the confusion, particularly as the two operations grow.

• Need for a More Active Business Advisory Council: One of the keys to the success of the ACI program will be the active involvement of the Advisory Council, particularly given the business community's aversion to hiring additional workers. The types of services for which ACI should be providing training need to be determined, and the demand for ACI's services needs to be created in the business community. The Advisory Council and the Board of APIBV can be helpful in this by hiring disabled workers in their own enterprises and by encouraging businessmen who have hired disabled workers to speak about their experiences.

In the long run, if ACI begins to develop into a permanent temporary employment service, as a result of the difficulties of placing people into permanent employment, the feasibility of creating such a service needs to be determined and training of the staff to run such a service will have to be undertaken. These tasks require the guidance of the advisory council. Such tasks are probably more demanding of the council's time than is usually expected of members of boards of charitable institutions. This needs to be recognized and dealt with. The advisory council will need to call on other members of the business community for assistance. One source, of course, is the APIBV board, although they will be called on for greater assistance as APIBV, itself, grows. In both of these endeavors, close collaboration will be required between the ACI advisory council and the APIBV board.

It seems that GIA has not taken a sufficiently aggressive position in offering advice to the Board of Directors of APIBV or the Advisory Council of ACI on the operation of the program. The evaluation team found that the people involved with the ACI program would welcome further involvement by GIA in the work with the Council. A more active GIA role appears to be important for the future success of the program.

• Attention to the Role of the Disabled in Decision Making and Administrative and Managerial Positions: Presently, disabled persons are not actively recruited to fill administrative, managerial and technical positions within the APIBV program. This has been consistent with the view, held by the public, businesspeople and some of the disabled, themselves, that rehabilitation work is charity rather than self-help work. However, as the disabled move from the sheltered workshops of APIBV to the open job market through ACI, they will see -- and likely resent -- the differences in wage levels paid by APIBV as opposed to other employers. Moreover, if the APIBV program insists on keeping its best trained and productive workers rather than allowing them to be placed through the ACI program, the workshop pay scale will cause resentments which could be directed toward both APIBV and ACI. The extent to which ACI and workshop staff anticipate these problems and are prepared to deal with them in a positive way will determine whether both programs are perceived by the disabled as promoting and serving their needs or exploiting their labor.

Training and placing qualified disabled clients in administrative, managerial and technical positions within the APIBV operations could provide important role models for other disabled clients, and provide APIBV management clearer insights into the delicate but important area of increasing awareness and attitudinal change on the part of disabled clients. This would also help with education of the public about the disabled, community outreach and improving the image of the disabled worker. ACI should consider the possibility of recruiting a disabled client to work with the present Director and to receive on-the-job training in the administration and management of the ACI.

• Potential for Financial Self-Sufficiency of the ACI: The products of ACI are work-ready and trained, disabled workers. The revenues of the enterprise are dependent on the margin earned between the price paid for labor to ACI by private industry and the wages ACI pays its clients. The financial viability of ACI will be linked to

how successfully it changes businessmen's attitudes towards employing disabled workers; attracts disabled clients who can be made a part of the labor pool with little additional training; and effectively orients and trains its clients.

If the program's goal is permanent placement, two additional factors come into play: how well it maintains a healthy out-placement program for permanent employment of the disabled, and how well it maintains a steady influx of work-ready trainees. If employment conditions result in ACI running a temporary employment service, two other factors must be considered: an expansion of the number of positions available to the disabled within the business community, and diversification of areas of potential temporary employment.

As long as administrative costs of the project remain at budgeted levels, the project will need continued subsidies. Subsidies for client evaluation and training or the direct provision of those services either through APIBV, or responsible governmental agencies, will be necessary as long as the ACI is to be effective in providing productive services to the business community. Subsidies for current operations will also be required if the enterprise is to operate on an equitable basis by including social benefits for workers. The ACI is a complicated endeavor that will require at least two to three years of high fixed costs to get it off the ground. Operating costs subsidies on the average of US\$10,000/year will be required for at least the next two years, and possibly a third.

• Management and Administrative Systems: If, as may be necessary, the ACI program becomes a temporary employment service, it will require a higher degree of managerial and administrative support than a permanent placement service. Placements into diverse fields of employment will require funds for training in particular technical areas, and agreements with businesses or vocational training programs to provide the training. As this occurs, administrative systems, coordination, managerial and supervisory tasks all will become more complicated. The Business Advisory Council will have to play a greater role in assisting ACI to modify its administrative systems. Technical assistance in financial projections and business plans will also be necessary.

• Social and Economic Impact: It is too early to come to conclusions as to the probable social and economic impact of the program. However, the ACI program has made progress in training and placing previously unemployed disabled clients in regular employment, and incomes have increased for the few people involved in the program to date.

Because of the small number of people involved in the program and the newness of the program, there has been no impact on the social and economic life of the nation, and no likelihood for a significant impact in the near future. However, there is potential for such an impact in the long run if ACI consolidates its network among government agencies and the business and rehabilitation community; expands both the number and the type of positions that are open to the disabled; and continues to work on changing the attitudes of the business community toward employing the disabled.

Key Program Issues

There are several important program issues which will be critical to the successful development of the ACI program.

- Given the labor code and the reluctance of employers to hire additional permanent employees, the basic premise of the PWI program is in jeopardy, i.e., that disabled persons will be well qualified to compete for permanent jobs upon completion of their training. Although efforts to find permanent employment should not be abandoned, ACI should consciously plan for a situation in which such permanent employment is not the normal outcome.

- If ACI ends up running a temporary employment service because of the absence of permanent jobs, it will have to: expand the number of positions available to disabled persons within the business community; expand the sources of previously evaluated and trained disabled clients; and diversify areas of potential employment from those now in the program.

Given the great demand by private industry for temporary employees, skilled disabled temporary workers will have a competitive position in the labor market if major attitudinal barriers toward employing disabled persons can be overcome.

A second, equally important need will be to maintain a constant source of pre-evaluated, work-ready and skilled disabled workers. The most natural source of such workers is the APIBV sheltered workshops. However, as mentioned, the Director is reluctant to release employees because the whole APIBV operation is supported by income from the workshops. This conflict must be resolved for the good of both programs. ACI also needs to establish relationships with other training entities which would be reliable sources of clients.

Lastly, the long term success and financial viability of the ACI will also depend on its ability to diversify its areas of employment. Additional temporary positions in the private sector that disabled clients can fill must be identified, and training in new fields must be provided.

Assessment of GIA Assistance

1. GIA was successful in getting the innovative concept of ACI accepted by APIBV, and played a key role in launching the organization. Its role in planning prior to the signing of the Memorandum of Understanding, and its study tour for the new ACI director both helped to lay the groundwork for the organization and prepare the director for a leadership role.
2. GIA provided a total of \$31,000 to APIBV over a two-year period. Because the ACI is so new, it is too soon to determine the cost effectiveness of the approach. However, the program has produced important economic benefits for the number of people involved in it, and has recuperated some costs of operation. These trends may continue although more resources will have to be invested in planning and staffing. Given the potential of the program, and the modest level of assistance, GIA's assistance is likely to be cost effective

if it results in any lasting improvements through the ACI program.

3. GIA and APIBV may have underestimated the time and resources it will take to put the ACI program on a self sustaining basis. The plan's major failings are to assume that permanent jobs will be found for most graduates and that the training necessary for participants will be available in other entities. It also appears that staff, financial resources and voluntary boards may be already over-extended. The resources and time may be inadequate to respond to expectations of significant impact in increasing income and generating employment under the new matching grant period.

4. Although GIA did foresee potential negative aspects of operating a PWI program together with more traditional activities, GIA may have underestimated the support needed to resolve those problems as they develop. The conflict between the perceived needs of APIBV and ACI, the strain between the two directors, the decline in attention paid to planning for APIBV, and the potential rivalry between the APIBV Board of Directors and the ACI Advisory Council are all areas requiring attention. The failure to take adequate corrective action on these issues was probably due to the limited time which GIA personnel could devote to the implementation of the program and the fear of being seen as too intrusive.

Major Recommendations

1. GIA should explore with the APIBV Board of Directors and the ACI Advisory Council what assistance GIA might provide to the boards concerning their operation and the support which they and volunteers from the Panamanian business community might give to the development and implementation of the ACI program.

2. The ACI program should give priority to expanding the size and scope of the Advisory Council and to involving more members of the business community in Panama in the work of the program, including generating demand for employment services and providing advisory services to the staff of the program.

3. GIA and the Advisory Council of the ACI should review the prospects for achieving permanent jobs for graduates of the ACI program and the implications of creating a permanent, temporary workers service. In the review emphasis should be given to the need for training and support for the persons who would manage such a service and of the magnitude of business which will be needed to sustain it. Attention also should be paid to whether funds need to be raised for the training of disabled persons before they are placed in industry and offices for temporary work.

4. GIA, the APIBV Board of Directors and the ACI Advisory Council should review the relationship between the ACI program and the on-going work of APIBV. The purpose of the review should be: 1) To determine whether, and if so, to what extent, the ACI program should take advantage of the productive workshops as places of training and sources of participants, or whether the ACI program should secure the collaboration of other training entities, such as commercial industries, educational/training institutions, and government or private vocational training programs; and 2) To ensure that the

administrative and professional staff of both programs work in a complementary and coordinated way.

5. APIBV, with the assistance, of GIA, should review the nature and extent of the accomplishments expected from the current and planned activities. Special attention should be placed on the realism of current estimates concerning the date by which the ACI program can be self-sustaining and the amount of external technical and financial resources which will be necessary to achieve that result. The result of the review should then be discussed with AID.

6. GIA should consider with APIBV what steps might be taken to prepare for the assumption by disabled persons of positions of responsibility and public profile in the work of the ACI program and the other activities of APIBV. GIA should offer the lessons it has learned in the US and in other areas of the world on how best to prepare for this evolution and to avoid the organizational tension that can arise in the process.

Jairos Jiri Association

The major evaluations of GIA grant-supported activities were done in the Caribbean and Panama. This evaluation of the JJA consisted of only a two-day visit to the organization and its centers, and was done in order to be able to compare a third approach of the same PVO.

JJA is one of the most well-established GIA affiliates, having been founded in 1950. The Association has 15 centers and operates 14 constituent branches throughout the country. It is the largest voluntary rehabilitative agency in the country, and one of the biggest private organizations on the continent of Africa.

GIA Assistance to JJA

GIA's assistance to JJA has focused on human resource development, which consisted of U.S.-based training of 5 JJA staff and the sponsorship of management seminars for other JJA staff. The current Chief Executive Officer of JJA participated in GIA's Executive Training Program, which emphasizes management, for one year and worked at the Milwaukee, Wisconsin Goodwill Industries. Two other senior staff, Mr. Seso Moyo and Mr. Simplicio Moyo studied management and rehabilitation. Seso also studied trainee evaluation and placement, and Simplicio studied production. They both were based at local Goodwill Industries in the US and had work assignments there. Mr. Amos Mpfu and Mr. Jonas Langwane received technical training, in electronics and small engine repair, respectively, and were also based at local US Goodwill Industries.

Analysis of Training and Costs

An analysis of the training shows that the selection of the candidates has thus far proven to have been appropriate although for Simplicio Moyo, Amos Mpfu and Jonas Langwane, it is too early to determine how well they are able to apply their training. Placements at Goodwill Industries facilities and training institutions appear to be mixed, with some excellent experiences having been noted, and some less than satisfactory arrangements occurring as well. Adjustment to the US was not viewed as a problem by the trainees, although this is a surprise to the evaluator given general experiences of foreign students, and in particular, given some of the living arrangements of the JJA trainees. Lastly, the management training received by the three senior staff seems to have been effective and is resulting in the strengthening of the organization and management of JJA and its programs. In particular, the adoption of American participatory management techniques by the three senior staff and their move away from the British hierarchical management style which is a holdover from colonial days before Zimbabwean independence is an important step which has been well received by the staff of JJA. For the technical training, it is too early to judge the results.

It is clear that the GIA assistance in human resource development has contributed to a strengthening of management and administrative practices and greater professionalism, and may result in more relevant selection, training and employment preparation for students at JJA — all of which are important elements of institution building. Since many donors are not interested in funding human resource development,

the willingness of GIA to focus on this area is all the more important.

Recommendations

If GIA intends to bring more people from affiliates to training in the US, it is important for them to focus carefully on placements at GIAs so that maximum advantage can be taken of resources available within the GIA system and so that the trainee gets the most relevant training possible. Local options for training in the affiliate's home country should be fully explored before making the decision to bring people to the US. Total costs for the GIA program were \$96,536, a reasonable budget for training of the four staff members in the US, technical assistance, and in-country management seminars. If the technical training turns out to be as successful as the management training has been, the program will have been relatively cost effective. Nevertheless, training in the US is an expensive proposition when compared to training within the country under local conditions, and each training decision should be considered in light of this expense and the question of relevancy of the particular training to the future work of the trainee.

Lastly, a bonding arrangement should be required of any trainee coming to the US so that he or she will remain at the affiliate for a designated period of years after returning home from training.

INTRODUCTION

This evaluation is part of the PYD Institutional Development Evaluation Series whose purpose is to identify those factors have been important for the accomplishment of PYD programs. The evaluation is not a review of overall program accomplishments and activities as such, but rather an attempt to identify and analyze the probable impact of the program on long term institutional development, while clarifying what activities are being carried out and what lessons may have been learned from the program.

The current matching grants agreement between AID and Goodwill Industries of America (GIA) supports technical and financial assistance to five countries and three regional organizations. This evaluation examines the assistance provided by Goodwill Industries of America to its local affiliates in three places: Eastern Caribbean, Panama, and Zimbabwe.

In the Caribbean program, Goodwill Industries of America assists CARD, a regional organization, in its formation and development. In Panama, GIA supports a local organization (APIBY) to develop a pilot PWI program which GIA believes may be an effective model for training and employment generation in developing countries. The Zimbabwe program focuses on staff development through training of key personnel in local Goodwill Industries in the United States.

John Oleson and Heather Clark formed the team for the evaluation of the Caribbean and Panamanian programs. Carolyn Long undertook the brief evaluation of the Zimbabwe program. This report is considerably longer than most field reports in the PYD Evaluation Series since it is really three field studies. The next section presents a general description of the program and philosophy of Goodwill Industries of America, and provides additional details regarding the field evaluation methodologies. This is followed by separate reports on Eastern Caribbean, Panama, and Zimbabwe. Because of the length of this triple report, we include a special summary of each of the three programs.

GOODWILL INDUSTRIES OF AMERICA (GIA) AND A.I.D MATCHING GRANT PROGRAM

Description of Goodwill Industries of America

Goodwill Industries of America, Inc. (GIA) is an international federation of

private voluntary organizations which are not-for-profit business enterprises providing disabled and disadvantaged persons with both employment opportunities within their own enterprises and vocational training and placement in employment in business and other organizations in their communities. There are currently 174 North American affiliates, and 44 affiliates in 30 countries outside the US and Canada. Local Goodwill Industries are legally and financially independent organizations with their own bylaws and board of directors. They operate on business principles, and strive to sustain their entire operations through the sale of goods and services. (GIA Annual Report, 1984) GIA's international affiliates include traditional rehabilitation agencies providing vocational training and productive employment in small industrial workshops; self-help organizations of disabled persons which operate projects that provide training and employment to their members; and, national or regional associations of rehabilitation agencies which either operate vocational training programs or provide supportive services to their members.

The GIA National Executive Office is located in Bethesda, Maryland, has a salaried staff of 54 and an annual operating budget of approximately \$3,800,000 (1984). (GIA Annual Report, 1984 pg 15) The Executive Office provides a wide variety of services to its affiliates including rehabilitation services, business and industrial services, and training and management services. (Proposal, 1985 pg. 2) (See Appendix 1 for the GIA Organizational Chart.)

Until recently, the GIA International Department consisted of a Director, a Field Services Coordinator and an Administrative Assistant. The GIA International Department currently consists of the director and a part-time administrative assistant. GIA's International Department does not have any staff in-country nor does it directly implement projects in the field. The Department views its role as a collaborative one in which it provides guidance, assistance and financial support to local institutions to enable them to develop and implement projects. In order to provide support to the international affiliates in training, technical assistance, and resource networking. The department relies on the collaboration of other Executive Office staff members and volunteer consultants from other GIA affiliates, uses financial grants to the local affiliates to assist them in purchasing technical assistance, and brokers services from programmatically compatible funding and technical assistance agencies.

Since 1977, the annual operating budget of the International Department has been, on the average, US\$300,000. The Agency for International Development (A.I.D.) has contributed, on the average, approximately fifty percent of this amount and the rest is supported by international affiliate and general membership dues, private contributions, and corporate and foundation grants. Since 1968 GIA has been active in assisting the development and growth of three regional organizations: the Grupo Latino-americano de Rehabilitacion Profesional (GLARP) which is now independent from GIA; the Caribbean Association for the Rehabilitation of the Disabled (CARD) to which GIA currently provides technical and financial assistance; and, the West Africa Federation of Associations for the Advancement of Handicapped Persons (WAFAP) to which GIA currently provides technical and financial assistance.

GIA has provided, i) technical assistance to affiliates in the design and implementation of job placement, cooperative development, vocational education and management training programs in Africa and Latin America; ii) organizational development assistance which resulted in the formation of ten new Goodwill affiliates in Africa; and, iii) leadership training opportunities and extended management and technical training for disabled leaders in local Goodwill Industries in the United States.

GIA/A.I.D. Matching Grant Program

Since 1976, GIA has received funding from A.I.D. to support the efforts of its International Department. In 1976 GIA received a Development Program Grant for US\$340,394 over a three year period to establish an International Department and become active in West Africa. In 1979, a three year Institutional Development Grant for US\$442,000 was awarded to GIA to institutionalize its methods of operation and become active in the Caribbean. The major activities supported by the grants have been developing and expanding local and regional organizations, vocational training and placement programs, and employment generation programs.

The current "Training for Self-Reliance" Matching Grant Program was designed and is currently managed by the International Department. The unsolicited proposal was approved in June, 1983 for US\$375,000 over a three year period. (A.I.D. Grant No. PDC-0239-G-SS-3112-00) The goal of the program is "to seek the full participation in society of persons with disabilities in developing countries by expanding their occupational capabilities and opportunities through community-based organizations

operating in response to local needs." (Proposal, 1982 pg. 31.)

The objectives of the program are: 1) to strengthen the institutional capability, program and financial self-reliance of selected organizations; and, 2) to increase the number of individuals trained by the selected organizations, and increase the number of graduates employed and earning income as a result of their training. (Proposal, 1982, pg. 6) The program enables GIA's International Department staff to organize in-country technical consultations, local and regional training courses, and to help selected organizations to plan and implement specific projects. (Annual Report, November, 1984 pg. 2) The original plan envisaged providing assistance to six target countries and three regional organizations. (See Appendix 2 for Matching Grant Log Frame.) By November, 1985, the program had provided assistance to five countries and two regional organizations: Honduras, Jamaica, Panama, the Philippines, and Zimbabwe, and WFAH and CARD.

This evaluation took place in February 1986 near the close of the three year grant.

Vocational Rehabilitation: The Traditional and PWI Models

The ultimate objective of vocational rehabilitation is the competitive employment of rehabilitated persons in jobs in established businesses and industries, in cooperatives or small enterprises, or in self-employment activities. Noncompetitive employment of persons with disabilities in subsidized sheltered workshops is normally viewed as a fall-back alternative for those persons who are evaluated, or in some cases simply presumed, to be incapable of achieving competitive employment. (Partnership With Industry Manual, 1985)

The Traditional Model

The traditional method for pursuing vocational rehabilitation objectives has been the operation of workshops within a rehabilitation agency's facilities. Here, the disabled clients are taught the skills associated with a few determined occupations, with the expectation that the clients can later acquire some form of competitive employment. (PWI Manual) The steps in the ideal GIA rehabilitation process are: 1) evaluation where a person's skills, interests, and present capabilities are measured; 2) work adjustment where clients learn good work habits and attitudes; 3) training where clients learn specific job skills; 4) job readiness and placement

where the rehabilitation counselor assists the client in marketing his/her skills; and 5) follow-up counseling.

For severely disabled clients, sheltered workshops are often the only alternative. Unfortunately, many disabled clients who could compete in the workforce are employed in sheltered workshops. The PWI Manual describes six major shortcomings of the traditional rehabilitation model as follows: low placement rates, low job retention rates, limited agency capacity to train clients, inappropriate and outmoded occupational skills training for the current labor market, inadequate client evaluation, and high costs.

The PWI Model

The PWI program is an alternative approach to vocational rehabilitation which differs from the traditional model --even that which aims to achieve employment in established commercial enterprises, not just small enterprises solely for disabled persons. The PWI program differs from the traditional model in several ways. First, job opportunities in the local economy are determined before training programs are established. Second, members of the business and industrial community form a partnership with the local rehabilitation agency and assume a senior management responsibility for the program. Third, training is conducted in the business or industry rather than only in the facilities of the rehabilitation agency.

GIA began PWI programs in some of its local rehabilitation agencies in 1976. On an annual basis those agencies place more than 12,000 disabled persons in competitive jobs, ten percent of these placements are through the PWI program. The president of the International-National Association of Business Industry and Rehabilitation(I-NABIR) informed the team that while the job placement rate is 20% for traditional rehabilitation models which provide functional training to disabled clients, the job placement rate is 80-85% for both the PWI and newer vocational rehabilitation models which include an integrated systems approach to training. The distinguishing factors of PWI are that the employers are brought into the process at the beginning and training takes place in the business. Thus, the major barrier for disabled clients to getting a job--getting through the door-- is removed and the quality of the training increases. Although the costs of PWI training vary according to the type of training offered, the I-NABIR president estimated that every dollar spent on training through the PWI program generated ten dollars in taxes.

GIA believes that the PWI approach may be an effective model for training disabled persons in developing countries that have an adequate industrial base, and also for vocational training for non-disabled target populations. The model is flexible enough to be adapted to a number of local economic and social conditions, and offers an opportunity for rehabilitation agencies and the business community to work together in addressing problems of unemployment and an unskilled labor force.

EVALUATION METHODOLOGY

Objectives of the Evaluation

The purpose of the evaluation as agreed to by A.I.D., GIA and the evaluation team is as follows: "As part of a review of reflected PVD activities being assisted by A.I.D. throughout the developing world, to determine the degree of success Goodwill Industries has had in assisting the undertaking of the PWI program by APIBV in Panama and in strengthening and improving the operation of CARD in the Eastern Caribbean; and, to the degree possible, to estimate the current and probable long term impact of the two activities on the economic and social condition of the target groups."

A.I.D., GIA and the evaluation team also agreed on the following objectives for the evaluation:

- 1) to describe CARD as an organization and describe and analyze the effectiveness of the activities it has adopted in support of its affiliates;**
- 2) to describe the Panama PWI program, and, to the extent possible, compare its operations to the other established approaches of APIBV;**
- 3) to describe GIA's assistance to Panama and to CARD and how its actions have influenced the programs being carried out;**
- 4) to assess the cost effectiveness and likely sustainability of the PWI/Panama and the activities supported by CARD and its affiliates;**
- 5) to assess what has been and is likely to be the impact of PWI/Panama and the activities supported by CARD and its affiliates on the economic and social betterment of the target groups and on**

society's attitudes towards those groups;

6) to assess the effectiveness and potential of the PWI approach as an instrument for training, placing and employing target groups; and,

7) to provide observations on strengths and weaknesses of GIA's approach to program identification and support.

For details of the evaluation methodology refer to Appendix 3.

Evaluation Activities: Caribbean & Panama

We spent a total of 6 days in Washington: 2 in the overall evaluation planning meetings; 3 in the evaluation team planning meetings; and 1 in interviewing the staff of GIA and of the Melwood Horticulture Training Center, a US based private, non-profit organization concerned with the rehabilitation and employment of the disabled that is providing technical assistance to CARD. We interviewed GIA's International Department Director, Ex-Director, the President of GIA, GIA's PWI Director, the president of the International-National Association of Business Industry and Rehabilitation, and the Melwood Consultant to CARD. We reviewed grant proposals, program reports, conference summary reports, and general material on GIA and its operations. We held meetings with representatives of A.I.D. (both from PVC and LAC) to discuss and determine the scope of the evaluation.

Timing. We spent a total of 15 days in the Caribbean and in Panama. During these days we visited workshop sites in St. Lucia, Dominica, Nevis and Panama; interviewed CARD's key board members and staff in St. Lucia, St. Kitts and Belize, and APIBV's staff, board members and its business advisory council in Panama; representatives of the Caribbean Association for the Mentally Retarded and Other Disabilities (CAMROD) in St. Lucia, and of the Caribbean Council for the Blind (CCB) in Antigua; staff members of the National Development Foundations in St. Lucia and Dominica; a staff member of the OAS/A.I.D. supported Special Training Project in Dominica; government officials involved in rehabilitation, training, social welfare, and small business development programs in Dominica and Panama; and the USAID Missions in Barbados and Panama. A list of institutions, staff members and program participants is presented in Appendix 4.

Data Problems. There is no national or regional survey that indicates the

size of the disabled population in the Caribbean, although the United Nations' estimate that generally 10% of any given population is disabled was quoted extensively. Thus, the team found it difficult to estimate the size of CARD's target group and make judgments on the potential for CARD's expanded coverage to reach a significant percentage of the population. With a few exceptions, information on costs and production was difficult to obtain for the mini-industry program in the Caribbean. In some cases, this was due to the newness of the projects; in others, because training in data collection has not yet been completed. National level and project specific data were available in Panama, although information on costs, revenues and job placement rates in the PWI program is based on the experience of the four month pilot program and only one month of full program operation.

GIA ASSISTANCE TO CARD

Major Environmental Factors

1. Small Populations and Economies

All the countries in which CARD has developed mini-industries have very small populations and gross national products. St. Lucia, St. Kitts, Nevis and Dominica are tiny states ranging from 7,000 to 120,000 in population. Except for Dominica they rely heavily on tourism for foreign exchange proceeds. None has a significant industrial base, and therefore they rely heavily on imports for raw materials and finished products. The growth of their economies would seem to require a major effort to attract foreign investment and to achieve growing exports. The Caribbean Basin Initiative was aimed at stimulating both those efforts, however little has happened so far.

The relatively small size of these populations and economies means that one cannot expect their institutions to deal with the same magnitude of resources and beneficiaries as is the case in most other countries. It also means that relatively modest resources can have significant impact. More importantly the dependence of these economies on external influences means that they are highly cyclical, and thus more difficult for entrepreneurial planning.

2. High Unemployment

The rate of unemployment and underemployment is extremely high in the countries involved in this evaluation. This has been a chronic problem for these countries which has been made worse in the past few years by the general decline in economic activity in the region. Estimates of unemployment in the Caribbean are notoriously unreliable, but range from 20-40%.

These high unemployment rates mean that it is that much harder to find opportunities to employ disabled persons. Jobs are scarce, and the prevailing attitude of the public appears to be that such jobs as there are should go to persons who are able to be the most productive and who have large family responsibilities. It is assumed that disabled persons do not fall into either category. It is not particularly relevant whether or not that attitude is based on a valid analysis of the situation. The fact is that it exists, and is very hard to change in a situation in which many people

are competing with each other for few available jobs.

3. Proliferation of Regional Organizations

There are many regional organizations active in the Caribbean. The growth of these organizations probably is due to a combination of factors: i) the region's colonial heritage; ii) the obvious need for economies of scale in both economic and social service efforts; and iii) each individual nation unit is so small that it instinctively feels the need for support and information from its neighbors. While the existence of these regional organizations seems natural, they do involve costs. This means that the persons active in guiding the various major facets of these societies spend more than the usual amount of time on coordination and politics in the board sense. Then too, there is the increased cost (whether in paid or volunteered labor) of running the various organizations.

In the case of work with disabled persons these factors of organizational coordination and costs are important as well. Each type of major disability group has a regional organization representing it. That for the blind is the oldest and the strongest. Thus, when CARD attempts to plan a comprehensive approach to the problems of the disabled in the Caribbean it must deal with the issue of the degree to which all the various national and regional organizations are to be coordinated and the extent to which the raising of funds and revenue producing activities should be done in common. Regional conferences sponsored by CARD and other organizations become important forums, not only as means of communicating information but also as tools for reconciling sensibilities and edging toward a state of mutual confidence. Governments are not very helpful in this effort because there are so many of them, and they do not have effective, common policies themselves.

4. Disabled People International

The Disabled People's International (DPI) was founded in 1981 and is a world-wide organization with a regional arm in the Caribbean. Its purpose is to be a spokesman for the rights of disabled persons and to represent their interests to governments. It puts great importance on placing disabled persons in positions of influence and responsibility in private and government organizations. It has a reputation of being quite militant. CARD, too, sees itself as having a role of representing the interests and expectations of all disabled persons. Thus it must adjust its action to the prior existence of DPI. In some respects the two organizations are rivals; and yet there are persons who are active, even leaders, of both

organizations. In other respects the organizations complement each other since CARD has been more active in trying to improve the productive workshops and less involved in lobbying to reforming national policies. However, the issue of their relationship may become serious if CARD places increased emphasis on fostering national level coordinating bodies of all the organizations working with the disabled in order to create a more effective pressure group and fund raising mechanism in each country.

5. Traditional Reliance on Government Programs

In the Eastern Caribbean, there is a strong historical tradition of reliance on the government for developing, regulating and supporting most social and economic activities. Some attribute this attitude to a colonial legacy based on the prestige of the civil service, a wide disparity in resources between the colony and the colonial center, and the importance of government policies such as customs duties, for what few commercial opportunities existed. Others attribute the attitude to the lack of an entrepreneurial spirit owing to the lack of opportunity in economies of such small size and such high vulnerability to international markets. Some blame the principles of British socialism. Whatever the reasons, the attitude does appear to be strong.

Reliance on government means that many of the leaders of activities with the disabled see their major role as being one of obtaining a higher level of resources from the government in support of their programs while at the same time assuming that they will not be able to achieve much without that support. The attitude also means that training in the skills necessary to carry on a businesslike operation will have to be accompanied by training aimed at clarifying what are the problems and dangers in seeking major support from governments for those operations.

The Development of CARD As An Institution

1. Organizational Purpose

The Caribbean Association of the Rehabilitation of the Disabled (CARD), was founded in 1980 with GIA's assistance. CARD was established as an outcome of GIA's technical consultations with its five Caribbean affiliates and of the growth in their awareness of the similarity of the problems they faced in working with disabled persons in the region. The moving force behind CARD's development, CARD's first President and Executive Director was the Managing Director of the GIA affiliate in the Bahamas who is often described as a dynamic and vigorous figure in the Eastern

Caribbean rehabilitation community. The support and energy provided by CARD's first President and Executive Director were essential in getting the organization through the stage of an idea at a regional conference to what it is today, a membership organization with region-wide representation.

The goal of GIA's support to CARD has been to assist it to become a viable institution in the region. GIA assisted CARD in: i) organizing and financing its formative meeting and first training courses; ii) formulating its bylaws and selecting its staff; iii) providing start-up funds for the mini-industry program; and, iv) sponsoring the participation of CARD representatives in seminars in the United States. GIA's program focus has been on providing technical and financial assistance to CARD and its members in vocational training and employment creation.

The mission of CARD is to promote effective measures for the prevention of disability and for the rehabilitation and full participation of persons with disabilities in society. It works through a network of member organizations in the Caribbean region. According to CARD's 1985 Bylaws, the objectives of the organization are as follows:

- (a) to facilitate the dissemination of information and the exchange of expertise throughout the region;**
- (b) to strengthen the capability of member organizations to plan, implement and evaluate their programs;**
- (c) to increase the number of trained personnel working with persons with disabilities in the countries of the region;**
- (d) to assist in the development of national and regional structures and plans for the coordination of activities benefitting persons with disabilities and their families;**
- (e) to increase vocational opportunities for persons with disabilities in the countries of the region;**
- (f) to increase the flow of resources in support of member organization programs;**
- (g) to promote and insure the full participation of persons with disabilities in the governance, and in all aspects of the work of the**

Association, its member organizations and other organizations at work in the region.

(h) to advocate a body of statutes protecting the rights and insuring equality of opportunity for persons with disabilities in the countries of the region;

(i) to create in the region an environment of enhanced public awareness and appreciation of the capabilities and contributions of people with disabilities to society; end,

(j) to undertake and support research in the field of disability and rehabilitation in the region.

CARD was constituted as a regional membership association in 1981, and legally incorporated in 1982. CARD is unique in the region because it provides vocational education and employment support and services to members without regard to the type of disabled population served or whether members are traditional rehabilitation agencies or self-help organizations of disabled people. CARD has five categories of membership: organizational membership, associate membership, individual membership, international organization membership, and honorary membership. Voting members of CARD are limited to organizational members who comprise the General Assembly. An organizational member is described as "any not-for-profit, legally constituted organization whose primary purpose is to improve the situation of persons with disabilities and their families in a country or territory in or around the Caribbean Sea." (CARD By-laws, 1985).

Fifteen organizational representatives from 13 Caribbean countries attended CARD's inaugural meeting. CARD's organizational membership currently includes 67 rehabilitation institutions and self-help organizations of disabled persons and 36 associate, individual and international organization members from 26 countries in the Caribbean.

The CARD Board of Directors consists of five Officers --the President, two Vice- Presidents, a Secretary and Treasurer and seven Directors. The President of the Caribbean Association for the Hearing Impaired and the President of the Caribbean Association of Rehabilitation Therapists also have a seat of the CARD Board. One third of the CARD Board members are persons with disabilities. All Officers and Directors are representatives of

organizational members and are nominated by organizational members in good standing. A Nominating Committee, appointed by the President prior to the General Assembly meeting, prepares a slate of candidates for office that reflects both a geographic and disability representation. The Board is elected by an absolute majority of organizational members present at the meeting.

The evaluation team met with two Officers of CARD, the current President and the 2nd Vice-President who was a former President of CARD. Both Officers impressed the team as dedicated and conscientious leaders of programs for the disabled and community based programs in their own countries. They have the respect and confidence of their colleagues and have been able to work with government agencies responsible for their programs in their own countries.

The headquarters of the organization is currently located in St. Kitts, and since November 1984 has been administered by the Acting Executive Director, a Peace Corps Volunteer with a rehabilitation background. A new Executive Director, West Indian, was to be chosen in March. Plans have been made to secure funding for and recruit a Vocational Development Officer, also a West Indian, to work as a counterpart to the Melwood Consultant. (See part 2 below.) The CARD Board is presently considering structuring itself into program committees to ensure more comprehensive program guidance and smoother administration and management. (See Appendix 5 for CARD's proposed organizational structure.)

2. Programs and Sources of Funding

CARD has received project specific funding from GIA through the AID matching grant, the Canadian International Development Agency (CIDA), Christian Action for Development in the Caribbean (CADEC), Private Agencies Collaborating Together (PACT), the Commonwealth Foundation, and the Inter-American Foundation. Approximately one half of CARD's total funding in 1984 and 1985 has come from GIA through the Matching Grant. The following are the main program activities of CARD.

(i) In 1982, CARD initiated a training program in vocational management for workshop managers and supervisors. This three year program was funded by a CIDA grant. Sixteen workshop managers from the region have completed training under this program; and 19 participants attended a workshop, given by Melwood, on product development and marketing as part of this management training program.

(ii) In 1983 CARD initiated a vocational training and employment development program to provide technical assistance in workshop management to member organizations. This three year program was funded by GIA, through the USAID matching grant at the level of approximately \$20,000/year. Start-up funds for the mini-industries program were provided under this grant. The mini-industries were to produce school chalk, clothes hangers and pot scrubbers. Workshops in five countries, Dominica, St. Lucia, Montserrat, Nevis and Suriname were targeted to participate in the mini-industries program.

(iii) CARD also received \$5,000 from PACT in 1985 to establish a revolving loan fund for product and service development in the workshops.

(iv) The Melwood Horticultural Training Center, under contract to CARD and funded by the matching grant, provides technical assistance to the workshops in management, organization and small business development. Plans are now underway to secure funding from the Kellogg Foundation for a joint CARD/Melwood small business management training program which would include components as follows: a) training for management level operators of small businesses in organizational development, community relations, financial management, communications skills, personnel management, production techniques, import/export issues and classification of disabilities; b) training for board members of the participating workshops in the role of the board, mission and purpose of the organization, policy development, responsibilities of management of small businesses, ensuring financial accountability and providing information on disability; and, c) a competency based certificate degree program for workshop operators in collaboration with the Extra-Mural Department of the University of the West Indies.

(v) CARD was responsible for co-sponsoring and jointly organizing two regional conferences, Encounter 1983 and Target 2000, held in 1985. Approximately \$15,000 for participant travel for each conference was provided under the GIA/AID matching grant. A total of approximately \$10,500 from PACT, the Commonwealth Foundation and CARD fund raising activities was also provided to complement this activity.

(vi) In November, 1984 CARD co-sponsored the Caribbean Conference of Deafness which resulted in the formation of the Caribbean Association for the Hearing Impaired (CAHI).

(vii) CARD and Mobility International are working together to sponsor a disabled youth leadership training program which has been funded by the Inter-American Foundation in the amount of \$11,500 and Mobility International in the amount of \$4,200.

(viii) Grant support was obtained for CARD from PACT for the purchase of a computer.

(ix) A grant was also secured from CADEC for the production of a sign language video program.

3. Accomplishments of CARD With GIA and Melwood Assistance

To date, AID and GIA funds have supported activities in the following ways:

- a) start-up costs for the mini-industries program;
- b) assistance of the Melwood Horticultural Training Center to provide technical and managerial assistance to workshops sponsoring mini-industries;
- c) support for a CARD organized three-month training course for workshop managers held at the Goodwill Industries affiliate in the Bahamas;
- d) financial support for participant travel to attend a regional conference on disability held in Barbados, Encounter 83, and to participate in a training seminar which examined alternative approaches for the employment of the disabled;
- e) financial support for participant travel to attend a regional conference held in Puerto Rico in 1985, Target 2000, and to participate in a CARD/Melwood organized workshop on product development and market analysis;
- f) support of CARD board training;
- g) administrative costs related to the development of CARD's vocational training program; and,

h) CARD publications including "Disability Resources", a directory of North American organizations active in the region; reports on the Target 2000 and Encounter 83 conferences; and, CARD's quarterly newsletter.

A total of \$80,000 from the GIA/AID matching grant has gone to support CARD activities over the three year period. An additional amount of approximately \$10,000 per year has gone for GIA direct costs of providing technical support to CARD.

GIA, through the matching grant program, intended to assist CARD in its own institutional development. By supporting CARD's Vocational Development Program through financial and technical assistance, GIA intended to enable CARD to provide technical and financial resources to its members in developing mini-industries within workshop settings. No specific targets for GIA and CARD were set for the matching grant program. The accomplishments of GIA assistance have been in the areas of institutional development on the CARD organizational level and in management training at the CARD member level. To date GIA and Melwood assistance has produced many positive results, although continued assistance at both levels will be required for sometime.

The major accomplishments of CARD have been the following:

(a) In the Eastern Caribbean where regional organizations come and go and are accused of doing too little with too many resources, CARD has been successful in establishing and maintaining itself for five years, and has organized on-the-ground program activities with a bare bones budget. The annual budget for the organization was approximately US\$ 60,000 in 1984 and in 1985, which included a budget for administrative costs of approximately US\$3,200 per year. (See Appendix 6 for CARD's budget.) CARD has been able to diversify funding sources with GIA assistance, although GIA support of CARD through the matching grant continues to provide about half of CARD's administrative and program support. Administrative costs are met by membership dues, donations, and the GIA matching grant. The salary of the Acting Executive Director is absorbed by the Peace Corps. CARD is still dependent on outside funders and will be for the foreseeable future. The likelihood is slim for CARD to supplant GIA sometime in the near future as a source of funds and technical assistance for the region.

(b) On the institutional level, CARD has formulated bylaws; structured

itself; recruited interested and competent board members and staff; or presided over a smooth transition in leadership at both the Board and Executive Director levels. However, the organization has had no permanent Executive Director for over a year, has operated with only one full-time staff member, and is still struggling with its focus, structure and planning. These issues are discussed below.

(c) Within the region, CARD has organized two regional conferences with other regional organizations working in the field of rehabilitation, and has fostered the growth of the Caribbean Association for the Hearing Impaired (CAHI). Through these conferences important issues such as the rights of the disabled and the future of social, economic and educational programs within the region were brought to the attention of the general public and the rehabilitation community. Although it is difficult to determine specific results of these conferences, they certainly did stimulate the disabled rights movement, and led to a critical re-examination of the progress and problems of existing programs. Furthermore, regional communications and working relationships were established. Perhaps most important, the conferences provided the opportunity for disabled people to develop confidence in themselves as leaders within their communities. For instance, as an outcome of the first conference, CARD restructured its bylaws to include a mandate that one-third of the Board of Directors must be comprised of disabled people.

(d) On-the-ground activities of CARD have included training courses for workshop managers and the provision of technical assistance to workshops. Over a three year period 16 workshop managers have attended the CARD sponsored management training course offered through the Goodwill affiliate in the Bahamas. In addition, 19 participants attended a workshop on product development and market analysis given by the Melwood consultant previous to the 1985 conference. CARD's training and technical assistance programs are viewed as important contributions by CARD members. Because of their desirability CARD has a certain amount of leverage with members that already has had an influence on member's workshop operations. For example, the continued technical assistance of Melwood at the workshop level has been instrumental in assisting workshop managers, who do not have a business background, to understand economic principles that affect their enterprises and to incorporate basic business practices into enterprise operations. Melwood technical assistance has also enabled workshops to re-examine their operations and to establish advisory boards in order to provide on-going leadership,

management and accountability of the enterprise.

These accomplishments have not been without difficulties. Since its inception CARD has struggled with its organizational focus and institutional identity. In its early enthusiasm to work on cross-cutting issues affecting persons with disabilities, such as employment generation and public attitudes towards the disabled, CARD declared itself to be a regional umbrella organization for all organizations working with disabled populations in the Caribbean. Long established regional organizations such as the Caribbean Council for the Blind (CCB), the Caribbean Association of Rehabilitation Therapists (CART), the Caribbean Federation of Mental Health (CFMH) and the Caribbean Association on Mental Retardation and Other Developmental Disabilities (CAMRODD), perceived CARD as an upstart with no experience and less authority to claim title to the role of regional coordinator and as a potential usurper of their respective turfs.

CARD may have in fact had in mind taking over the whole turf of work with the disabled, but more likely the alienation of CARD with respect to other regional organizations was due to: i) CARD's perception of the need to coordinate resources at the regional level combined with its inexperience in coalition-building before initiating such an ambitious and unpopular task; and ii) CARD's terms of reference and objectives not being well defined, well articulated or communicated in a fashion acceptable to the rehabilitation community.

Over the past five years CARD has learned that its limited resource base requires it to have a tighter focus, and that its regional competition requires CARD to find its programmatic niche. The example and support provided by GIA has assisted CARD in focusing on vocational training and employment development. The initial regional antagonism towards CARD has decreased because CARD has been able to allay the suspicions of the regional rehabilitation community by focusing on vocational training and employment generation and by proving that it intends to cooperate with rather than compete with or co-opt other regional organizations. As an illustration of this intent, CARD, CART, CAMRODD, CCB and CAHI co-sponsored the Target 2000 conference. Each organization was responsible for coordinating different topics in the broader theme of "Developing Strategies to Better Utilize Resources to Benefit Persons with Disabilities". The Caribbean regional arm of Disabled People International (DPI) appears to be the most resistant to CARD's efforts to regain the confidence of the regional organizations.

Then too, the pilot mini-industry program has met with less success than the institutional development and training activities of CARD. The mini-industry program was developed in response to the generally recognized need to generate employment without much attention being given to the details of the program design. The program was initiated based on experiences in the Bahamas and Jamaica without examining important environmental and resource based differences in targeted countries. There was no canvassing of potential support or interest at the local level, no analysis of the institutional capability of the targeted organizations to implement the program, no financial analysis of the enterprises to determine their likely profitability, and no analysis of important market forces affecting the potential of the industries. For these reasons, as well as others discussed below, the mini-industry program got off to a slow and shaky start.

CARD contributions through the mini-industries program make up a relatively small percentage of the workshops' overall budgets, therefore CARD has little financial leverage associated with this activity. However, the development of the mini-industries program has had an effect on CARD and its members. Perhaps the greatest achievement of the mini-industry program is the influence which the attempts to develop it has had on CARD and member organizations: i) in recognizing the problems confronting the operation of viable businesses; ii) in realizing that important organizational and attitudinal changes must take place within the workshop setting in order to run viable business enterprises; and, iii) in identifying the need for and obtaining technical assistance from Melwood to support further development.

Development and Current Status of Workshops Assisted through the Mini-Industries Program: St. Lucia, Dominica and St. Kitts

As part of CARD's effort to support vocational training and employment creation opportunities for the disabled in the Eastern Caribbean a mini-industries program is being implemented in Dominica, Montserrat, Nevis and St. Lucia. The creation of small manufacturing enterprises --mini-industries-- to be run by CARD's organizational members was thought to be an acceptable alternative to open employment in economies where i) the domestic manufacturing sector comprises a small percentage of GDP; ii) the unemployment rate ranges from 20-40%; and, iii) domestic production could compete with expensive imported products that require a

relatively low level of technology in the production process. Raw materials and equipment were purchased and distributed by CARD to affiliates in the island nations for the creation of mini-industries for the production of coat hangers, chalk and potscrubbers. The experience of these mini- industries can be summarized as follows:

Coat Hangers: The production of coat hangers has not been successful on any of the intended islands. In all three cases, the cost of the raw material alone exceeds the selling price for imported coat hangers. There is also some debate about the existence of a domestic market for this product. In only one place, Montserrat, did production get underway. The experience in Montserrat indicates that the sales volume is minimal, large amounts of raw materials remain on hand, and, products cannot compete with lower priced hangers available on the market.

Potscrubbers: Potscrubbers have been produced in Nevis, Dominica and St. Lucia. Production in Nevis and Dominica has not resulted in an attempt to establish a mini-industry per se, nor to establish an income generating activity for the organization under whose auspices the activity takes place. No attempts have been made to sell the potscrubbers in Dominica or Nevis. In Nevis, potscrubbers were given to a local supermarket and then given away to customers as part of a promotional activity. In both Nevis and Dominica bags of unsold and undistributed potscrubbers can be found in the workshop. The only mini-industry for the production of potscrubbers that has taken off is located in the Durnottar School for the Mentally Retarded in St. Lucia.

Chalk: Abilities Unlimited in Dominica and the Nevis Mental Health Association have begun the production of chalk. Chalk production in St. Lucia has not yet begun due to production difficulties arising from some combination of the: i) failure to determine the proper mixture of water and plaster of paris; ii) quality of the water used in the production process; and, iii) the age of the plaster used in the production process.

Mops: The Workshop for the Blind in St. Lucia presently is producing mopheads. Production is not a part of the mini-industries program, nor has it been supported by CARD funds. However, it can be considered a spin-off activity of the mini-industries program since it incorporates the general principles of the program, and since the CARD vice-president has been active in establishing and supporting this activity.

1. St. Lucia

In St. Lucia, all CARD assistance is co-ordinated through the National Council for the Disabled (NCD), a private national level organization created in 1981 which includes all St. Lucian organizations that work with mentally and physically disabled persons. The NCD, like CARD, emphasizes the belief that disabled people can and should participate actively with the non-disabled in rehabilitation efforts. The NCD has no paid staff, and is a member of CARD, while the individual workshops and rehabilitation organizations are members of the NCD. The president of the NCD who also works at the School for the Blind, and the principal of the Dunnottar School have participated in CARD's workshop management training program.

(a) St. Lucia: Potscrubbers, Dunnottar School

The Dunnottar School for the Mentally Retarded incorporates a work-shop complex where students receive training in life skills and, to some degree, vocational training for eventual job placement. However, the school does not have a job placement program. The workshop activities include a laundry service, a horticulture area and crafts production. Approximately 20 students participate in workshop activities. The major purposes of the workshop's activities traditionally have been occupational therapy and training, not production to generate revenues for the school or income for the students. The activities are not run as businesses.

The production of pot scrubbers began as a pilot effort in October, 1985. This three month period is described by staff as an experimental phase where the activity was not intended to operate on a business basis. The operation phase began in January, 1986. The potscrubber mini-industry employs five students: 3 full-time and 2 part-time. Employees are paid on an "incentive basis" which averages US\$14.80 (EC\$ 40.00) every month for a full-time employee. One employee receives US\$29.60 (EC\$80) every month since he performs two functions in the production process and can play a supervisory role in assisting with and checking the work of other students.

The workshop and school staff indicate that the pot scrubber production activity currently covers the direct costs of production, excluding any start-up costs (the pilot project) and any administrative and management costs. However, a financial analysis in Attachment I which uses current costs and price estimates, indicates that the pot scrubber mini-industry operated under the auspices of the Dunnatto School for the Mentally

Retarded cannot presently function as an independent, self-sufficient industry that both covers its share of administrative and management costs and pays minimum wages to its employees. It can, however, be considered an important supplemental income generating activity for the school and the students. Under present conditions administrative and management costs will continue to be fully subsidized by the school and wages paid to students will remain well below minimum wage.

(a) St Lucia: Mophead Assembly, Blind Welfare Association
Basketmaking is the mainstay of Blind Welfare Association's workshop. Quality of production, costs of production, a competitive local basketry industry and markets have been constant problems for the workshop. The Workshop for the Blind began the assembly of mopheads in July, 1985. The activity was not funded by CARD's raw materials start-up fund. However, mophead assembly can be considered as a spin-off activity because of the role of CARD's Vice President.

Currently, six employees work in the assembly of mopheads and wages are paid on a per piece basis by the workshop. Wages have been adjusted downwards by EC\$0.10 per piece due to experience with sales over the last two months. The Workshop's staff estimate that employees producing mops have been able to reach an average monthly earning rate of US\$ 92.60 (EC\$250) which amounts to an increase in the monthly income from the traditional basket making activity of US\$ 55.50 (EC\$150) per person. The monthly minimum wage ranges from EC\$15 to 20/day or approximately US\$130 (EC\$ 350). The workshop has kept track of and has analyzed variable costs of production in order to determine wage rates. The workshop has not assigned fixed costs of production, and does not take into account costs of management and administration.

A financial analysis of the mophead mini-industry indicates that the enterprise seems to be a profitable one that can employ 6 people full time at the minimum wage, and contribute to administrative/management costs of the workshop. Rather than creating new jobs, the mophead assembly has directed underemployed people to a new economically productive activity. The enterprise does not operate at full capacity due to a combination of market and social factors --the workshop continues to operate as a 'social drop-in center' rather than a productive enterprise, and the local market would be quickly saturated if the operation ran at full capacity. Exportation is a possibility requiring more time and expertise presently available to the workshop. Rather than export directly, the

workshop should explore the potential for producing mopheads for export oriented wholesalers in St. Lucia. If a wider market can be found, the enterprise could be an independent self-sufficient operation covering all costs of production, including administrative costs.

2. Dominica: Chalk Production, Abilities Unlimited

Abilities Unlimited was established in 1968, and is fully supported by the Dominican government. It is a production workshop employing disabled people without regard to their particular disability. The workshop activities include basketmaking, production of potscrubbers, and chalk production. The Assistant Manager of the workshop participated in CARD's training program in workshop management. The workshop is often closed, and no formal marketing system exists. Both of these conditions have serious implications for those workshop participants who receive salaries on the basis of the percentage of production sold. The workshop has functioned mainly as a "social drop-in" center where production is a secondary activity. All costs of the center, including purchase of raw materials, salaries for the manager and her assistant, administrative costs, and a fixed monthly income supplement of EC\$70.00 (US\$26.00) for each disabled person are paid by the government. The workshop's production activities are not run as business enterprises. Some fourteen disabled people had been associated with the operation of the workshop. However, due to the recent strike in the workshop there were only seven new trainees involved in workshop activities during the team's visit.

The workshop has been producing chalk since May 1984 when it received the first batch of raw material and the molds from CARD. The government commissioned a feasibility study for the expansion of chalk production at the workshop. On the basis of this study, the government ordered more molds and more raw material in order to expand production. The government now purchases the raw material directly from England on a regular basis for use in the Workshop. Before the strike, the chalk production mini-industry had been employing three workshop participants: two full-time and one part-time.

The workshop staff could not give an indication of whether or not the chalk production was currently making a profit or even covering costs. The workshop staff has available production figures and costs of labor while the government agency responsible for the workshop maintains the records for raw material and equipment purchase. Workshop staff did state that they felt chalk production was a profitable enterprise.

A financial analysis for the chalk production mini-industry is presented in Attachment 1. The analysis indicates that the enterprise could not cover full costs of production, including administrative and management costs plus the costs of building depreciation, maintenance and repair. However, it could contribute to its administrative and management costs; and it could provide close to a minimum salary on a year-round basis to the workshop participants. The analysis, however, assumed that the workshop would operate for at least 200 days/year and produce at its current estimated production capacity. At this rate of production, however, the workshop will find itself in a difficult position with regard to excess production over the guaranteed market provided by the Ministry of Education. Export markets would have to be found. In short, the enterprise is not a self-sufficient operation, but can operate as a government-subsidized, supplemental income-generating operation for the workshop and an employment creation program if it keeps its doors open for 200 days per year.

3. Nevis: Chalk Production, Nevis Mental Health Association

The Nevis Mental Health Association runs the chalk production mini-industry in a donated space in the government sponsored coconut fiber manufacturing enterprise. The raw material for production as well as the molds were shipped to Nevis before any visits were made to analyze the productive capability of the organization and the market absorptive capacity for chalk in the Nevis-St. Kitts area. Presently the enterprise employs one disabled person who receives a pro-rated minimum wage. The president of the Nevis Mental Health Association acts on a voluntary supervisory basis, and fully participates in the production process. The enterprise operates three hours per day. The workshop presently has orders totalling 140 bags of chalk from the Ministry of Education of Nevis and the Ministry of Education of St. Kitts.

The analysis in Attachment 1 indicates that at the current selling price for chalk, the enterprise will not be able to cover its costs of production. At its current production capacity, it will take the enterprise four months to fill present orders. Even if the enterprise is successful in negotiating a new price for chalk and completes plans to hire one new employee, the enterprise will continue to need a subsidy to cover the direct costs of production.

Major Issues

1. Institutional Change: Perception, Reality and Pace

The mini-industry program was initiated because CARD and its members were enthused about the concept of operating self-sufficient businesses. However, the members did not seem to understand the specifics, the complexities and the changes that would be required to implement the mini-industry program. There appeared to be a general tendency for GIA, CARD and its members to assume that the mini-industry program would be integrated into on-going operations without any major accommodations required of the implementing organizations and without a concentrated planning effort being made to support the new activity. GIA, CARD and the members also appear to have underestimated the length of time and the level of external support which the mini-industry program will require. CARD's already over-extended staff and voluntary board tended to concentrate their efforts on the on-going operations in which they were interested and for which they were trained, while the mini-industry program got off to a slow and uncertain start.

The full integration of the mini-industry program into on-going operations requires new management approaches as well as the development of new staff capabilities. In order to accommodate and support adequately the mini-industry program, each organization involved has to modify established administrative systems, organizational operating principles and management approaches. Indeed, because the mini-industry program involved the supporting of business enterprises which operated under the auspices of charitable or social service organizations, the very image of the organizations from the point of view of staff, clients and the community itself, has to be modified and the way staff, board members and clients perceive their respective roles has to be re-examined. This is a very major undertaking. The results have been mixed as shown by the examples of the Blind Welfare Association in St. Lucia and Abilities Unlimited in Dominica which both operated workshops as "social drop-in centers" where production was a secondary activity.

The workshop for the Blind in St. Lucia has made good progress in terms of learning and applying business principles to production, especially in the areas of cost analysis and in applying that analysis for the benefit of the enterprise. However, there is still a reluctance to integrate business principles fully into the operation because of a fear that the workshop may

"lose its human quality". To some extent there is a tendency to equate running a business with running a "sweat shop". Workshop management is very supportive, if somewhat unorganized. The workshop management is involved in so many different and important activities, (e.g. generating support for public education and community outreach programs, and planning at a national level for the NCD) that aspects of workshop management may not receive adequate attention. Continued assistance and training will be needed in business management, marketing strategies and product development to overcome both the in-grained social welfare attitudes and to support active business endeavors.

The Dunnatto School in St. Lucia seemed to have more business and production related problems than attitudinal problems. This may be due to the fact that the School already has in operation a small horticultural project and a laundry service, although neither was being run on a strictly business basis. Staff have received CARD training in cost analysis methods, and progress has been made in selling the potscrubbers to a local super market where sales are reported as moderate. Still, there appears to be a tendency to treat the potscrubber mini-industry as occupational therapy while the student is in the workshop rather than as an enterprise that can provide income-generating employment to disabled clients on a permanent basis.

In Dominica, the integration of the mini-industry program developed in quite a different and much more volatile fashion. Instead of gradually incorporating business principles, the workshop manager appears to have resisted change. (This may well be the result of the issues discussed in part D 4 below.) The workshop was closed more often than it was open, and the sale of products on which workshop participants' income depends was not actively pursued. Conflict arose as key workshop employees became convinced that the way in which the workshop operated was not consistent with their earning a decent income. Unfortunately for the workshop, clients, its manager, and for CARD, compromise was not achieved between the way the workshop had always been run and the emerging thoughts on the way it should be run. A more appropriate management style was not developed to replace the existing one, nor were the management skills imparted which would be required to achieve a workshop organized according to the newly proposed principles of operation, despite the fact that the assistant manager of the workshop received CARD sponsored management training.

In response to this situation, the Ministry of Home Affairs was convinced by CARD to set up a management advisory board of six members from the local business, government and private community to assist the workshop to achieve operations in a more economically productive fashion. Although the on-going technical assistance provided by the Melwood consultant to the workshop and the board will be valuable, the board clearly has a challenging task ahead of it.

CARD, its board members and staff, GIA and Melwood are aware of the challenges presented by attempting to integrate a business enterprise approach into the on-going operations of a social service organization. The CARD technical assistance and training program is focusing on building the managerial and technical capabilities of the workshop managers, and on strengthening both the organizational and financial accountability of the enterprises by strengthening the Boards. However it does seem that there may still be some unrealistic expectations as to what can be accomplished.

The nature of the CARD mini-industries program has required its members to make the jump from operating educational and social welfare programs to operating business enterprises. Originally it seems that this transition was expected to take place in a relatively short period of time without the support of comprehensive technical and managerial assistance. But establishing a self-supporting business enterprise is a complicated endeavor in the best of situations. A new program that requires an established organization to build new administrative and management systems, to develop new staff technical and managerial capability, and to accommodate operating procedures outside the established norm is a difficult and complicated task. The development of new systems is a gradual process requiring comprehensive support until board, staff and client capabilities are built to adequate levels. Reluctance and confusion on the part of staff and clients, and conflict between established and new program objectives perhaps could have been anticipated, tapped and channeled in a positive manner to the benefit of the organization.

The future effectiveness of CARD in assisting client organizations to fully transform their on-going operations into business enterprises will depend on its recognition of the complexity of the task and on its designing and implementing a program of action to address the problem. The proposed management training courses, as well as the on-going technical assistance in board and organizational development, are directed at solving problems

that have developed in the course of mini-industry program implementation. The degree of success in achieving institutional change will depend, in large part, on the commitment of those organizations to adopt new operating principles and management styles. Over this aspect of development, CARD has no control. GIA and AID must understand this and accept that the program is still in the early stages of this complicated transition.

2. Social & Economic Impact

It is too early to come to conclusions as to the probable social and economic impact of the CARD sponsored mini-industries program. Those few people participating in the program have increased their incomes by nominal amounts of US\$ 15/month in some cases, to a salary equivalent to the minimum wage in others. To date, the program has created 10 full time and 3 part time jobs in St. Lucia and Nevis. However, it is not clear that the increases in income and employment can be sustained in all cases without subsidies from the implementing agency to cover management and administrative costs.

The program's impact on the social and economic life of the nations involved has been insignificant due to the small number of people involved in the program and the relative isolation of the disabled community within the national development setting. (See section D. 8.) However, the coordinating activities of the NCD in St. Lucia and the interest of the Ministry of Community Development in Belize hold some potential for the program having eventual impact on the national level.

While CARD has not been able to change society's attitudes towards disabled persons, CARD clearly has made an impact on the awareness level of disabled individuals by sponsoring their travel to conferences and workshops and by supporting a business approach as an alternative to the traditional social welfare focus of CARD affiliates. However, in order to sustain significant long term social and economic impact CARD will have to: i) direct and channel the energies of these new leaders; ii) continue its business management technical assistance and training efforts; and iii) develop a well focused plan of action.

3. CARD's Focus

CARD was organized to serve many purposes. They are described in IV B

above. It appeared to many people involved in work with the disabled in the Caribbean that one of those purposes was to take on a directive responsibility for all such work. Whether or not that was the intention of CARD's organizers is not certain. However, as described in D 1 above, CARD has taken steps to reassure the various organizations that its intention is to be a service organization not a directive one. Important as that may be for CARD's relationships with other organizations and its own members, it does not significantly reduce the scope of CARD's purposes. CARD still sees itself as having a responsibility to provide coordination of some sort to the efforts of all who work in the Caribbean on the problems of the disabled. In fact, mainly because of the interests of the external organizations working with it, CARD's operational programs have been focused on trying to improve the vocational and employment programs of its member organizations. Still, in CARD's charter and in the topics covered during the regional conferences sponsored by CARD one sees that CARD's scope of attention is considerably broader than that.

It would appear that CARD, and its advisors and organizations interested in its work, continue to be tempted to have it do many things with very limited financial and human resources. The evaluation team includes itself in this group as is obvious from the suggestions which are made in various parts of this report. The questions that seem to come up most frequently in thinking about CARD and its programs are:

Should CARD seek to devote itself to working for the rights of the disabled and for their attaining positions of power and responsibility (or should such work be left largely to the Disabled People International)?

Should CARD be fostering the creation of national level entities to guide and coordinate the work of the various organizations working with the disabled and to forge those organizations into effective advocacy groups?

Should CARD be encouraging the merger of the various regional organizations in order to avoid overlap in their work and, perhaps, achieve a more effective use of the overall funds available from various sources for work with the disabled?

To what extent should CARD seek to promote employment for the disabled in home and community based workshops or in regular jobs in commerce and industry in addition to its current activities with the more traditional workshops?

For that matter, should there be a regional answer to these questions or should CARD be prepared to let each national situation come up with answers, and just respond to the requests it receives? Tempting as it might be to adopt the latter position as being the most practical and the most participatory it probably is not feasible given the limited resources available to CARD.

Choices will have to be made, and it probably is wise to make them consciously. It appears that the new President and Board of CARD are in agreement with that. As mentioned in part IV B of this report, they plan to take organizational steps which would support more analytical and conscious planning. The focus of the organization's work should be a high priority for that planning. This will be important not only for the work of CARD as such but also for the example it will set for its member organizations which also are faced with the problem of very limited resources and the desire to do all the things that need doing.

The problem of the focus of CARD also creates problems for the management of the current program. Planning, a crucial activity for any organization, especially one with limited resources, has suffered because of the lack of a well defined program focus. As a result, ideas for new projects tend to include vocational training and employment development as well as other areas concerning education, health and disability prevention. For instance, the definition of the primary purpose of the mini-industries program is still unclear. Definitions by CARD board and staff cover the spectrum from self-supporting industries to supplemental income generating activities. Each type of activity incorporated within this spectrum would require different levels of analysis, different levels of support over certain periods of time, and differing degrees of administrative and management expertise. The results to be expected from each activity also would vary.

For CARD to understand and properly support the range of activities that are now supported by the mini-industries program and may be supported by it in the future, it will become increasingly important for CARD to define for itself and come to some agreement on the nature of the businesses that can be supported through that program. The nature of the small businesses to be supported will also influence how the technical and managerial assistance program develops.

Planning for the organization is also affected by the organizational structure of CARD which relies on a voluntary board located in different islands, and one full-time staff member. Limited resources are available for travel. The different location of CARD leadership provides for broader regional representation but makes difficult communications, planning and follow-up. In essence, the momentum of the organization on the regional level and on the ground is inhibited.

To address the problem of focus and planning, CARD plans to 1) recruit a new executive director in time for the current director to provide a thorough orientation to the organization and its activities; 2) to recruit a vocational development advisor as a counterpart to the Melwood consultant; and, 3) to structure travel of Board members in particular regions for specific purposes and opportune moments. Accomplishment of these activities will contribute to the continuity and momentum of CARD as an organization. However, GIA and Melwood can play an important role in supporting the development of CARD by providing training and technical assistance to CARD itself in determining a more focused program of action and in designing specific plans to meet long term organizational targets.

4. Accountability at All Levels

As indicated in the preceding discussion, CARD has not done much planning in the past. In part this is due to its history and the stage of its development and in part to the fact that the agencies working with it have not forced it to do so. As a result CARD does not have interim or long term goals expressed in numerical or specific terms either for itself or for its utilization of the financial support it receives from others. This situation inevitably reduces the sense of accountability of CARD and its member organizations, and probably tends to undermine their sense of accomplishment as well. The team got the impression that CARD's professional staff and many observers of its operations share this view; want to change it; and would welcome assistance in doing so.

Thus as CARD's new President, Board of Directors and Executive Director take organizational and other measures to place more importance on planning they also will need to address the aspect of accountability. Organizations, such as GIA, which work with them will need to help them. One way, of course, is to provide technical assistance in planning. Another would be to require that their own agreements with CARD include targets expressed numerically or as specifically as possible. AID also could

assist the effort by taking a similar position in its agreement with GIA.

5. The Role of Disabled Persons in the Workshops

Whether or not CARD seeks to place a significant amount of its resources and attention on fostering the rights of disabled persons and on their achieving positions of power and responsibility in society, CARD will have to concern itself with the role of disabled persons in its member organizations and the workshops they support. The tension between the traditional approach of a workshop organized by well meaning, charitable societies and that of workshops composed of more assertive client groups has been described in part D 1. Such tension probably is inevitable. It arises from several sources. Cultural and social attitudes change slowly; it would be unreasonable to expect that to be different with the groups who have been working "for" the disabled for many years. The natural tendency of people (disabled or not) to want to be in charge of their lives and work will lead them eventually to seek more authority, and the work of Disabled People International and the training given under CARD's auspices are likely to strengthen that desire.

Furthermore, the effort to turn the traditional workshops into more businesslike operations is likely to increase the pace at which this tension develops. It forces the managers to become, or make way for businessmen. It places importance on the clients/workers becoming production minded and carries with it the possibility of their feeling like either owners or exploited workers depending on the circumstances. The unease can be exploited by those disabled workers seeking political leadership of the workplace and can be seen by the managers, in any case, as disruptive of their effort to become economically self-sustaining.

To some, it would seem obvious that all will benefit if disabled persons receive training and are given as full a participation in the running of the workshop enterprises as is possible as soon as possible. Of course, that is easy to say. It is harder to achieve in the face of the long tradition and charitable orientation of the institutions and of the tensions which are sure to arise in any event. CARD and GIA need to prepare to deal with this problem before the tensions build to disruptive magnitudes. They probably will have to provide special training to the workshop managers and be sure that the directors of those enterprises are sensitive to these inevitable tensions.

6. Role, Training and Priorities of the Boards of Directors

The role of the Boards of Directors of the workshops is likely to be crucial to the success of the effort to make them businesslike entities capable of generating a satisfactory level of income for substantial numbers of clients, while also becoming self-sustaining. They will be the main channel for getting the views of and contact with local business into the system. They will be the arbiters of the tensions which arise between the managers and the clients/workers. They will be the principle advocates of the goal of self-sufficiency in a system where the welfare of the client has been the overriding, if not sole, reason for operations. They will be decisive in determining the extent to which each member organization focuses on the major purposes of the organization.

The importance of the role of CARD's staff of CARD and workshop managers has been recognized. Training has been given to them, and their need for support and guidance recognized. Much less attention has been given to the needs of Board members. A representative of GIA's International Department attends meetings of the Board of Directors of CARD, and the Melwood consultant has been meeting with members of the boards of the various workshops. However, the latter effort has not been systematic, and the amount of training provided to Board members has been very small. Much more will have to be done.

At the CARD level, the Board members need encouragement to attend the sessions, to conduct the work of the sub-committees that are to be formed, and to perform more liaison work on behalf of CARD with its constituent organizations. At the workshop level the Board members need help in understanding what is expected of them and the dynamics which are involved in the situation described in the preceding section. Indeed, it is not too extreme to conclude that without greater attention to the quality of the work of the Boards the program will not work.

7. Open Employment and Home Industries

As a co-sponsor of the Target 2000 First Joint Caribbean Congress on Disability and Rehabilitation, CARD was responsible for organizing the vocational and employment services component of the program. Recommendations by the Congress for the future development of vocational and employment services included the support of home and community based industries and open employment programs. Among these

recommendations are the following:

governments, national, regional and international agencies should support job placement and alternative income generating opportunities and approaches to ensure meaningful employment for persons with disabilities;

governments should set an example for others by actively ensuring open employment opportunities for persons with disabilities themselves;

employers should actively participate in the planning and implementation of training programs and in the creation of job opportunities;

equal access to regular vocational and adult education programs should be extended to persons with disabilities;

vocational training should be provided only in areas where skills learned will be marketable;

representatives from business and industry should be actively involved in the design, implementation and evaluation of vocational preparation programs.

To date, CARD has not emphasized the development of community and home based industries although some observers have urged it to do so. This is due both to the demands on the resources of its mini-industry program and to reluctance to compete with the CCB which has supported a home industries program in many of the countries in the Eastern Caribbean.

The team agrees that CARD support of a full-fledged home and community-based industries program (as distinct from the workshop based program) may not be the best use of its scarce resources at the present time. However, CARD could begin to explore employment development approaches at the community level, and could tap existing resources by encouraging its membership to: i) seek collaboration with the Rehabilitation Field Officers supported by CCB; ii) seek technical assistance through the National Development Foundations for business guidance; and iii) approach the Special Training Projects in Dominica and St. Lucia for vocational training appropriate for home and community based industries.

In the short term, CARD could provide advice to its members on how to

access existing programs for the support of home and community based industries, and encourage members to make links between workshop activities and home industries.

For the long term, CARD should develop a plan on how it might best support home and community based industries. Planning for this area of employment creation for the disabled should examine the experiences of other organizations and the resources available to CARD through national organizations, and the skills of its own board members, staff, and consultants.

Government officials, rehabilitation service providers, CARD board and staff, and representatives of other regional organizations serving the disabled all consider achieving competitive, open employment for the disabled in the Eastern Caribbean a very difficult proposition. The reasons are the current high unemployment rate throughout the Caribbean and the attitudes of employers against hiring the disabled. Nevertheless, many of the employment oriented recommendations of the Congress at the Target 2000 conference deal with ensuring employment of disabled persons in existing business and government positions; and the team did find a few instances of such employment.

Thus, as with home and community based enterprises the team thinks that CARD should not completely ignore this possibility. The team suggests that, in the short term, CARD encourage members to examine and access existing resources and national programs such as the Skills Training Project in St. Lucia and Dominica; and, as part of its long term planning process, CARD should examine the Congress' recommendations on open employment and analyze what role CARD as an organization might play in addressing this important problem. The experience of GIA in supporting the PWI program as well as various transitional workshops could assist CARD in analyzing its role regarding this issue.

8. Integration with Other Development Efforts

CARD affiliates have operated in a somewhat isolated fashion from the mainstream of national development. This isolation is most likely due to a combination of factors including the charity or social service orientation of the CARD affiliates and society's perception of the disabled and the organizations that serve them. Whatever the reason the effect is the same -- local resources are often overlooked.

In some Eastern Caribbean countries, vocational training resources are available from the OAS/USAID sponsored Special Training Program, and technical assistance and financial resources are available from the National Development Foundations. Although these organizations are often working to capacity, the Skills Training Program does seek clients for training and the National Development Foundations do provide technical advice to clients who are not involved in an on-going loan program. Both might be sources of support thereby alleviating the demand on CARD's scarce resources and permitting CARD to focus its human and financial resources in a manner that complements local development efforts.

CARD has made an effort, through a Melwood organized course, to support its affiliates in their efforts to identify and tap locally available resources, but more would seem to be required. Since the level and types of resources available differ from island to island, the national affiliates will have to investigate the appropriateness and level of the resources available, and determine what modifications may be necessary in both the affiliates' program and the national development program in order to best support the disabled client. Although CARD can encourage affiliate outreach to the mainstream development community by initiating contacts, each affiliate must place greater emphasis on follow-up actions with national development organizations. It appears that CARD has an important challenge in bringing this about.

Conclusions

1. GIA has had a significant impact on the thought of persons working with the disabled in the Eastern Caribbean in that many of them appear to be convinced that they should place the emphasis of their work on creating businesslike organizations to provide sustained employment for their disabled clients. However, it is evident that the persons involved have not received enough training to be able to carryout these actions without further assistance.

2. CARD has had considerable success in establishing itself, overcoming the initial problems associated with its establishment and organizing important regional conferences and training programs. However, it does face formidable tasks in carrying forward its efforts; and it does not have the basis to become financially self-supporting in the foreseeable future. The organization will have to rely on outside funding for its program and

administrative budgets.

3. The main tasks facing CARD as an institution are to (i) clarify what is to be its institutional focus, (ii) undertake systematic planning of its operations, and (iii) adopt a fund raising effort and a training program consistent with that focus and its planning. The role of the Board of Directors of CARD will be crucial to that effort.

4. Except in the case of the sight-impaired, the numbers of disabled people being assisted by the members of CARD are very small, and the members do not seem to have either accurate information on the number of potential clients or plans to expand their coverage to include them.

5. The workshops currently in operation are not yet organized to make business analyses and decisions, and do not cover full costs of production.

6. CARD's actions have had little impact on the economic and social conditions of the countries in which it has member organizations. Impact at a national level is unlikely to be significant in the foreseeable future. However, given the small size of most of the economies, should CARD's efforts to produce businesslike workshops be successful and their coverage expanded to include most of the disabled of these countries, the impact could be consequential.

7. It would be advisable for GIA to become more intensely involved in assisting CARD. This is particularly true of work with both the Board of CARD and the Boards of the member workshops, in the conduct of feasibility studies for new income producing activities and in preparations to deal with the social and organizational tensions arising under the program. It is likely that GIA will have to devote more resources to this effort.

8. CARD and GIA may be overestimating the difficulty of undertaking home and community based production for the disabled and of finding employment for them in regular jobs in commercial and manufacturing organizations. They might explore possibilities for such approaches with other development programs which are active in the participating countries.

9. There is little sense of accountability in the CARD system. In part this is the result of a lack of concrete targets for operation of its

programs and in part because the external entities providing assistance have not sought such targets and accountability.

10. Given the current state of development of CARD, the magnitude of the problem facing its work and the need for more intense involvement by GIA, it is not reasonable to expect CARD to become self-sufficient in providing services and resources to members within the period of the proposed follow-on grant from AID to GIA at the level of funding currently being discussed. Furthermore, there is much yet to be done in those countries in which the GIA/CARD program already is active that it would seem unwise to plan to expand the coverage under the new grant to many more countries.

Recommendations For the CARD Program

1. The Board of CARD should give priority to further clarifying the focus of the organization's efforts, to reviewing and approving the operational plans prepared by the staff to assure that they are compatible with that focus and have sufficient specificity to permit accountability for performance, and, to initiating a major effort to identify new sources of financial support.

2. Members of the Board of Directors of CARD should be prepared to participate actively in the committees and in providing liaison between CARD and its constituent members.

3. CARD should pay increased attention to the work of Boards of Directors of its member workshops and to preparing and supporting the members of those Boards in their work.

4. CARD should give priority in its budget to funding a counterpart position for the Melwood advisor and should seek the cooperation of GIA, the Peace Corps or other external agencies in providing staff support for the new Executive Director upon the departure of the current Peace Corps volunteer who is currently acting as CARD's Executive Director.

5. GIA should consider increasing the level and intensity of its assistance to CARD. This should include agreeing with CARD as to what are the specific targets of the program to be supported by GIA and periodically reviewing with CARD what progress has been made toward achieving those targets.

6. In its future work with CARD, GIA should pay particular attention to the role and needs of the Board of Directors and provide training which would help CARD and its members deal with conflict resolution and the social and organizational tensions likely to accompany the program's implementation.

7. GIA should consider providing (i) assistance for feasibility studies of new activities by the workshops, (ii) funding for attendance at subcommittee meetings by members of the Board of CARD, and (iii) funding to cover costs of the staff mentioned in recommendation #4 above. Such consideration should take place in the context of a plan by CARD to identify new sources of financial support.

8. AID should encourage GIA to use specific targets in its programs and to seek accountability from CARD and GIA of progress made on these targets. In doing so AID should be realistic as to what it can expect to be accomplished with the level of resources which it is able to provide.

PANAMA

The Panamanian Association of Goodwill Industries

The Panamanian Association of Goodwill Industries (APIBV), a non-profit social service organization, was created and incorporated under Panamanian law in 1970. The general objectives of the organization are:

- 1) to offer physically and mentally disabled people the opportunity to support their own social and economic development through rehabilitation, training and work in sheltered workshops;
- 2) to offer the country new sources of productivity through the incorporation and support of disabled persons in the labor force; and
- 3) to publicize the benefits of training people with disabilities.

The specific tasks of the organization are to:

- 1) carry out vocational diagnosis and pre-vocational evaluation;
- 2) provide physically and mentally disabled persons with pre-vocational and work adjustment training; and
- 3) provide a basis for the incorporation into the labor force of mentally and physically disabled persons through competitive employment, the organization of cooperatives and independent work.

In 1979, APIBV received funds from national and international donors, including USAID/Panama, to construct and equip its own facilities. Until 1981, APIBV based its programs on the traditional social service model of rehabilitation which resulted in serious financial difficulties for the organization and an almost negligible employment placement rate. In 1982, APIBV initiated a series of reforms to strengthen the organization. The major objective was to increase workshop production by converting operations into self-financing sheltered workshops within a four year period. By December 1984, APIBV workshop production and sales covered 71% of the operating costs of the organization.

A major strength of APIBV is its ability to muster local and national financial and human resources in support of the organization. APIBV has

also received support from the Fundacion Pro-Impedidos, a national foundation supporting the disabled, the Rotary Club, the 20-30 Club, individuals and private companies. The Rotary Club has played an important role in the development and support of APIBV by providing leadership and financial support to the organization. In 1985, the Fundacion Pro-Impedidos granted APIBV approximately US\$100,000 for doubling of the capacity of its existing workshop facilities. Approximately US\$42,000 remains to be raised for the purchase of equipment and workshop installations.

Presently APIBV supports the rehabilitation and employment of 60 disabled workers in four areas of production --carpentry, sewing, packing and door production; employs 15 technical and administrative staff members; and has an organizational budget of approximately US\$100,000. (See Tables 1 and 2 for details on workshop employees and APIBV staff.)

GIA and APIBV Agreement on ACI

In June, 1985 APIBV and GIA entered into an agreement to establish a Partnership With Industry (PWI) program in Panama. The program is known as ACI (Alianza con el Comercio y la Industria). The PWI model as developed in the United States was adapted to local Panamanian circumstances. The ultimate objective of the model, the competitive employment of rehabilitated persons in regular positions in commercial and industrial enterprises, remains the same although the means by which this objective is met differ due to Panamanian legal statutes and labor practices.

Under the terms of the 1985 agreement GIA agreed to: provide US\$25,000 to the program for one year; organize and finance a study trip to the US for the ACI director; produce a manual in Spanish explaining the program and how to develop it; arrange technical consultancies by GIA or other personnel; and, continue technical assistance and training as well as establish contacts with other organizations which could provide technical or financial assistance. On its part, APIBV agreed to: establish and manage an ACI program based on the principles set forward in the manual and adapted to local conditions; document the development of the program, maintaining cost and benefit data on the program to determine its effectiveness and to enable it to compare costs and benefits with other training programs; organize an ACI advisory council from the business

community; hire a full-time director; develop a plan for the program; and, select areas of potential training. The APIBV also agreed to consult with GIA before making any basic decisions about the program.

Accomplishments of the ACI Program

The ACI program was established in September 1985 under the auspices of APIBV. Support for the ACI was a departure from APIBV's traditional rehabilitation and production workshop activities, therefore, from September through December 1985, the program was run on an experimental basis.

The PWI model as developed in the United States was adapted to local Panamanian conditions, while keeping important features of the US model, such as creating a Business Advisory Board which plays a senior management role in the program's operation, relying on other entities for sources of clients and evaluation services, and identifying actual areas of employment before initiating training programs. The Panamanian ACI method of operation involves securing temporary employment contracts from business and industry for disabled clients because of the difficulties of the Panamanian labor code, discussed above, and the Panamanian business community's familiarity with the "Manpower" system used for securing temporary white collar workers.

The Advisory Board of the ACI program was constituted during the fall of 1985. Its chairman is a businessman who has had a long and active association with APIBV, and who has been at the center of the effort to start the ACI program. The other six members are local entrepreneurs associated with the Rotary Club and professional people who have particular skills to lend the operation. One member of the Board has had experience with the commercial firm which has been providing temporary services to businesses, while another works with the personnel department of an international company.

The ACI Advisory Board is both independent from the Board of Directors of APIBV and responsible to it. (See Table 5 for a diagram of the organization.) While the ACI operates out of the APIBV workshop site, the ACI is viewed as separate from the on-going APIBV operations. The ACI program now has a full time director who has produced an annual plan and budget for the program.

The ACI has determined two major areas of employment: packing and classification of products and door installation. A rigorous employment demand study was not undertaken, yet the combination of consultations with various companies, discussions with board members, the experience of ACI pilot program, and requests by APIBV customers for the workshop to also the install doors they produce provided the ACI Director with enough information to feel confident that these areas of employment specialization will have a demand from local business and industry. The Instituto Profesional de Rehabilitacion Profesional (IPHE), the government school for persons with disabilities, referred 96 clients to ACI. Of these clients, 30 have been identified as able to benefit from the packing and product classification program and eleven from the door installation program.

The goal of the program is to place ACI's temporary employees in permanent positions in private industry. Due to a number of factors of the labor code, the legal system, and current economic conditions in Panama, the ACI program plans to employ disabled clients as trainees for the first two months, and under temporary contracts for the next four months. In the beginning of the seventh month, the employee is let go, and all accounts with ACI are settled. Ideally, it is during the seventh month when the employee, through ACI, will have found permanent employment with this temporary employer, or elsewhere through the Ministry of Labor Special Placement Service. If the employee has not been able to secure a permanent position, s/he can come back to ACI in the eighth month and begin a new cycle of a four month contract of temporary employment. (See Table 6 for details of the employment contracting cycle.)

During the first three months of the pilot program, six disabled persons were employed temporarily in private businesses. After this period of temporary employment, four of the six disabled clients were found permanent job placements within the private sector by the Ministry of Labor. (See Table 3.) By February, 1986 an additional eleven disabled people were employed under the ACI system. One was permanently employed in the private company in which she had been placed temporarily, and thus had graduated out of the ACI system. Seven were employed under temporary trainee contracts in private industries, and three were employed under temporary piece work contracts in private industries. Thus, within six months of undertaking the program ACI has sponsored on-the-job training and found permanent employment for five clients and

temporary employment for twelve clients. In comparison, the APIBV sheltered workshops have graduated 65 clients in the last fifteen years of operation. (See Table 4.) It is unknown whether or not these clients secured or retained employment.

In the future, the level of disability of the ACI client is likely to be less severe than that of the clients in the workshops or in the pilot program, and the ACI Director does not rule out accepting other disadvantaged groups, such as single mothers, into the program as more positions develop.

The current ACI program plan estimates that by employing 40 people per month, reaching a 100% permanent placement rate of 70 disabled clients per year, and maintaining a steady influx of pre-evaluated disabled clients the program can become self-financing. (See Table 6 for current plans.)

Major Issues

1. The Likelihood of Finding Permanent Employment for Disabled Persons

The basic premise of the PWI program in the United States is that disabled persons trained in factories, offices or elsewhere under the guidance of business people will be well qualified to compete for permanent jobs upon the completion of their training. The variant of the program as undertaken in Panama under the name of ACI also includes the objective of finding permanent employment for disabled persons who have received skills training and/or work adjustment training. Indeed, the projection of APIBV that it could achieve financial self-sufficiency for the ACI program with 40 persons in it assumed that 10 new participants would enter the program each month while 10 participants would graduate into permanent employment apart from the program. However, there are several factors which call into question the realism of expecting to find the necessary permanent jobs.

Under the discussion of environmental factors we have mentioned the great reluctance of employers to accept any additional permanent employees. That attitude was expressed even by employers who are sympathetic to the ACI program and appear to be convinced of the high quality of work which disabled people are producing while temporarily in their factories. It is true that four of the six persons in the pilot of the ACI program did find permanent employment with organizations other than

the ones in which they temporarily were working, and that one of the eleven workers in the current program was given permanent employment after only one month on the job as a temporary worker. However, it also must be kept in mind that the task is a difficult one and the effectiveness of the government's job placement system is limited. For instance, the section of the Ministry of Labor which is in charge of finding employment for disabled persons has placed only 44 people in two years with less than half of those in fully permanent positions; and, the government's special school system for the disabled (IHPE) has not placed a graduate in employment in over a year.

The Director of the ACI program is optimistic that permanent jobs can be found, and that the good reputation of the training given by APIBV will prove to be of great value in that effort. Nevertheless, her planning seems to be focused largely on mounting and expanding the temporary employment system under which the ACI program is to operate. Mounting that system is the most immediate task facing the program, so such attention is natural. However, the team did get the impression that APIBV itself has doubts about the feasibility of achieving substantial numbers of permanent placements, and thus is most concerned with how it will handle a large, permanent, temporary work force. As part of future prospects, the

Director plans to place emphasis on creating a service for the installation of doors, and is considering proposing for the long run that small enterprises be created to employ disabled persons in providing that and similar services. It would appear that such an effort would be needed only if one were not expecting to be able to place graduates in permanent employment.

The team would not suggest that efforts to find permanent employment be abandoned, and certainly would not state that the efforts will not be fruitful. However, the prospects for success are clouded enough to call for the program consciously to prepare for a situation in which such permanent employment is not the normal outcome. The implications of such a situation are discussed under the following section.

2. Implications of Operating A Large Temporary Employment Service

The 1986 plan for the ACI program contemplates receiving 80 new trainees into the program and placing 40 clients in permanent positions in industry

by the end of 1986. (See Table 6.) Operating at full capacity under this method of operation, ACI intends to find permanent positions for 70 clients over a twelve month period.

As previously discussed, provisions of the Panamanian Labor Code present major risks for the sustainability of the program if it relies solely on the permanent placement of disabled workers in private industry. However, running and maintaining a large temporary employment service will require overcoming obstacles nearly as important as the permanent placement of clients. These issues as well as basic managerial and operational concerns are discussed in this section.

To achieve either the ambitious goal of permanent placement or the running of a large temporary placement service, the following actions will be necessary: a) expand the number of positions available to disabled persons within the business community; b) expand the sources of previously evaluated and trained disabled clients; and c) diversify areas of potential employment from those now in the program. Each of these issues is discussed in this section.

Fortunately, the ACI operating under the auspices of APIBV, has natural advantages in attempting a program which involves both the temporary and permanent placement of disabled workers with private industry. Businessmen have been associated with the APIBV program since its beginning in 1970, and ACI has actively sought linkages with the business community through membership on the ACI Advisory Council and as employers for disabled clients. Still, the challenges are great.

Labor Market

Currently in Panama there is little interest or incentive for private industry to employ disabled workers. Quite the opposite. The majority of the businessmen who have employed disabled workers did so out of charity rather than on an understanding that a disabled employee can match the productivity of an able bodied employee. Businessmen in Panama are also reluctant to hire disabled workers on a permanent basis. Their concern is based on the labor code (discussed above) as well as on a fear that disabled workers may have a higher accident rate than other workers and may not be covered properly by insurance.

There is, however, a great demand by private industry for temporary employees. The same labor code which makes businessmen reluctant to

hire permanent employees makes businessmen enthusiastic about hiring temporary employees. From the employer's point of view the employer/employee risks are minimized since there are no long term commitments to the employee. A number of private enterprises based on agricultural production, processing and distribution have seasonal employment requirements as well. For these industries, temporary employment is ideal. The businessman's relative dependence on temporary workers and his reluctance to invest in long term employee relationships favors the hiring of skilled temporary workers. If major attitudinal barriers towards employing disabled persons can be overcome, skilled disabled temporary workers will find themselves in competitive positions in the labor market.

Sources of Disabled Clients

Whether it functions as a permanent out-placement program or a large temporary employment service, the success of the ACI program depends on its ability to provide private industry with workers who can perform effectively in the workplace. This requires the disabled client to be pre-evaluated, work-ready, and trained in basic job skills. Since the ACI program does not have its own resources to evaluate, orient or train disabled clients, collaboration with other agencies is essential for its operation.

Currently the program is facing a situation of having a demand for eight temporary workers and having disabled workers who have been evaluated but have not yet completed training. According to the ACI Director, this problem is likely to continue if sources of pre-evaluated, job-oriented and skilled disabled workers are not found and working relationships are not established between these organizations and the ACI program. Although there are some 20 disabled clients being prepared to participate in ACI, the length of time required for work adjustment and skills training has delayed placement.

A natural source of pre-evaluated, work-ready and skilled disabled workers is the APIBV sheltered workshops. There is, however, a reluctance on the part of the workshops to release employees to the ACI program. This reluctance is based on: i) the fear of losing its most productive employees; ii) the fact that the whole APIBV operation is presently supported by income from the workshops; and iii) a fear that once a workshop employee obtains a position in competitive employment it will be difficult for him to return to his old job in the workshop with the same attitude. On the other hand, the workshop employees are anxious to

seek employment through the ACI program --they can earn more money and see greater status connected with obtaining a job outside the workshop.

The ACI has initiated relationships with the Social Security Hospital and with IPHE, a government sponsored school and rehabilitation institution. The Social Security Hospital estimates that it can refer a maximum of five disabled workers a month to the ACI program. Workers referred from the Social Security Hospital have been pre-evaluated, and have prior job experience. Recently 14 disabled youths, out of a pool of 96, have been sent from IPHE to the APIBV workshops for training and job orientation. Generally, IPHE graduates do not have a job orientation, and have not benefited from vocational training.

While direct contacts between ACI and the Social Security Hospital and other private organizations assisting the disabled, such as the School for the Blind, may prove fruitful in providing pre-evaluated, disabled clients with prior work experience, the most consistent and convenient source of these clients would appear to be the APIBV workshops. Thus it would seem that the relationship established between IPHE and those workshops must be modified in order to maintain a constant workshop workforce while training disabled clients and providing support to the ACI as an outplacement program for selected members of those workshops.

Diversifying Areas of Potential Employment

The long term success and financial viability of the ACI as a temporary employment service will depend on its being able to expand the number of its employees and diversify its areas of employment. Additional temporary positions in the private sector that clients with disabilities can fill must be identified, and training in new fields must be provided.

In addition, the financial viability of the ACI as a temporary employment service (discussed in part 7) will depend on lowering costs or placing more disabled clients in positions that pay a higher wage. Using present prices and costs of labor and current administrative and management costs, the enterprise would have to more than triple its capacity to employ temporary contract workers to become self-sufficient.

This implies that the ACI temporary employment service will rely on clients with a lower level disability: those who are more readily accepted by their employers; those clients who can more rapidly adjust to the environment of the workplace; and, those who can learn a skill at a more

rapid pace thus requiring fewer funds for training.

Management and Administrative Systems

The operation of a large temporary employment service will require a higher degree of managerial and administrative support than the operation of a permanent placement service. The proposition on diversifying the fields of employment will require the provision of funds for training in particular technical areas, establishing agreements with businesses to provide this specific training as is currently envisaged with IBM, and/or seeking out vocational training programs that are likely to accept disabled clients, such as the current plan for training door installers at the National Institute for Professional Training. As the number and types of employment expand, administrative systems will become more complex, and coordination, managerial and supervisory tasks will increase. To adequately support the operation, staff positions will have to increase, especially in the area of administrative support. As the operation grows, the Business Advisory Council will have to play a greater role in assisting ACI in devising and modifying administrative systems. Technical assistance in making financial projections and business plans for the ACI will be required as well.

Conclusions

The operation of a large temporary employment service seems to be a viable option for the ACI. However, much more attention by the Business Advisory Council must be given to planning and establishing administrative and management systems for the enterprise, and a more supportive relationship between the ACI and the APIBV workshops must be established.

3. The Separate Nature of the ACI and APIBV Workshops

As originally envisaged by the then-Executive Director of APIBV, the ACI program was thought of as being entirely independent of APIBV, perhaps to be sponsored by the Fundacion Pro-Impeidos. GIA envisaged the ACI as a separate project sponsored by APIBV, but perhaps in a different office location. Having the ACI operate in an administratively and physically separate space from other APIBV activities was thought to be advantageous for: 1) providing greater flexibility, opportunity and creativity on the part of the Director; 2) providing the opportunity to be

more closely identified with business and industry; and, 3) encouraging relationships outside the APIBV network. An administratively separate operation would also provide a basis for analyzing the ACI activities and comparing them with the activities of APIBV as well as those of other organizations. GIA and APIBV agreed to operate the ACI program on an experimental basis under the auspices of APIBV, but to keep it separate from the on-going operations.

The separateness of ACI within the APIBV program is a mixed blessing. On the positive side one observes that: 1) ACI is identified with a sponsoring rehabilitation organization with a good reputation in the local business community; 2) the ACI program Director has been freed from other responsibilities within the APIBV program, and can devote full time to getting the program established; 3) the two programs in fact are differently focused with the ACI establishing a broad range of contacts with business, government and private organizations, while the APIBV workshops operate in a more insular and isolated fashion; 4) the ACI, through the APIBV organization, has access to and can draw on talent within the business community from the APIBV Board, but it is also free to seek ACI Advisory Council members from outside the APIBV traditional network; 5) theoretically, the ACI can play an important role as an out-placement service for the traditional rehabilitation and training activities of the APIBV workshops; and, 6) the administrative separateness of the ACI within the APIBV continues to provide a basis for analyzing and comparing ACI costs and results with those of other organizations.

Separating the ACI within the APIBV structure has also had negative effects on the operation. First, by recruiting the previous Director of the APIBV to become the Director of the ACI, the on-going APIBV program has suffered. An experienced and dynamic person was removed as Director of the on-going operation to head up the new program. This left a gap in the on-going program. Annual plans and budgets for the on-going operation have not been completed, nor has an analysis been done for the effective use of the expanded workshop space which will be ready by mid-1986. Although the implementation of the workshop program seems to be running on an even keel, the future planning of the organization remains in question.

Second, there is a tension between the previous Director (now in charge of ACI) and the new Director of APIBV. This tension is due as much to differences in personalities and orientation as it is to experience and

training. While working relationships can be described as cool, the difference in orientation and training perhaps holds the most severe implications for both programs and the ultimate goal of integrating disabled clients into the workforce. The new Director's orientation is in business and industrial economics. This, plus the previously mentioned workshops' objectives produce a reluctance to out-place the most highly trained and productive clients through the ACI program.

Third, the structure of the overall APIBV organization is somewhat muddled and understood differently by different staff and board members. While some describe the organization in structural terms with the ACI as a program department of the overall organization, others describe the structure of the organization as two independent operations with interlocking but independent boards. (See Table 2 and 5 for two views.) What is of concern is that both descriptions are accurate depending on what has to be decided and what has to be accomplished. However, it would seem that deciding on one structure would be desirable for the organization, especially as it grows, if only to lessen the confusion.

4. Need For a More Active Business Advisory Council

One of the keys to the success of a PWI program in the United States has been the active involvement of an Advisory Council of business people in its planning and implementation. This also would appear to be true in Panama. Indeed, the importance of active involvement by business people probably is greater in Panama than in the United States since there is a need for overcoming the business community's aversion to hiring additional workers and for giving administrative and marketing guidance to the temporary employment service which is likely to be created in response to the conditions prevailing in Panama.

In the immediate future there is a requirement to analyze the types of services for which the program should be providing training and to find or create effective demand in the business community for the services now available and which can be offered in the near future. Two of the most effective ways for the APIBV Board and the Business Advisory Council to assist the ACI in changing the attitudes of business regarding hiring the disabled would be for Board and Council members to hire disabled workers in their own enterprises and to encourage businessmen who have hired disabled workers to speak about their experiences to other businessmen who have not.

For the longer run there is a requirement to determine the feasibility of creating a permanent, temporary employment service and provide training to the staff in charge of its and of any decentralized units or separate enterprises which may be created to carryout similar service businesses. In order to carry out these tasks, the guidance of a business advisory council is essential. To overcome the constraint of lack of funding to hire professional advisors to perform these tasks, these tasks might be performed by the members of that Council themselves or by other business volunteers.

The Advisory Council members have been getting together informally now and then, and have plans to meet at least once a month in the future on a formal basis. During the team's visit to Panama the Advisory Council held a meeting to discuss the program with the team. During that meeting the Council informally discussed ways in which the persons under the ACI program might be provided with social security coverage rather than the more limited private insurance coverage plan. The informality of the discussion and the quickness with which the Council appeared to arrive at a plan of action was impressive, and an indication of the positive role which it might play in the future. However, the tasks ahead are probably more demanding of their time than the members of the Advisory Council have been accustomed to giving or than usually is expected of the members of Boards of charitable institutions in Panama and elsewhere.

In meeting the demands facing it, the Advisory Council should be able to call on the services of other business people. One source may be the Board of Directors of APIBV which consists of 11 people. The Chairman of the Advisory Council of the ACI program also is a member of the Board of Directors of APIBV; and the new President of the Board of Directors, who took office while the team was visiting Panama, noted that the success of the ACI program is a major priority of APIBV. However, the outgoing President reminded people that in fact, the Board of Directors really did not represent many people and that there was a pressing need for more people to be active in the affairs of APIBV --especially as the expanded workshop space becomes available. Thus it would appear that the success of the ACI program also may require efforts to involve more members of the Rotary Club and the business community at large in the work of APIBV. Such an effort will require closer collaboration between the Advisory Council of the ACI program and the Board of Directors of APIBV

Other than assisting in planning previous to signing the Memorandum of Understanding between GIA and APIBV and the study tour for the ACI Director, it seems that GIA has not taken a sufficiently aggressive position in offering advice to the Board of Directors of APIBV or to the Advisory Council of the ACI program on the operation of the program. Given the importance of the Advisory Council to the success of the program this approach probably will not be sufficient over the long run. In fact, the team found that the people involved with the ACI program appear to welcome further involvement by GIA in the work with the Council.

5. Attention to the Role of the Disabled in Decision Making and Administrative and Managerial Positions

Persons with disabilities are not actively recruited to fill administrative, managerial and technical positions within the APIBV program. As previously discussed, the general public, the business community and, to some extent, the disabled persons themselves, view rehabilitation work as charity rather than as part of a self-help movement. However, as the disabled move from the confines of a sheltered workshop to the open job market, they are quite likely to conclude that society's awareness of their problems and potential is deficient. Differences in the level of wages paid in the APIBV workshops and the open job market probably will be resented. If the workshop insists on keeping its more highly trained and productive workers, those who would be the best clients to place through the ACI program, the workshop pay scale will cause strong resentments, and these resentments could be directed towards both the ACI and workshop program. The extent to which ACI and workshop staff anticipate this situation and are prepared to deal with it in a positive way will determine whether both programs are perceived by the disabled as promoting and serving their needs or paternalistically exploiting their labor.

Training and placing qualified disabled clients in administrative, managerial and technical positions within the APIBV operations could provide important role models for other disabled clients, and provide APIBV management clearer insights into the delicate but important area of increasing awareness and attitudinal change on the part of disabled clients. In addition, recruiting disabled clients in positions where they work with the public and business community would be a major step in addressing the problems of public education, community outreach, and the

image of the disabled worker. As ACI grows, additional administrative assistance will be required in order to support the program. Once the ACI has established its administrative and management systems, a greater part of the work load possibly can be assumed by lower-level management. ACI should keep in mind the possibility of recruiting a disabled client, perhaps through the ACI program itself, to work with the present Director and to receive on-the-job training in the administration and management of the ACI.

6. Non-Inclusion of the Blind

The government's IPHE programs include sight impaired persons. There also is a training workshop for the blind in Panama City which has five teachers from IPHE and about 11 students ages 18 to 45 in a program lasting from six months to two years depending on the degree of disability. However, neither institution has been able to find many jobs for its graduates. The workshop for the blind had been placing some graduates in Social Security hospitals, but the hospitals have not been taking people for some time due to the financial constraints facing the government. In fact, the vocational training is not an important part of the training given in the workshop for the blind, and the vocational training in the IPHE programs appears not to be well thought of by the business community. Furthermore, the workshop for the blind has not been able to generate a market for its products (ceramics, hammocks and building blocks), and thus has not generated permanent work. There are no job openings in the productive workshops of IPHE because all the positions are filled by disabled persons who have achieved the status of permanent government workers. The result of all of this appears to be that there is nowhere for the sight-impaired to learn vocational skills or to find productive employment.

APIBV has not worked with the blind. It is reluctant to do so because it does not understand how it would have to adjust its programs, and it points out that it has a close association with the Rotary Club while the Lions Club has been working with organizations involved in assistance to the sight impaired. It does not appear that the possibility of working with the blind has been discussed with GIA. Although the team recognizes that APIBV already has an ambitious program to implement, we cannot avoid the conclusion that the vocational potential of a very important group of disabled persons is being ignored, and that the difficulty of working with this group may be exaggerated in ACI's thinking.

7. Potential for Financial Self-Sufficiency of the ACI

The products of ACI are work-ready and trained, disabled workers. The revenues of the enterprise are dependent on the margin earned between the price paid for labor to ACI by private industry and the wages ACI pays its clients. Therefore, how these clients are viewed in the labor market is of crucial concern to the financial viability of the enterprise.

The financial viability of the ACI as a revenue generating enterprise is as dependent on environmental factors as it is on the relationship between costs of production and market prices. The financial viability of the mini-industries program in the Eastern Caribbean is dependent on the ability of workshop products' to compete in the marketplace. The financial viability of the ACI is much more complicated. The viability of the ACI, regardless of whether its ultimate goal is permanent placement or supporting a large temporary employment service, is linked to how successfully it: i) changes businessmen's attitudes towards employing disabled workers; ii) attracts disabled clients who can be made a part of the labor pool with little additional training; and/or iii) effectively orients and trains its clients.

In the case where the program's goal is permanent placement, financial viability is dependent on two additional factors --how well it maintains a healthy out-placement program for permanent employment of the disabled, and how well it maintains a steady influx of work-ready trainees. In the case where the program's goal is to operate a large temporary employment service, financial viability is dependent on two additional factors --an expansion of the number of positions available to the disabled within the business community and diversification of areas of potential temporary employment.

Financial Viability of ACI the Enterprise

A commercial analysis of the ACI program, presented in Attachment 2 of this report, assumes three different cost projections for the program based on current production plans. The first case is based on budgeted program costs which include all administrative and management support costs. The second case assumes budgeted costs plus a 40% increase in the cost of temporary contract labor to cover social security benefits. The third case is based on actual program expenses over the past five months of operation. The actual costs differ from the budgeted costs because APIBV has been absorbing the costs of rent and secretarial services, and

professional services have not yet been required. All three cases assume prices, placement rates and capacity projections as follows: 1) the price of labor remains at a constant rate based on what the businessman is likely to pay for relatively low level skills in industry; 2) a capacity of the ACI operation of 40 person months per month based on the 1986 annual plan and current staffing capacity; 3) 30% of ACI's temporary employees will be employed on a piece work basis; and 4) a planned permanent placement rate of 100%, or 70 permanent placements per year at ACI's full capacity. (Although the figures used in this analysis are based on the previous five months of program operation, the data compiled during this period are not significant enough to determine specific long term trends regarding the permanent placement rate and the percentage split between temporary contracts and piece work contracts.) A fourth case is presented which assumes only a 40% permanent placement rate with 60% of the temporary workers returning to ACI at a constant rate thereby displacing future trainees in the ACI workforce. The 40% permanent placement rate is based on a conservative estimate of the experience in the pilot project.

This case is presented only as an illustration to show what happens to the enterprise given a different production structure --fewer out-placements, fewer trainees, and more temporary workers. The case is theoretical, but based on a likely scenario of ACI becoming an agency sponsoring a temporary workforce to industry if the potential of permanent placement is not realized.

Results of Cases

CASE I of this analysis assumes a 100% permanent placement rate as indicated in the production plan, a 70-30% split between temporary contracts and piece work contracts, current labor prices and costs, no social security benefits paid to workers, and the actual 1986 yearly budgeted ACI program costs at the rate of US\$23,360. CASE I shows that the project is able to cover variable costs and the budgeted fixed costs of US\$23,360/year. Start-up and working capital costs attributed to the project can also be recovered. In this case, the enterprise shows a strong likelihood of attaining financial self-sufficiency if it operates at full capacity.

CASE II incorporates the assumptions in CASE I, but increases the cost of labor by 40% for temporary and piece work contracts to cover workers' inclusion in the social security and employee benefits system. CASE II shows that the project is able to cover variable costs of labor with the

exception of the piece work contracts, but that it is unable to cover approximately US\$13,100 of yearly fixed costs. If wages and social security benefits for piece work contracts were calculated on the basis of the minimum wage, as in CASE III (below) all variable costs of labor would be covered and a small amount would accrue to the ACI to cover fixed costs. A comparison of CASE I and CASE II underlines the importance of calculating and negotiating the price of labor that will be paid to ACI and the wages ACI will pay to the piece worker before each contract with industry is signed. The financial viability of the enterprise depends on piece work contracts covering their fair share of fixed costs.

CASE III assumes fixed costs at the actual rate of expenditure based on ACI financial expense reports from September 1985 to January 1986. These reports do not include expenditures for rent, secretarial services of professional services. The analysis therefore assumes a subsidy by APIBV for these line items. Using monthly financial reports, fixed costs would approximate US\$12,680 on a yearly basis. CASE III maintains the 40% increase in the cost of labor for temporary contracts, and adjusts piece work contracts to a minimum salary plus 40% for social security and employee benefits. CASE III shows that when fixed costs remain at their actual levels of US\$12,680/year the project can produce some revenue, approximately \$500/year if it runs at full capacity, while paying social security benefits to workers. Contracts with trainees continue to subsidize the operation by contributing to a greater share of fixed costs than either the temporary contracts or the piece work contracts. On this set of assumptions, the project will be able to contribute to rent or administrative services provided by APIBV but not cover them entirely.

As all three cases show, the contracts with trainees subsidize the operations of ACI. Up to this point the analysis has assumed a 100% out placement rate in permanent placements. Assuming an out-placement rate of only 40%, a corresponding drop in the number of trainee contracts, and a 60% return rate of temporary workers, an entirely different picture of financial viability of the enterprise is presented. CASE IV assumes these conditions of ACI becoming a permanent, temporary employment service. This case shows that at the current price of labor the enterprise continues to cover variable costs, but it cannot cover fixed costs. Using this set of assumptions the enterprise will continue to need a subsidy.

Present production plans, estimated sales and budgeted costs, including social security benefits, will not permit the project to cover all fixed

costs within the next two years. However, under three of four cases used in this analysis, the project does cover the variable costs of each type of contract; and can contribute in varying degrees towards covering the fixed costs of the enterprise.

Price of Labor

Piece work contracts are a problem in all the cases presented. While piece work contracts can be the most lucrative line of production for both the enterprises and the workers, they can also lose money for the enterprise. They are an unpredictable money earner for the enterprise. This is not surprising since the result of piece work contracts depend so much on the added dimension of labor productivity. What is certain is that ACI must calculate and negotiate more carefully the price it receives from industry and the wages it pays to workers. Since each piece work contract is likely to involve different products, an analysis should be done for each type of contract involved until ACI becomes familiar with the array of piece work contracts available to it.

Another area of concern is the payment of social security benefits to piece workers and temporary employees. Paying for those benefits increases the costs of labor by approximately 40% without a corresponding increase in price paid for labor by industry. Without payment of social security benefits, the enterprise can earn revenues even when fixed costs are at the high budgeted level of US\$23,360/year. The enterprise can cover investment costs, theoretical financing costs and make a small annual revenue. Payment of social security benefits to workers without a corresponding increase in price paid by industry will not allow the enterprise to cover fixed costs at the budgeted level of US\$23,360/year. In fact, the enterprise will require a subsidy for at least half its fixed costs. To remedy this situation, the level of fixed costs must go down and/or the price of labor charged to industry must increase.

Since ACI is presently engaged in securing employment contracts for low or semi-skilled workers increasing the price of labor charged to industry will be difficult. The competition is high for semi-skilled minimum wage jobs. As the ACI labor force becomes more skilled and ACI can guarantee industry that its employees enter the job as skilled workers, ACI may be able to increase its price to industry, but not above the prevailing rates. To increase the price of labor paid by industry ACI will have to train and engage more highly skilled clients who will command a higher price in the labor market.

Fixed Costs of the Program

The ACI program may be able to reduce fixed costs once it has accomplished the following: 1) established its relationship with APIBV sheltered workshops; 2) established sources and procedures for client referrals; 3) tested administrative and management systems; 4) determined new areas of skills training for the disabled and likely sources of that training; and, 5) expanded positions in private industry open to disabled persons. However, establishing management and administrative systems, identifying sources of evaluation and training programs, expanding new areas of employment for disabled clients, and cultivating working relationships with industry, private organizations and government agencies all require a great deal of time, creative energy and support. The endeavor is a complicated one.

Thus, for at least the next two to three years, the program will require dynamic leadership and subsidies for program costs. Once the program has established a solid foundation in the areas mentioned above, the creative talents and energies of the present ACI Director that are so essential in the early stages of program growth may not be needed on a full-time basis. Although the current Director always will play an important supportive and managerial role vis-a-vis the ACI, in the future a smaller portion of the Director's costs could be charged against the program. The on-going operation could be assumed by lower level management. For this reason, as well as others discussed above, the ACI program might keep in mind the possibility of recruiting and hiring one of its disabled clients to assist the director in all aspects of the program and to receive training in the administration and management of the program.

Training vs. Production

There is a risk that the same training/production conflict may arise within the ACI that has surfaced between the ACI APIBV workshops. The training/production conflict could manifest itself by ACI's unwillingness to place permanently a particularly effective temporary worker. However, this danger may be lessened by the reality of the costs of labor since the trainee contracts, rather than the temporary employment contracts, provide for a greater share of the program's fixed costs. Including a workers' social benefit package which would raise variable costs by 40% also would have the effect of incorporating administrative and management systems that automatically support the program's objectives. On the basis of incorporating systems which support program goals, as well as on a basis

of equity, the inclusion of social benefits for workers is recommended.

Maintaining a Steady Influx of Trainees

There is a risk that the program will not be able to maintain a high placement rate while maintaining a steady influx of trainees. This is important since the revenues generated from trainee contracts subsidize the ACI operation by contributing to a higher share of fixed costs than either the piece work contracts or the temporary contracts. If the program continues at its present capacity while employing a greater number of temporary contract workers and fewer trainees, as presented in CASE IV; the program will suffer financially. While the operation will continue to cover variable costs of labor, about half the fixed costs of the program, approximately US\$6,000 will remain uncovered. For the enterprise to break even under this scenario the level of operating costs, the level of subsidies from APIBV and outside organizations and the price charged for labor will have to be re-examined and adjusted accordingly.

Conclusions

As long as administrative costs of the project remain at budgeted levels, the project will need continued subsidies. Subsidies for client evaluation and training or the direct provision of those services either through APIBV, or responsible governmental agencies, will be necessary as long as the ACI is to be effective in providing productive services to the business community. Since the provision of trained, efficient labor to private industry remains the most effective way for the ACI program to begin changing the business community's attitude towards employing the disabled, subsidies for training and evaluation are essential to continued program success. Subsidies for current operations will also be required if the enterprise is to operate on an equitable basis by including social benefits for workers. The ACI is a complicated endeavor that will require at least two to three years of high fixed costs to get it off the ground. Operating costs subsidies on the average of US\$10,000/year will be required for at least the next two years, and possibly a third.

8. Social and Economic Impact

It is too early to come to conclusions as to the probable social and economic impact of the program. However, the ACI program has made progress in training and placing previously unemployed disabled clients in regular employment, and incomes have increased for the few people

involved in the program to date.

Since its inception as a pilot program in September, 1985 the ACI program has trained and placed 12 disabled clients in temporary jobs and five disabled clients in permanent positions. In comparison, the APIBV workshops have graduated 65 disabled clients in the sixteen years of their operation. If these disabled clients had remained in the workshop setting for the same period of time that they worked through the ACI program, total earnings would have been approximately US\$2,500. Through the ACI disabled workers earned a total of approximately US\$4,100, or 65% more than would have been possible to earn in the workshop. The maximum wage a workshop employee earns is US\$0.40/hour, or US\$64.00/month; the minimum is US\$0.25/hour or US\$40.00/month which is paid during the orientation phase. The ACI trainees earn US\$0.60/hour or US\$96/month for the first two months and at least the minimum wage, approximately US\$125/month, for each month they are employed thereafter. The personal income for those employed through the ACI ranges from 50-95% above the income earned through the workshop.

The ACI clearly has the potential to generate more and higher paying jobs for disabled clients than the workshops. In addition, there is a strong likelihood that ACI program benefits in terms of jobs and income generated on a yearly basis will be much greater than the present annual program costs.

Major Conclusions

1. The ACI program is off to a good start. The Executive Director is a dynamic, well prepared person with the energies and the contacts to provide the program a solid foundation. The Chairman of the Advisory Council is a long time active supporter of APIBV. He and other members of the Advisory Council are experienced and prominent business and professional people. GIA was successful and key in getting the concept of ACI accepted and the Executive Director prepared for a leadership role.

2. GIA and APIBV probably have underestimated the time and resources it will take to put the ACI program on a self-sustaining basis. Its current plans will not achieve that result in the foreseeable future. The plans' major failings are to assume that permanent jobs will be found for most graduates and that the training which may be necessary for the participants will be available in other entities --either before the

participants become involved in the program or after they begin temporary work in the factories and offices.

3. Although GIA did foresee potential negative aspects of operating a PWI program together with more traditional activities, GIA may have underestimated the support needed to resolve those problems as they develop. The problems associated with ACI being created as an entity separate from the other APIBY activities are: i) the conflict between the perceived needs of production in the workshops and the need of the ACI program for a source of participants and a site for their training and evaluation; ii) the personal and professional strain between the personnel of both activities; iii) the decline in the attention paid to planning for the utilization of the major expansion of the space of the production activities; and, iv) the potential rivalry between the Board of Directors of APIBY and the Advisory Council of the ACI program. The failure to take adequate corrective action to compensate for these consequences was probably due to the limited amount of time which the personnel of GIA could devote to the implementation of the program and the hesitation to be seen as being too intrusive.

4. While the importance of the role of business people and business concepts in the ACI program is well understood and are guiding the program, little attention is being paid to preparing for and fostering the role of disabled people in making decisions about the program and managing and representing the program to the public.

5. It is too early to come to conclusions as to the probable social and economic impact of the program. Those few people participating in it have increased their income, but it is not clear that the increases can be sustained in the face of the problems and uncertainties facing the temporary workers and this program. Because of the small number of people involved in the program and the newness of the program there has been no impact on the social and economic life of the nation. Any significant impact on the national level is unlikely to occur in the near future. Nevertheless, one can see important potential for eventually having such an impact if the ACI consolidates its network among government agencies and the business and rehabilitation community; expands both the number and the type of positions that are open to the disabled; and, continues to work on changing the attitudes of the business community toward employing the disabled.

Major Recommendations

1. GIA should explore with the Board of Directors of APIBV and the Advisory Council of the ACI program what assistance it might provide to the Boards concerning their operation and the support which they and volunteers from the Panamanian business community might give to the development and implementation of the ACI program.
2. The ACI program should give priority to expanding the size and scope of the Advisory Council and to involving more members of the business community in Panama in the work of the program, including generating demand for employment services and providing advisory services to the staff of the program.
3. GIA and the Advisory Council of the ACI should review the prospects for achieving permanent jobs for graduates of the ACI program and the implications of creating a permanent, temporary workers service. In the review emphasis should be given to the need for training and support for the persons who would manage such a service and of the magnitude of business which will be needed to sustain it. Attention also should be paid to whether funds need to be raised for the training of disabled persons before they are placed in industry and offices for temporary work.
4. GIA, the Board of Directors of APIBV and the Advisory Council of the ACI program should review the relationship between the ACI program and the other on-going work of APIBV. The purpose of the review should be: i) to determine whether, and if so, to what extent, the ACI program should take advantage of the productive workshops as places of training and sources of participants, or whether the ACI program should secure the collaboration of other training entities, such as commercial industries, educational/training institutions, and government or private vocational training programs; and, ii) to ensure that the administrative and professional staff of both programs work in a complementary and coordinated way
5. APIBV, with the assistance of GIA, should review the nature and extent of the accomplishments expected from the current and planned activities. Special attention should be placed on the realism of current estimates concerning the date by which the ACI program can be self-sustaining and the amount of external technical and financial resources which will be necessary to achieve that result. The result of the review should then be discussed with AID.

6. GIA should consider with APIBV what steps might be taken to prepare for the assumption by disabled persons of positions of responsibility and public profile in the work of the ACI program and the other activities of APIBV. GIA should offer the lessons it has learned in the US and in other areas of the world on how best to prepare for this evolution and to avoid the organizational tension that can arise in the process.

Jairos Jiri Association

One of the most well-established Goodwill affiliate organizations is the Jairos Jiri Association, first established in 1950 in Bulawayo, Zimbabwe by Mr. Jairos Jiri, the founder and president of the Association until his death in 1982. Having originally expressed his concern for handicapped people by sheltering them in his backyard, Mr. Jiri created the Association in 1950, and today it is the largest national voluntary rehabilitative agency in the country, and one of the biggest private organizations on the continent of Africa.

The Association has 15 centers and operates 14 constituent branches throughout the country. The centers include industrial workshops, schools and vocational centers for severely handicapped persons. Over 1,000 people are presently under the Association's care, out of a total disabled population in the country of approximately 300,000. Services of the Association range from total care — such as that provided at Waterfalls, in Harare, where 50 infants with various, sometimes quite severe handicaps, are cared for by 25 staff — to skills training and employment such as at Burnside Farm, near Bulawayo. This is an agricultural production and training facility employing ten disabled workers and training other handicapped people in agricultural and marketing skills to enable them to join cooperatives, produce food for sale or work on commercial farms.

Jairos Jiri Association also has seven craft shops in Zimbabwe, which were started with the following aims: to inform the public about the Association's work, sell products made at the workshops, create employment opportunities for disabled people and make a profit which could increase services offered at the centers.

GIA Assistance to Jairos Jiri Association

In 1980, the Jairos Jiri Association officially joined the International Council, after having been associated informally with GIA for many years. In that year, JJA asked GIA for assistance with management training; strengthening of JJA's capability to carry out economically sound program planning for and management of its network of education, vocational training and production centers; and to develop a more effective sub-contract system with local industry.

Roger Matthews, the former Executive Director of the Goodwill Industries of Milwaukee, Wisconsin, and the President of the Board of the Milwaukee facility visited JJA, and wrote a report which recommended management training for senior staff at Goodwill Industries in the United States, and provision of a 4-person team of consultants to give assistance and training in accounting and finance, rehabilitation, development of skills training centers and agricultural training. Subsequently, a Dutchman was recruited as the accounting consultant, a West German for rehabilitation, an Englishman for agriculture, and Roger Matthews, for skills training. Mr. Cleto Zharare, who was then the administrative head of JJA came to the US for a year's study and training in GIA's Executive Training Program at the Milwaukee Goodwill.

Mr. Matthews worked at JJA from August, 1982 until September, 1983, and set up training and production workshops at the JJA Bulawayo

Center. His work there and recommendations formed the basis of GIA's continuing program of assistance, which has concentrated on management training for two senior staff and technical training for two JJA teachers in the U.S., and the provision of in-country management training seminars for JJA staff, carried out by Mr. Zharare and his staff, with assistance from GIA.

The AID Matching Grant has covered some portion of the training costs for the four JJA staff in the U.S., and the in-country seminars. Mr. Zharare's training and Mr. Matthews consultancy in Zimbabwe were paid for with other funds.

Human Resource Development Focus

Since the AID Matching Grant funds for JJA have been used entirely for training, this evaluation will focus only on that area and not attempt to analyze the institutional development efforts of JJA which go beyond the scope of GIA's assistance. It is clear, however, that the GIA assistance in human resource development has contributed to a strengthening of management and administrative practices, greater professionalism and more relevant selection, training and employment preparation for students at JJA — all of which are important elements of institution building. Furthermore, human resource development is an issue which many donors are not interested in funding, and therefore GIA's willingness to focus on this important aspect of institution building is all the more important.

1. Mr. Cleto Zharare: While still the administrative head of JJA, Mr. Zharare spent 12 months at the Milwaukee Goodwill in the GIA's Executive Training Program, in 1981-82. This program involved a work assignment at GIA, Milwaukee; academic skills training through specific modules developed as correspondence courses by GIA covering classic American management practices; seminars and visits to other Goodwill Industries facilities in other cities; and social and cultural experiences. Mr. Zharare's training was not covered under the Matching Grant. Jairo Jiri died in November, 1982, and Mr. Zharare was named Chief Executive Officer of JJA.
2. Mr. Seso Moyo: Mr. Moyo spent a total of 16 months in the U.S., studying rehabilitation, screening, testing and evaluation of disabled individuals for placement in training programs and subsequent employment. Mr. Moyo spent 4 months at Western Michigan University, Kalamazoo, Michigan, in a special program for social workers and worked at the Goodwill Industries of Kalamazoo, doing vocational evaluation and work adjustment, using psychological tests. He then spent 9 months at the Minneapolis, Minnesota Goodwill Industries and studied at the University of Minnesota, (where he completed a diploma course with the Council for International Programs, an exchange program focusing on rehabilitation based in Cleveland, and which Mr. Moyo gained admittance to through USIA.) At the Minneapolis Goodwill, he took over the work evaluation job after two staff members left. He then worked at the Detroit Goodwill with the Rehabilitation Director and took correspondence courses through GIA for 2 1/2 months. During his stay in the U.S., Mr. Moyo also studied the GIA Partnership with Industry model of skills training and placement for potential replication in Zimbabwe. (This Partnership model is the focus of a new Matching Grant with AID, and the program is in its early stages in

Zimbabwe as of February, 1986.)

3. Mr. Simplicio Moyo: Mr. Moyo spent a total of 10 months in the U.S., in Cleveland, Ohio. He spent the first four months at Cleveland State University in social work and rehabilitation courses through the Council for International Programs, and then spent six months at the Cleveland Goodwill Industries, where he took correspondence courses, received training from various Goodwill division heads, attended lectures at Goodwill on various aspects of their operation, and worked on industrial production and work adjustment for trainees. Since returning to Zimbabwe, Mr. Moyo is working as the Director of Industrial Operations at the Bulawayo Center. He is slated to take over the Production Unit, a post currently filled by a Zimbabwean named Mr. John Davison. Mr. Davison was hired by JJA at the time JJA was beginning to focus on production for industries, with the expectation that he would train Mr. Moyo upon his return from the U.S. so that he could take over that division.
4. Mr. Amos Mpofu: Mr. Mpofu spent nine months at the Harrisburg, Pennsylvania Goodwill Industries and studied electronics, radio and TV repair at the Dauphin Vocational Training Center in Harrisburg. He was originally scheduled to stay one year, but was brought home after nine months. The reason why he came home early is not clear. One source at JJA indicated that GIA money available was less than originally anticipated although this does not appear to be the case. Once back in Zimbabwe, he was sent to Bulawayo Technical College for 1 year where he received a City and Guilds Certificate in electronics. He is now teaching at the Bulawayo Center and repairs radios and other small electronic equipment brought into the JJA center by people from the surrounding area.
5. Mr. Jonas Langwane: Mr. Langwane spent 12 months at the Charlotte, North Carolina Goodwill Industries, and studied small engine repair at Central Piedmont Community College. While at the Goodwill facility in Charlotte, he practiced repairs on refrigerators, stoves and small appliances. Since returning to JJA in July, 1985, he has done repairs on appliances. He is expected to be a teacher of small appliances at the Bulawayo Center but at the present time there are no students for him.

Analysis of Training and Costs

As a way of examining whether the training of the five JJA staff members was effective, the various elements of the training process are analyzed here.

• Selection: In the case of Mr. Zharare, his training was recommended by the 1980 management report prepared by Mr. Matthews of Goodwill Industries of Milwaukee. Since Mr. Zharare was the administrative director of JJA at the time, he was the most important staff person to receive management training.

According to Roger Matthews, when the other four people were selected, the criteria used were: To find candidates who already had sufficient educational background and skills necessary for supervisory or teaching positions, and showed the academic potential to be able to benefit from the training; and candidates who were viewed to be dedicated to JJA and would stay with the Association for many years following the training. All four candidates chosen were known to Mr. Zharare from their work with JJA. Two, Amos Mpofo and Jonas Langwane, who were chosen for technical training, are, themselves disabled.

The areas chosen for training were: evaluation and testing of disabled persons for effective placement in training and later employment (Seso Moyo); industrial production (Simplicio Moyo); electronics (Amos Mpofo) and small engine repair (Jonas Langwane). Management training was included for Seso Moyo and Simplicio Moyo in their roles as senior staff members. The choices of the areas of concentration were made in order to improve the management of JJA, to strengthen its transition to skills training and development of a production unit which could be responsive to the needs of industries.

• Placements: The Goodwill Industries of Milwaukee was chosen for Cleto Zharare with the assistance of Roger Matthews who was, at that time, the Executive Director of that GI and had written the management report in 1980 which recommended Mr. Zharare's training. Efforts were made to match the other trainees with Goodwill Industries which had particular strengths in the area of study of each trainee. Lastly, the placements of Seso Moyo and Simplicio were partly determined by their studies through the Council for International Programs in social work and rehabilitation, arranged for by USIA.

The success of these placements appears to be mixed. For example, Mr. Zharare, who gave a basically positive evaluation of his stay at Milwaukee, does point out in his written post-training evaluation that he, himself, decided on his work program most of the time, and would have liked more opportunities for practical management experience while at Milwaukee to enhance the insights he was gaining from the modules.

Mr. Mpofo, who was at the Harrisburg Goodwill Industries, attended the Dauphin Vocational Training Center to study electronics. This course proved to be mainly theoretical with very little practice. Furthermore, Mr. Mpofo was given electronics equipment to practice on but did not have actual work assignments at the Goodwill Industries facility. He received the bulk of his practical training through a teacher, Mr. Beaver, who often took Mr. Mpofo home with him to

practice on electronics equipment there. In fact, Mr. Mpfu was brought home after nine months, rather than a year and attended Bulawayo Technical College for one year. It is not clear whether Mr. Mpfu came home because of a lack of funds from the Matching Grant or whether it was determined that he could get more relevant training in Bulawayo, or for some other reason.

Mr. Langwane was originally expected to go to the Goodwill Industries in Washington, DC, but this was changed to Charlotte, North Carolina. Once he arrived, he stayed two months at the GI there before he was enrolled at Central Piedmont Community College. This was apparently due to the need for additional English lessons before he could enter school.

Regarding both Amos Mpfu and Jonas Langwane, efforts were made to place them at the Bulawayo Technical College for their training rather than send them to the US. However, at the time, neither of them had sufficient academic preparation to meet the entrance requirements, and it was also felt by JJA that the courses there were too theoretical and did not involve enough practical training. This was only a few years after independence in Zimbabwe, and the technical schools were still run very much on a British model, with rigid requirements, and not a very practical orientation. By now, this situation has changed, at least somewhat, since the Government of Zimbabwe is working to make the schools more relevant to local conditions. In the future, trainees chosen for technical studies by JJA may be able to receive such training in Zimbabwe. In fact, after returning from the US, Amos Mpfu attended Bulawayo Technical College where he received a City and Guilds Certificate after one year of study. Another reason favoring local training is that given his experience in the US, he is quite interested in "state of the art" electronics, which is not particularly relevant to most Zimbabwean students he will encounter.

• Adjustment: With the exception of indicating difficulty in understanding American accents for the first weeks, none of the five JJA staff indicated any serious adjustment problems in the U.S. The evaluator found this quite surprising, particularly given that in two instances, the trainees were living alone. In one instance already mentioned, Mr. Langwane could not start school for two months due to language difficulties, and another trainee, Mr. Mpfu, who lived alone, took his meals at a nearby detoxification center for drug addicts, which does not seem to have been an appropriate arrangement.

• Relevance of Training and Application in Zimbabwe: It seems clear from discussions with Mr. Zharare, Mr. Saso Moyo and Mr. Simplicio Moyo, that they found the management training, rehabilitation training and trainee screening, testing and evaluation to be very instructive and useful in work back at JJA.

Mr. Zharare has implemented many changes in the management and administration of JJA which is making a smoother running organization, has begun long range planning and has conducted management seminars for the staff. He enjoys good relationships with his Board of Directors, with his staff, and officials outside of JJA, all of which he attributes to his newly acquired style of leadership and management.

Seso Moyo is applying his new skills in testing, screening and evaluation of trainees which is enabling more appropriate placements into training, with the anticipation that jobs trainees ultimately take will be more suitable for them.

He is also organizing the Partnership with Industry (PWI) program, undertaken with the assistance of GIA's International Department. This involves a close working relationship with local industrial leaders to involve them on a PWI advisory board, to train and later employ JJA's disabled clients. While in the US, Mr. Moyo had the opportunity to see this program at work in Minneapolis. While this is a new effort in Zimbabwe, he is optimistic about its potential there, and at the time of the evaluation visit in late February he was forming an advisory committee of industrial leaders to work with JJA. Mr. Moyo had already placed a few training interns with PVOs in Zimbabwe (Save the Children Foundation and Lutheran World Federation) as a way of testing the concept before trying any placements with industries. In a later conversation which the evaluator had with the Save the Children Foundation/Zimbabwe Field Office Director, the SCF director expressed a great deal of enthusiasm about the program. In addition to the SCF intern mentioned above, there are two other former JJA students who are now full-time employees at Save the Children/Zimbabwe.

Lastly, Mr. Moyo feels that due to his training in the US, he now understands rehabilitation and the most effective ways of carrying it out. He has also been involved in running management and rehabilitation seminars for the staff since his return from the US.

Simplicio Moyo has been able to apply his management skills gained in the US to his departments since his return. He rearranged the supervision of the units so that there is now one Production Supervisor to whom workers report. Prior to that time, all workers reported directly to Simplicio. He also now has weekly meetings with his staff and involves them more in the running of the departments, soliciting their views on problems and how to solve them. Inter-departmental communication has improved as well. He is quite eager for additional management training.

As mentioned earlier, Mr. Davison is still running the Production Unit, with the anticipation that Mr. Moyo will take over that role once he has had sufficient training from Mr. Davison. Until Mr. Moyo actually takes over that job, it will not be possible to determine how he is able to apply his US training in production and contracting to that job.

Regarding management training, the prevailing style of management in Zimbabwe prior to independence was a British-style hierarchical orientation towards work, with the boss giving orders and the workers carrying them out. Given that the British were in Zimbabwe as far back as the 1890's, this management style is deeply imbedded in organizations and institutions, and in spite of the new government's more democratic orientation, it will take some time to change things. Given this environment, it is important to note that all three JJA senior staff members learned a good deal about American management and its more participatory orientation and have been able to apply it to JJA since their return home. Modern American management practices

emphasize the value of maximum participation of workers in the management of an organization, open and regular communication between management and staff, and the benefits of minimizing a hierarchical approach to running an organization. From the reports given by Mr. Zharare, and both Seso and Simplicio Moyo, all have applied American principles of management to their work and have achieved positive results in terms of staff productivity, communication and new enthusiasm on the part of staff members about their jobs. This is a strong recommendation for further training in management in the US.

Since his return from the US, Amos Mpofo has begun teaching electronics to four students at the Bulawayo Training Center, and is doing small repairs. He is concentrating on teaching theory for the moment, since there is a shortage of equipment. He only began teaching at the Center in January, 1986, and electronics is a completely new area for JJA so it is too soon to assess whether that training area will be successful. Mr. Mpofo is continuing his practical training with the help of an electronics shop owner in Bulawayo. Mr. Mpofo appears to be an engaging and enthusiastic person who should be an effective teacher, capable of motivating students. As mentioned earlier, Mr. Mpofo is interested in "state of the art" electronics, from his exposure to such equipment in the US. It will be important for him to make his training relevant to Zimbabwean conditions.

Mr. Langwane returned from the US in July, 1985. He is expected to be an instructor of small appliances; however, at the moment, he has no students. Like electronics, this is a new training area for JJA, so it is too early to determine Mr. Langwane's teaching ability or how well he is able to apply his new skills. In a conversation which the evaluator had with Roger Matthews, Mr. Matthews expressed dismay upon hearing that Mr. Langwane did not yet have any students. He went on to say that the decision to train Langwane in the US was made based on a decision at JJA to begin training students in small appliance repair. Seso Moyo indicated to the evaluator JJA's continuing intention to train students in small appliances but said that they had not yet identified appropriate students. Another problem is a scarcity of appliances to use in teaching. There are very few refrigerators, stoves or other products with small engines available to the JJA. In the meantime, Mr. Langwane repairs the few appliances which people bring in from surrounding neighborhoods, and assists the Training Director, apparently because he presently does not have teaching responsibilities. The impression of the evaluator was that Mr. Langwane was underutilized and biding his time until he could start teaching. The question remains whether Mr. Langwane should have been trained at this stage, given JJA's lack of readiness for small appliance teaching.

e Staff Training: As mentioned earlier, Mr. Zharare has organized and implemented management training seminars for the JJA staff since his return. Seso Moyo has been involved in these seminars, as well. These were sponsored by the GIA International Office through the Matching Grant, which covered food, transport and consultant fees. The seminars were held for JJA's teachers, accounts staff, secretaries and the staff who run the dormitories and kitchens, and were held at JJA's facilities in Bulawayo over 2-3 days each. While there was no way to determine the effectiveness of these

seminars in a two-day evaluation visit, according to Mr. Zharare and Mr. Moyo, the seminars enabled the staff to identify and solve problems more easily, have motivated the staff to discuss issues more readily, and have improved the financial management of the organization.

• **Costs:** The three-year total cost of all assistance given by GIA is US\$96,536. Of this, \$14,640 came from the AIL matching grant, and \$81,896 was provided by GIA. The total of \$96,536 covered training of four JJA staff in the US, technical assistance to JJA, and in-country training expenses. A breakdown of the costs was not available. However, by way of comparison, other participant training programs funded by AID have tended to average between \$13,000 and \$18,000 per year per trainee, depending upon whether the training is academic or technical, and the location in the US. If GIA spent \$13,000 per year per trainee, they spent a total of \$52,000 for the four trainees with the remainder of \$44,536. being used for technical assistance and in-country training. At the higher end of the scale, if GIA spent \$18,000 per year per trainee, which is a total of \$72,000, they would have spent the remainder of \$24,536. for the technical assistance and in-country training. In any case, the total expenditure is a reasonable budget for the project undertaken, and certainly a minimal use of the matching grant. The management training has apparently resulted in positive changes for JJA. If the technical training turns out to be as effective, then the program can be seen as quite a cost effective one.

Summary

It seems clear from the analysis of training that GIA's assistance to JJA in training and human resource development has contributed to improved management and administration of the Association and to its transition to a skills training organization.

The decision to send Mr. Zh rare, Mr. Seso Moyo and Mr. Simplicio Moyo to the US for training appears to have been a good one, given their successful training and application of management techniques to their work in Zimbabwe. In particular, their adoption of American participatory methods of management has been met with enthusiasm on the part of the JJA. This has also resulted in the implementation of the management workshops for JJA staff. Seso Moyo's training in job evaluation and testing, and rehabilitation also appear to have been important and are beginning to improve the ability of JJA to appropriately place trainees in suitable skills training. It remains to be seen if Simplicio Moyo's production training will prove to have been effective, once he takes over the Production Unit.

Some questions remain as to whether Mr. Mpofu and Mr. Langwane should have been sent to the US for technical training. The timing of their training and the subject matter are also questions given that one has no students at the present time and the other has only four. It is clear that considerable efforts were made at the time to train them locally, and the decision to send them to the US was taken so as not to delay the program. However, with perhaps greater opportunity for local training in Zimbabwe, future technical training could be done there.

The total expenditure of \$96,536 is a reasonable cost for the project undertaken. Although it is too early to assess the effectiveness of the technical training, if it proves to have positive effects on the JJA organization, as the management training appears to have done, then the program can be seen as having been relatively cost effective.

If GIA intends to continue to bring people from affiliates to the US for training, it is important, given the JJA experience, that considerable attention be given to the placements of each trainee, so that maximum advantage can be taken of the resources available within the GIA system and so that the trainee gets the most relevant training possible. Also local training options in the affiliate's home country or region should be fully explored before making the decision to bring people to US.

Lastly, one problem encountered at JJA is that certain staff who have been trained locally within JJA have been recruited into better paying jobs in industry. This is a problem which occurs with many private voluntary organizations in developing countries. If staff members are to be sent abroad, they should be required to sign a bonding agreement which requires them to remain at the affiliate for a designated period of years after returning home from training.

Financial Analysis

The method of analysis used in Attachments 1 and 2 is based on a standard commercial analysis that has been simplified for the purpose of analyzing small projects. It is not a cost-benefit analysis, and does not attempt to quantify all direct and indirect benefits over time in order to compare them to costs. While the analysis used in the attachments is much simpler and less complete regarding long term economic impact, it does provide an understanding of the financial viability of the enterprise. The objective of this analysis is to answer two basic questions: 1) can the projects produce goods and services at competitive prices; and, 2) can the projects sell enough of their products to stay in business.

Attachment I: Financial Analysis of Mini-Industries in Nevis, St. Lucia and Dominica

I. Introduction

This section of the report provides a brief description of the overall mini-industries program and an analysis of the potential for financial self-sufficiency of four mini-industries: potscrubbers and mop assembly in St. Lucia; chalk production in Dominica; and, chalk production in Nevis. The analysis is based on cost and price estimates obtained from interviews and, in some cases, financial records.

II. Mini-Industries

As part of the CARD effort to support vocational training and employment creation opportunities for the disabled in the Eastern Caribbean a mini-industries program was implemented in Dominica, Montserrat Nevis and St. Lucia. The creation of small manufacturing enterprises, mini-industries, was thought to be an acceptable alternative to open employment in economies where 1) the domestic manufacturing sector comprises a small percentage of GDP; 2) the unemployment rate ranges from 20 to 40%; and, 3) domestic production could compete with expensive imported products that require a relatively low level of technology in the production process.

Without the benefit of an analysis of the market for the products or a financial analysis of the intended enterprises, raw material and equipment were purchased and distributed by CARD to affiliates in the island nations for the creation of the mini-industries for the production of coat hangers, chalk and potscrubbers. The experience of these mini-industries can be summarized as follows:

Coat Hangers: The production of coat hangers has not been successful on any of the intended islands. In all three cases, the cost of the raw material alone exceeds the selling price for imported coat hangers. There is also some debate about the existence of a domestic market for such an item. In only one place, Montserrat did production get underway. The experience in Montserrat indicates that the sales volume has been minimal, considerable amounts of raw materials remain on hand, and, the products cannot compete with lower priced hangers available on the market.

Potscrubbers: Potscrubbers have been produced in Nevis, Dominica and St. Lucia. Production in Nevis and Dominica has not resulted in an attempt to establish a mini-industry per se, nor to establish an income generating activity for the organization under whose auspices the activity takes place. No attempts have been made to sell the potscrubbers in Dominica or Nevis. In Nevis, potscrubbers were given to a local supermarket and then given away to customers as part of a promotional activity. In both Nevis and Dominica bags of potscrubbers can be found in

the workshop. The only mini-industry for the production of potscrubbers that has taken off is located in the Dunnottar School for the Mentally Retarded in St. Lucia.

Chalk: Abilities Unlimited in Dominica and the Nevis Mental Health Association have begun the production of chalk. Chalk production in St. Lucia has not yet begun due to some combination of production difficulties which include 1) determining the proper mixture of water and plaster of paris; 2) quality of the water used in the production process; and, 3) the age of the plaster used in the production process.

Mops: The Workshop for the Blind in St. Lucia is presently producing mop heads. Mop production is not a part of the mini-industries program, nor has it been supported by CARD funds. It can be considered a spin-off activity of the mini-industries program since it incorporates the general principles of the program and the CARD vice-president has been active in establishing and supporting this activity.

III. Financial Analysis of Mini-Industry: Potscrubbers, Dunnottar School, St. Lucia

Background

The Dunnottar School for the Mentally Retarded in St. Lucia incorporates a workshop complex where students receive training in life skills and to some degree job training for eventual placement. The school does not have a job placement program. The workshop activities include a laundry service, a horticulture area and crafts production. Approximately 20 students participate in workshop activities. The major purposes of the workshop's activities are occupational therapy and training, not income production for the school or students. The activities are not run as

business enterprises.

The production of pot scrubbers began as a pilot effort in October, 1985. This three month period is described by staff as an experimental phase and was not intended to operate on a business basis. The operation phase began in earnest in January, 1986. The cost, price and production figures used in this analysis are based on one month of full production.

The potscrubber mini-industry employs five students: 3 full-time and 2 part-time. Present capacity averages 40 potscrubbers/day. The pot scrubbers sell for EC\$1.10 each wholesale and EC\$ 1.35 retail. Employees are paid on an "incentive basis" which averages EC\$ 20.00 every two weeks for a full-time employee. One employee receives EC\$40 every two weeks since he performs two functions in the production process and can play a supervisory role in assisting with and checking the work of other students.

Raw material, the plastic mesh, costs US\$ 5.46/kg. (£ 3.90/kg.) CIF. The workshop has acquired 46 kgs. of plastic mesh for the present production phase. The bulk order was 60 kgs. of which 14 kgs. were used during the pilot project phase. The cost of raw material includes the nylon thread used to tie each pot scrubber together. An additional cost of packing is estimated at US\$.02 per pot scrubber. This analysis assumes that 46 kgs of plastic mesh will yield 2,159 pot scrubbers.

The workshop and school staff indicate that the pot scrubber production activity currently covers costs, excluding any start-up costs (the pilot project) and any administrative costs.

Analysis

This analysis presents two different cases. CASE I is an analysis of potential profits using the present system. The present system does not assign any fixed costs to the production process and assumes a continued subsidy of all administrative costs attached to the the pot scrubber mini-industry. This analysis incorporates the incentive pay as a fixed cost of production in order to determine a break-even point. The analysis does not include costs of management or administration since these have not been calculated by the School. Therefore, the analysis is not complete and will provide only a general indication of the potscrubber mini-industry as a supplementary income generating activity for the School and/or students. Since all costs are not included, the analysis will not provide an

indication of the potential for self-sufficiency of an independent enterprise outside the sponsorship of the School. In this case, the pot scrubber mini-industry is being treated as a supplemental income generating activity for the school and/or students.

CASE II assigns fixed costs to the enterprise by including minimum wages for the employees. Although no start-up or administrative costs are assigned to the enterprise, this rough analysis will provide an indication of the potential of the enterprise to be considered a source of employment creation.

Both CASE I and CASE II assume costs and price information as follows:

US\$ 1.00 = EC\$ 2.70	US\$ 1.00 = £ 1.40
Production Capacity:	40 pot scrubbers/day
Production in Operation:	200 days/year
Production Capacity:	6,000/year; 660/month
Raw Materials:	46 kgs yield 2,140 pot scrubbers 46kgs @ US\$5.46/kg = US\$251.1 raw materials cost US\$0.12/unit packing cost US\$0.02/unit total materials cost = US\$0.14/unit
Price:	US\$.40/unit wholesale
Capital Costs:	No Equipment/Machinery No Working Capital Costs No Financing Costs

CASE I

Assumptions: No Start-up costs assigned
No Administrative costs assigned
Raw material variable costs @ US\$ 0.14/unit
Labor fixed costs of US\$ 74.05/mo

Monthly Labor Costs based on Incentive pay:
1 employee (full-time) 29.62/mo

2 employees (full-time)	29.62/mo
2 employees (part-time)	<u>14.81/mo</u>
TOTAL Labor costs	74.05/mo

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)
 US\$ 0.40 - \$ 0.14 = \$ 0.26

Fixed Costs per Month = BE Units $\frac{74.05}{0.26}$ = 285 BE Units/month
 Gross Margin

BE Units = BE % of capacity $\frac{285}{666}$ = 43% capacity
 Full Capacity

Profitability at Full Capacity of 666 pot scrubbers/month:
 666 capacity - 285 BE units x 0.26 gross margin = US\$99.06 profit/mo.

Profitability at 80% Capacity of 533 pot scrubbers/month
 533 capacity - 285 BE units x 0.26 gross margin = US\$ 64.48 profit/mo

The above analysis indicates that at present costs and at the present selling price, the pot scrubber mini-industry must operate at 43% of its present capacity to cover the direct costs of production. At full production capacity of 666 units/month, the pot scrubber mini-industry earns a profit of US\$99.06/month which could go to supporting a portion of administrative and management costs.

CASE II

Assumptions: No Start-up costs assigned
 No Administrative costs assigned
 Raw material variable costs @ US\$ 0.14/unit
 Labor fixed costs of US\$ 241.35/mo

Monthly Labor Costs based on Minimum Wage:
 1 employee (full-time) @ EC\$15/day = 15)
 2 employees (full-time)@ EC\$10/day =20)
 2 employees (part-time)@ EC\$ 5/day =10) (EC\$45 =US\$16.66)
 Total labor costs US\$16.66 x 200 days /12 mos = US\$277.66/mo

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)

$$\text{US\$ } 0.40 - \$ 0.14 = \$ 0.26$$

$$\frac{\text{Fixed Costs per Month}}{\text{Gross Margin}} = \text{BE Units} \quad \frac{277.66}{0.26} = 1068 \text{ BE Units/month}$$

$$\frac{\text{BE Units}}{\text{Full Capacity}} = \text{BE \% of capacity} \quad \frac{1068}{666} = 160\% \text{ capacity}$$

The above analysis indicates that the pot scrubber mini-industry would have to operate at 160% of present capacity to break-even when cost and price information is used as follows: actual costs for raw materials, market costs for labor, full subsidies of administrative and management costs, and the current wholesale selling price for pot scrubbers.

Conclusions

Based on current costs and prices, the pot scrubber mini-industry operated under the auspices of the Dunnatto School for the Mentally Retarded cannot function as a self-sufficient industry that covers its share of administrative and management costs and pays market prices for labor. Under these conditions the enterprise will not break even. The pot scrubber mini-industry can however be considered a supplementary income generating activity for the School and its students. Administrative and management costs will have to be fully subsidized by the school under present conditions and wages paid will remain well below minimum wage.

IV. Financial Analysis of Mini-Industry: Chalk Production, Abilities Unlimited, Dominica

Background

Abilities Unlimited, established in 1968 and fully supported by the government, is a production workshop employing disabled people without regard to the particular disability. The workshop activities include basket making, production of potscrubbers, and chalk production. Due to the recent strike in the workshop there are presently 7 trainees involved in workshop activities. The workshop is often closed and no formal marketing system exists. Both of these conditions have serious implications for those workshop participants who receive salaries on the basis on percentage of production sold. The workshop has functioned

mainly as a "social drop-in" center where production is a secondary activity. All costs of the center, including purchase of raw materials, salaries for the manager and her assistant, administrative costs, and an income supplement for the disabled of EC\$70.00 (US\$26.00) are assumed by the government. The workshop's production activities are not run as business enterprises.

The workshop has been producing chalk since May 1984 when it received the first batch of raw material and the molds from CARD. The government commissioned a feasibility study for the expansion of chalk production at the workshop. On the basis of this study, the government ordered more molds and more raw material in order to expand chalk production in the Workshop. The government now purchases the raw material directly from England on a regular basis.

The cost, price and production figures used in this analysis are based on present production estimates, CARD records and the government commissioned feasibility study.

The workshop staff could not give an indication of whether or not the chalk production was currently covering costs or making a profit. The workshop staff has available production figures and costs of labor while the government agency responsible for the workshop maintains the records for raw material and equipment purchase. Workshop staff did state that they felt chalk production was a profitable enterprise.

The chalk production mini-industry employs three workshop participants: two full-time and one part-time. Present production capacity averages 15 100-count bags/day. The bags of chalk sell for US\$ 1.85 (EC\$ 5.00) each retail and US\$1.48 (EC\$ 4.00) wholesale. The major purchaser is the Ministry of Education which can absorb a minimum of 150,000 sticks of chalk per year. Employees are paid US\$ 3.70 (EC\$ 10.00)/day which is the minimum wage in Dominica.

In January 1985 the bulk CIF price for the raw material, poster of paris, was US\$251.23 per 250 kgs (£ 179.45). The feasibility study undertaken in 1984 reveals that upto a 30% discount may be available for orders of 1,000 kgs or more. An additional cost of packing is estimated at US\$111.00 per year(EC\$300.00). The capital costs of the chalk production mini-industry include the following: 7 molds @ US\$ 58.25/per mold for a total of US\$407.68 and pails scrapers, mixing utensils for a total of US\$

80.87.

The Analysis

CASE I assumes a best case scenario with regard the number of days per year the workshop is actually open and producing. CASE II assumes a more realistic scenario with regard to productive capacity.

CASE I

The analysis assumes production, cost and price information as follows:

US\$ 1.00 = EC\$ 2.70	US\$ 1.00 = £ 1.40
Production Capacity:	15 100-count bags/day(includes waste) (7 molds x 36 sticks per mold x 6 production runs/day = 1,512 sticks)
Production in Operation:	200 days/year
Production Capacity:	3,000 bags/year; 250 bags/month
Capital Costs:	7 molds @ US\$58.24/mold or US\$407.68 4 pails 36.76 Scrapers/mixing utensils
	<u>44.11</u>
	Total Capital Costs 488.55
	Useful life: two years No salvage value
Fixed Costs:	Depreciation equipment US\$20.36/mo Labor: 2.5 employees @ US\$ 3.60 day x 200 days/yr = US\$ 150/mo. Maintenance equipment included in labor prices. No repair of equipment. Total Fixed Monthly Costs = US\$170.36
Variable Costs:	Raw Material/Paster of Paris CIF US\$251.23/250 kg = US\$0.37/bag Packing = US\$0.04/bag Total Variable Costs per Unit = US\$0.41

Price: US\$1.48/bag wholesale (EC\$4.00)

**No Start-up Costs included
No Working Capital Costs included
No Financing Costs included
No Administrative/Management costs assigned**

**Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)
US\$1.48 - \$ 0.41 = \$ 1.07**

**Fixed Costs per Month = BE Units \$170.36 = 159 BE Units/month
Gross Margin \$ 1.07**

**BE Units = BE % of capacity 159 = 64% capacity
Full Capacity 250**

**Profitability at Full Capacity of 250 100-count bags/month:
250 capacity - 159 BE units x \$1.07 gross margin = US\$97.37
profit/mo.**

**Profitability at 75% Capacity of 187 100-count bags/month
187 capacity - 159 BE units x 1.07 gross margin = US\$ 29.96 profit/mo**

The above analysis indicates that at present costs and at the present selling price, the chalk production mini-industry must operate at 64% of its present capacity to break even, that is, cover the costs of production. At full production capacity of 250 units/month, the chalk production mini-industry could earn a profit of US\$97.37/month which could go to supporting administrative and managerial costs.

The absorptive capacity of the market remains a problem for profitability of the enterprise. The CASE I analysis assumed a yearly production capacity of 3,000 100-count bags of chalk per year while government wholesale market estimates are 150,000 sticks, or 1,500 100-count bags per year. Even if the government could absorb 50% more than the 1,500 bag yearly estimate, the workshop would be in the difficult position of having to sell 750 100-count bags of chalk to commercial suppliers and private sources.

CASE II

Currently, the major problem for the profitability of workshop operations is the time the workshop is actually open for production. While variable cost and price information remains the same, the analysis presented in CASE II makes allowances for production capacity by assuming the workshop will be in operation for only 100 days/year. This analysis also presents a better idea of the profitability of the enterprise if it produced for the absorptive capacity of the domestic market.

This analysis assumes cost, price and production estimates as above, with the following exceptions:

Production Capacity:	15 100-count bags/day(includes waste)
Production in Operation:	100 days/year
Production Capacity:	1,500 bags/year; 125 bags/month

Fixed Costs:	Depreciation equipment US\$20.36/mo
	Labor: 2.5 employees @ US\$ 3.60 day x
	100 days/yr = US\$ 75/mo.
	Total Fixed Monthly Costs = US\$95.36

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)
US\$1.48 - \$ 0.41 = \$ 1.07

<u>Fixed Costs per Month</u>	= BE Units	<u>\$95.36</u>	= 89 BE Units/month
Gross Margin		\$ 1.07	

<u>BE Units</u>	= BE % of capacity	<u>89</u>	= 71% capacity
Full Capacity		125	

Profitability at Full Capacity of 125 100-count bags/month:
125 capacity - 89 BE units x \$1.07 gross margin = US\$38.52 profit/mo.

Profitability at 75% Capacity of 94 100-count bags/month:
94 capacity - 89 BE units x \$1.07 gross margin = US\$5.35 profit/mo.

Summary and Conclusions

Considering the analysis in CASE I, the chalk production mini-industry must operate at 64% of its present capacity to break even, that is, cover the direct costs of production. At a full production capacity of 250 units/month, the chalk production mini-industry can earn a profit of US\$97.37/month which could go to supporting administrative and managerial costs. Although the enterprise could never cover full costs of production, including administrative and management costs plus costs of building depreciation, maintenance and repair, it can contribute to administrative and management costs and does provide close to a minimum salary on a yearly basis to workshop participants. At this rate of production, the workshop will be in a difficult position with regard to excess production over the guaranteed market provided by the Ministry of Education.

CASE II makes allowances for production capacity by assuming the workshop will be in operation for only 100 days/year. This analysis also presents a better idea of the profitability of the enterprise if it produced for the absorptive capacity of the domestic market. Under this scenario the enterprise must operate at 71% of capacity to break even, maximum profits are approximately US\$ 38/month, and workshop employees will receive approximately 50% of a yearly minimum wage. It is clear in both cases, that the enterprise is not a self-sufficient operation, but can operate as a government subsidized supplemental income generating operation for the workshop and employment creation program if it keeps its doors open for atleast 200 days per year.

V. Financial Analysis of Mini-Industry: Chalk Production-Nevis Mental Health Association, Nevis

Background

The Nevis Mental Health Association presently runs the chalk production mini-industry in a donated space in the government sponsored cocrnut fiber manufacturing enterprise. The raw material for production as well as the molds were shipped to Nevis before any visits were made to analyze the productive capability of the organization and the market absorptive capacity for chalk in the Nevis-St. Kitts area.

Presently the enterprise employs one disabled person who receives a

pro-rated minimum wage. The president of the Nevis Mental Health Association acts on a voluntary supervisory basis and fully participates in the production process. The enterprise operates three hours/day.

The workshop presently has orders totalling 140 bags of chalk from the Ministry of Education of Nevis and the Ministry of Education of St. Kitts.

The Analysis

US\$ 1.00 = EC\$ 2.70	US\$ 1.00 = £ 1.40	
Production Capacity:	32 144 count bags of chalk/month (4 molds x 36 sticks per mold x 2 production runs/day - 4% wastage)	
Production in Operation:	176 3 hour days/year	
Production Capacity:	337 144 count bags of chalk/year	
Capital Costs:	4 molds @ 58.24 mold = \$232.96 pails/utensils	
		<u>20.40</u>
	Total Capital Costs	\$253.36
	Useful Life: One Year No salvage value	
Fixed Costs:	Monthly Depreciation	\$ 21.11
	Monthly Labor	
		<u>29.41</u>
	Total Monthly Fixed Costs	\$ 50.52
Variable Costs:	250kg = bulk price US\$ 251.23 1 kg yields 1 144-count bag @ US\$ 1.00/bag packing cost US\$0.04/unit total variable cost per unit = US\$1.04/unit	
Unit Price:	US\$2.57 (EC\$6.95) current price US\$3.15 (EC\$8.50) future price	
Other Assumptions:	No Working Capital Costs No Financing Costs	

No Start-up costs assigned
No Administrative/Management costs assigned

CASE I

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)
US\$2.57 - \$ 1.04 = \$ 1.53

Fixed Costs per Month = BE Units \$50.52 = 33 BE Units/month
Gross Margin \$ 1.53

BE Units = BE % of capacity 33 = 103% capacity
Full Capacity 32

CASE II

Assumptions: Same as above with the following exceptions:
Selling price increases to US\$ 3.15/unit
An additional employee is hired as that fixed
monthly costs will increase to US\$ 79.93

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)
US\$3.15 - \$ 1.04 = \$ 2.11

Fixed Costs per Month = BE Units \$79.93 = 38 BE Units/month
Gross Margin \$ 2.11

BE Units = BE % of capacity 38 = 119% capacity
Full Capacity 32

Summary and Conclusions:

At the current price of one 144-count bag of chalk, the enterprise will not cover costs of production. At current production capacity of 32 bags/month it will take the enterprise 4 months to fill present orders. If the enterprise is successful in negotiating a new price of US\$ 3.15 per 144-count bag and completes plans to hire one new employee, the enterprise will continue to need a subsidy to cover direct costs of production.

VI. Financial Analysis of Mini-Industry: Mophead Assembly, Blind Welfare Association, St. Lucia

The mainstay of workshop production of the Blind Welfare Association in St. Lucia is basket making. Quality of production, costs of production, a competitive local basketry industry and markets have been constant problems for the workshop. Without the benefit of a market study or a financial analysis of the proposed activity, the Workshop for the Blind began assembly of mopheads in July, 1985. The activity was not funded by the CARD raw materials start-up fund. Mophead assembly can be considered as a spin-off activity of CARD.

Production figures, cost and price estimates are based on two months of production, December 1985 and January, 1986. Workshop staff estimate that employees producing mops have been able to reach an average monthly earning rate of US\$ 92.60 (EC\$250) which amounts to an increase in the monthly income per person of US\$ 55.50 (EC\$150). The minimum wage ranges between EC\$15-20/day or US\$130 (EC\$ 350).

Currently, six employees work in the assembly of two different types of mopheads, colored mopheads and white mopheads. Wages are paid on a per piece basis by the workshop. Wages have been adjusted downwards by EC\$0.10 per piece due to experience with sales over the last two months. The workshop has kept track off and has analyzed variable costs of production in order to determine wage rates. The workshop has not assigned fixed costs of production.

Analysis

CASE I and CASE II are based on actual production, cost, and price figures. The analysis in CASE I treats the variable costs of labor as a fixed cost, estimating a monthly average wage rather than a per piece wage in order to determine a break-even point. The analysis estimates profitability at full capacity, profitability at actual capacity (45% of full capacity) and profitability based on monthly orders of major wholesalers of 1,200 units per month (27% of capacity). The analysis in CASE II uses fixed costs of labor based on the minimum wage rates in St. Lucia and estimates profitability at full capacity, profitability at actual capacity(45% capacity) and profitability based on major wholesalers contracts (27%

capacity).

CASE I

US\$ 1.00 = EC\$ 2.70

Production Capacity: 270 mops day (45 mops/day per person)

Production in Operation: 200 days/year

**Production Capacity: Total: 54,000/year; 4,500/month
White: 27,000/year; 2,250/month
Colored: 27,000/year; 2,250/month**

Actual Production: 2,010/month (based on average salary of EC\$275/month assumes an average production of 335 mops/month per person x 6 people) or 45% of capacity.

**Variable Costs: Yarn: US\$ 0.28 (EC\$ 0.76) colored
US\$ 0.42 (EC\$ 1.14) white
Fitting: US\$0.12 (EC\$0.32)
VCU white mop = US\$ 0.54
VCU colored mop = US\$0.40**

**Fixed Costs: 3 employees • US\$ 92.60 (EC\$250)/month
3 employees • US\$111.10 (EC\$300)/month
Total Fixed Costs: US\$ 610.80**

**Price: US\$18.50 EC\$50.00/dozen wholesale - white mop
US\$12.50 EC\$33.75/dozen wholesale - colored mop
Unit price: US\$ 1.54/white mop
US\$ 1.04/colored mop**

**Capital Costs: No Equipment/Machinery
No Working Capital Costs
No Financing Costs
No Start-up costs assigned
No Administrative/Management costs assigned**

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)

Attachments

White mop US\$ 1.54 - \$ 0.54 = \$ 1.00
 Colored mop US\$ 1.04 - \$ 0.40 = \$ 0.64

Monthly Max Capacity	VCU	Unit Price	GM/Unit
White Mops 2,250	0.54	1.54	1.00
Colored Mops 2,250	0.40	1.04	0.64

Contribution Fixed Costs (FC = \$610.80/month)	Unit.Price	Tot.Sales	%Sales/ of full cap.	Contr to F.C
White Mops 2,250	1.54	3,465.00	60%	366.49
Colored Mops 2,250	1.04	<u>2,340.00</u>	40%	244.31
	Total Sales	5,805.00		

Break-Even Analysis:

	<u>%Fixed Costs</u> GM/Unit	BE Units	Capacity	BE%/product
White Mops	<u>366.49</u> 1.00	367	2,250	16%
Colored Mops	<u>244.31</u> .64	382	2,250	17%

Profitability:

At full Capacity: Capacity - BE Units x Gross Margin = Profit/Mo.

White	2,250	367	1.00	1,883.00
Colored	2,250	382	.64	<u>1,195.52</u>
TOTAL				3,078.52

Profitability at 45% Capacity
(Actual Production)

White	1,013	367	1.00	546.00
Colored	1,013	382	0.64	<u>403.84</u>
TOTAL				1,049.84

Profitability at 27% Capacity

(Major Orders)

White	607	367	1.00	240.00
Colored	607	382	0.64	<u>144.00</u>
TOTAL				384.00

CASE II

Assumptions: All cost, production and price information the same as in CASE I with the exception of Fixed Costs for Labor

**Fixed Costs: 6 employees @ US\$6.48 = 38.89/day
Monthly labor costs = \$648.16**

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)

White mop US\$ 1.54 - \$ 0.54 = \$ 1.00

Colored mop US\$ 1.04 - \$ 0.40 = \$ 0.64

Monthly Max Capacity	VCU	Unit Price	GM/Unit
White Mops 2,250	0.54	1.54	1.00
Colored Mops 2,250	0.40	1.04	0.64

Contribution Fixed Costs (FC = \$648.16/month)	Unit.Price	Tot.Sales	%Sales/ Contr at full cap. to F.C
White Mops 2,250	1.54	3,465.00	60% 388.90
Colored Mops 2,250	1.04	<u>2,340.00</u>	40% 259.26
	Total Sales	5,805.00	

Break-Even Analysis:

	<u>%Fixed Costs</u> GM/Unit	BE Units	Capacity	BE%/product
White Mops	<u>388.90</u> 1.00	389	2,250	17%
Colored Mops	<u>259.26</u> .64	405	2,250	18%

Profitability:

At full Capacity: Capacity - BE Units x Gross Margin = Profit/Mo.

White	2,250	389	1.00	1,861.00
Colored	2,250	405	.64	<u>1,180.80</u>
TOTAL				3,041.80

**Profitability at 45% Capacity
(Actual Production)**

White	1,013	389	1.00	624.00
Colored	1,013	405	0.64	<u>389.12</u>
TOTAL				1,013.12

**Profitability at 27% Capacity
(Major Orders)**

White	607	389	1.00	218.00
Colored	607	405	0.64	<u>129.28</u>
TOTAL				347.28

Summary and Conclusions

Based on the assumptions used in this analysis, mophead assembly seems to be a profitable enterprise that could employ 6 people full time at the minimum wage, cover costs of production and contribute to administrative/management costs of the workshop. Rather than creating new jobs, the mophead assembly has directed underemployed people to a new economically productive activity. The enterprise does not operate at full capacity due to a combination of market and social factors --the workshop continues to operate as a 'social drop-in center' rather than a productive enterprise. The enterprise could be a self-sufficient operation covering all costs of production, including the share of administrative costs assigned to the mophead assembly enterprise.

Attachment II: Financial Analysis: Programa Alianza con el Comercio y la Industria (ACI), Panama

Background

The ACI Program was established in September 1985 and run under the auspices of Goodwill Panama. From September- December 1985 the program was run on an experimental basis. During the three month pilot program, 6 disabled people were employed temporarily in private businesses. After the period of temporary employment through the ACI program, four of the six were found permanent job placements within the private sector. By February, 1986 11 disabled people were employed under the ACI system: one was permanently employed in the private sector and out of the ACI system; 7 were employed on temporary contracts; and, 3 were employed on temporary piece work contracts.

The goal of the program is to place temporary employees of the ACI in permanent positions in private industry. Due to a number of factors of the labor code, the legal system, and current economic conditions the ACI program plans to employ disabled people as trainees for the first two months, and under temporary contracts or a piece work contracts for the next four months. On the seventh month, the employee is let go and all accounts settled. The current ACI program plan estimates that by employing 40 people a month and reaching a 100% permanent placement rate the program can break-even financially. Current plans call for full capacity to be reached five months into the operation. (See Table 6 for the current operation plan.)

Analysis

The assumptions used in this analysis are based on current prices, costs and production plans. A note of caution --although the analysis is based on the previous four months of program operation, the data compiled during this period are not significant enough to determine specific long term trends regarding the permanent placement rate and the percentage split between temporary contracts and piece work contracts. Conservative estimates are used for the price of labor. The price of labor for trainees and temporary contracts are based on an IPHE study that concluded that disabled workers employed under an "eventual contract" arrangement received an average wage of \$150/month while disabled workers employed under a permanent contract received an average wage of \$180.00/month. The price of piece work contracts is based on a conservative calculation of

actual prices ACI obtains for 3 piece work contracts. To account of differences in the rate of production, product variation, and skill levels of the individual worker, the number of units (boxes) produced per worker per day has been reduced from 37 to 30.

CASE I A and B of this analysis assume a 100% permanent placement rate as indicated in the production plan, a 70-30% split between temporary contracts and piece work contracts based on February 1986 actual production, current labor prices and costs, and budgetted ACI program costs for 1986 at the rate of US\$23,360. CASE I-A includes a conservative estimate of piece work contracts producing an equivalent of 30 boxes/day at current prices, while CASE I-B includes a more liberal estimate of piece work contracts producing an equivalent of 37 boxes/day at current prices.

CASE II incorporates the assumptions in CASE I, with costs reflecting the 1986 budgetted amount, but increases the cost of labor by 40% for temporary and piece work contracts to cover workers' inclusion in the social security system.

CASE III assumes fixed costs at the actual rate of expenditure, estimated at US\$12,680/year, increases the cost of labor by 40% for temporary contracts, and adjusts piece work contracts to include 40% benefits and wages equivalent to a minimum salary.

CASE IV assumes fixed costs at the actual rate of expenditure, social security benefits paid as in CASE III and an outplacement rate of 40%. (See Table 7 for a hypothetical ACI operation plan based on a 40% outplacement rate.)

CASE I: Budgetted Costs US\$ 23,360/year. No Social Security Payments

Assumptions:

US\$ 1.00 = B\$1.00

Production Capacity: 12 months of operation at full capacity of 40 man months per month based on present plan assuming capacity of 480 man months per year and 30% of the temporary contracts are piece work contracts (based on the actual percentage):

190 man/months(mm) trainees
203 man/months(mm) temp.contracts
87 man/months(mm) piece work contracts

Production in Operation: 240 days/year

Start-up Costs: \$7,940 costs of the program from Sept, 1985 through Jan, 1986 under the pilot-program treated as one time costs of a feasibility study.

Working Capital Provision: 4 months of fixed and variable costs until the program reaches full capacity
Fixed Costs @ Budget = \$7,788.00
Variable Costs = \$9,735.00*
Total Working Capital \$17,523.00
*(See Variable Costs, below)

Net Capital Requirement: \$8,106. \$25,463.00 total capital requirement(start-up costs + working capital provision) minus capital provided by project of \$17,357 (\$2,795 income produced in pilot phase and \$14,562 anticipated income before project reaches full capacity[60mm trainees @ \$150mo. + 21mm temporary contracts @ \$180mo. + 9mm piece work contracts @ \$198/mo. = \$14,562]).

Financing Costs: None included

Fixed Costs: 1986 Budget of \$1,920/month or \$23,040/yr (Salaries, office, administration and transportation costs)
private insurance @ \$4/year for trainees @ \$320/year

Variable Costs(Labor): Total Fixed Costs per Year: \$23,360.00
Trainees: \$0.60/hour x 8 hours x 20 days = \$96,00/mm
Temporary Contracts: Minimum wage @ \$0.78/hour x 8 hours x 20 days = \$125.00/mm
Piece Work Contracts: Based on Actuals

**\$0.25/box x 30 boxes/day x 20 days =
\$150.00/mm**

***Working Capital Variable Costs based on
estimates above and 1986 plan.**

Selling Price (Labor):

**Trainees: \$150.00/mm (based on IPHE study of
average income of eventual placements.**

**Temporary Contracts: \$180.00/mm (Based on
IPHE study of average income of permanent
placements.**

**Piece Work : \$198.00/mm (based on
\$0.33/box x 30 boxes/day x 20 days) in CASE A.**

**Piece Work: \$244.00/mm (based on
\$0.33/box x 37 boxes/day x 20 days) in CASE B.**

CASE A

Price(P) - Variable Cost per Unit (VCU) = Gross Margin (GM)

Monthly Max Capacity	Unit Price	Variable Cost/Unit	GM/Unit
Trainees 190	\$150.00	\$96.00	\$54.00
Temps 203	180.00	125.00	55.00
Piece Work 87	198.00	150.00	48.00

**% Sales at Full Capacity = amount of sales per item
Total Sales**

**Contribution to Fixed Costs = % of sales at full capacity x total fixed
Costs**

Contribution Fixed Costs (FC = \$23,360.00/year)	Unit Price	Total Sales	%Sales/ at full cap.	Contr to F.C
Trainees 190	150.00	28,500.00	35%	8,176.00
Temps 203	180.00	36,540.00	44%	10,278.00
Piece Work 87	198.00	<u>17,226.00</u>	21%	4,906.00
		82,266.00		

Break-Even Analysis:

	<u>%Fixed Costs</u> GM/Unit	BE Units	Capacity	BE%/product
Trainees	<u>8,176.00</u> 54.00	151	190	79%
Temps	<u>10,276.00</u> 55.00	187	203	92%
Piece Work	<u>4,906.00</u> 48.00	102	75	117%

Profitability:

At full Capacity: Capacity - BE Units x Gross Margin = Profit/Year

Trainees	190	151	54.00	2,106.00
Temps	203	187	55.00	864.00
Piece Work	87	102	48.00	(-)
TOTAL Profit/Year				

Yearly Fixed Costs	(23,360.00)
Trainee Gross Margin	10,260.00
Temps Gross Margin	11,165.00
Piece Work	4,176.00
TOTAL	2,241.00

CASE B: Increasing Production Rate Of piece work contracts

Monthly Max Capacity	Unit Price	Variable Cost/Unit	GM/Unit
Trainees 190	\$150.00	\$96.00	\$54.00
Temps 203	180.00	125.00	55.00
Piece Work 87	244.00	185.00	59.00

% Sales at Full Capacity = $\frac{\text{amount of sales per item}}{\text{Total Sales}}$

Contribution to Fixed Costs = % of sales at full capacity x total fixed Cos's.

Contribution Fixed Costs (FC = \$23,360.00/year)		Unit.Price	Total.Sales	%Sales/ at full cap.	Contr to F.C
Trainees	190	150.00	28,500.00	33%	7,709.00
Temps	203	180.00	36,540.00	42%	9,811.00
Piece Work	87	244.00	<u>21,228.00</u>	25%	5,840.00
			86,268.00		

Break-Even Analysis:

	<u>%Fixed Costs</u> GM/Unit	BE Units	Capacity	BE%/product
Trainees	<u>7,709.00</u> 54.00	142	190	75%
Temps	<u>9,811.00</u> 55.00	178	203	88%
Piece Work	<u>5840.00</u> 59.00	99	87	133%

Profitability:

At full Capacity: Capacity - BE Units x Gross Margin = Profit/Year

Trainees	190	142	54.00	2,592.00
Temps	203	178	55.00	1,375.00
Piece Work	87	99	59.00	(-)

TOTAL Profit/Year

Yearly Fixed Costs	(23,360.00)
Trainee Gross Margin	10,260.00
Temps Gross Margin	11,165.00
Piece Work	<u>5,133.00</u>
TOTAL	3,198.00

Conclusions

As illustrated in CASE I-A and B trainee contracts subsidize the operation

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because trainee contracts assume a greater share of the fixed costs of the operation while piece work contracts do not cover their assigned share of fixed costs.

This analysis shows that if the program operates at full capacity it will be able to recover its start-up and working capital requirements of \$8,106.00. Although this analysis does not assume financing costs, the enterprise could theoretically cover these as well. A five year loan at 10% interest/year, with a 3 month grace period, and equal payment installments would cost \$179.00/month, which is within the yearly profit margin of the enterprise.

What is a major concern in this analysis is the profitability of the piece work contracts. Using piece work price estimates based on a conservative calculation of current operations (CASE A) and a standard formula to determine the percentage of fixed costs that the piece work contracts should cover, the enterprise will have to support 102 man months of piece work contracts to break even while current capacity estimates are 75 man months per year. Using piece work price estimates based on a liberal estimate of production potential, while all other factors remain the same, CASE B, the enterprise will have to support 99 man months of piece work contracts to breakeven in this line of production.

As the analysis shows, piece work contracts can earn the highest gross margin per unit as in CASE 1-B or the lowest, as in CASE 1-A. This is not unusual since piece work contracts have the added dimension of production attached to the calculation of price and labor. They are a more unpredictable money earner for the enterprise. What is certain is 1) in both cases, the number of man months of piece work must be increased beyond present estimated capacity of the enterprise; 2) ACI must calculate more carefully the price they receive from industry and the wages they pay to workers, ensuring that the workers are paid an equitable rate while the contracts with industry contribute to fixed costs of the enterprise; and, 3) since each piece work contract is likely to involve different products, an analysis to determine the profit margin for each type of contract should be done until ACI becomes familiar with the array of piece work contracts available to it.

CASE II: Budgetted Costs US\$23,360/year. Payment of Social Security Assumptions:

US\$ 1.00 = B\$1.00

- Production Capacity:** 12 months of operation at full capacity of 40 man months per month based on present plan assuming capacity of 480 man months per year and 30% of the temporary contracts are piece work contracts(based on actual percentages):
190 man/months(mm) trainees
203 man/months(mm) temp.contracts
87 man/months(mm) piece work contracts
- Production in Operation:** 240 days/year
- Start-up Costs:** \$7,940 costs of the program from Sept, 1985 through Jan, 1986 under the pilot-program are treated as one time costs of a feasibility study.
- Working Capital Provision:** 4 months of fixed and variable costs until the program reaches full capacity
Fixed Costs @ Budget = \$7,788.00
Variable Costs = \$11,325.00*
Total Working Capital = 19,113.00
(*See Variable Costs, below)
- Net Capital Requirement:** \$9,696.00 \$27,053.00 total capital requirement(start-up costs + working capital provision) minus capital provided by project of \$17,357 (\$2,795 income produced in pilot phase and \$14,562 anticipated income before project reaches full capacity[60mm trainees @ \$150 mo. + 21mm temporary contracts @ \$180mo. + 9mm piece work contracts @ \$198/mo. = \$14,562]).
- Financing Costs:** None included

Fixed Costs: 1986 Budget of \$1,920/month or \$23,040/yr
 (Salaries, office, administration and transportation costs)
 private insurance ●\$4/year for trainees
 ●\$320/year
Total Fixed Costs per Year: \$23,360.00

Variable Costs(Labor): Trainees: \$0.60/hour x 8 hours x 20 days = \$96.00/mm
 Temporary Contracts: Minimum wage ● \$0.78/hour x 8 hours x 20 days = \$125.00/mm x 40% = \$175.00/mm
 Piece Work Contracts: Based on Actuals \$0.25/box x 30 boxes/day x 20 days = \$150.00/mm x 40% = \$210.00/mm
 *Variable Costs for working capital phase based on these estimates.

Selling Price (Labor): Trainees: \$150.00/mm (based on IPHE study of average income of eventual placements.
 Temporary Contracts: \$180.00/mm (Based on IPHE study of average income of permanent placements.
 Piece Work: \$198.00/mm (based on actuals of \$0.33/box x 30 boxes day x 20 days)

Monthly Max Capacity		Unit Price	Variable Cost/Unit	GM/Unit
Trainees	190	\$150.00	\$96.00	\$54.00
Temps	203	180.00	175.00	5.00
Piece Work	87	198.00	210.00	(12.00)

Contribution Fixed Costs (FC = \$23,360.00/year)		Unit Price	Total Sales	%Sales/ at full cap.	Contr to F.C
Trainees	190	150.00	28,500.00	35%	8,176.00
Temps	203	180.00	36,540.00	44%	10,278.00
Piece Work	87	198.00	17,226.00	21%	4,906.00

Break-Even Analysis:

	<u>%Fixed Costs</u>	BE Units	Capacity	BE%/product
	GM/Unit			
Trainees	<u>8,176.00</u> 54.00	151	190	79%
Temps	<u>10,278.00</u> 5.00	2055	203	1012%
Piece Work	<u>4,906.00</u> (12.00)			

Profitability:

At full Capacity: Capacity - BE Units x Gross Margin = Profit/Year

Trainees	190	151	54.00	2,106.00
Temps	203	2055	5.00	
Piece Work	87		(12.00)	
TOTAL Profit/Year				

Yearly Fixed Costs	(23,360.00)
Trainee Gross Margin	10,260.00
Temps Gross Margin	1,015.00
Piece Work	(1,044.00)
TOTAL	(13,129.00)

Conclusions

This analysis uses the 1986 budgeted rate of US\$23,360 for yearly fixed costs. Payment of social security benefits @ 40% of salary will make the project financially unviable at the current cost and production rates. The project will also be unable to cover its start up and working capital costs of \$9,696.00.

Again, what is clear is the volatile nature of the piece work contracts. In this case they actually loose money for the enterprise. The addition of

social security benefits for piece work contracts underlines the importance of a thorough analysis for each type of piece work contracts before entering into an agreement with industry.

Because no social security benefits are paid to trainees, trainee contracts continue to earn a profit for the enterprise. Temporary worker contracts, however, earn a decreased gross margin, so much so that the enterprise would have to increase temporary contracts to 2,055 man months per year to break even in this line of production.

CASE III: Actual Costs US\$12,680. Payment of Social Security Plus Adjustments for Piece Work Contracts

Assumptions: US\$ 1.00 = B\$1.00

Production Capacity: 12 months of operation at full capacity of 40 man months per month based on present plan assuming capacity of 480 man months per year and 30% of the temporary contracts are piece work contracts:
190 man/months(mm) trainees
203 man/months(mm) temp. contracts
87 man/months(mm) piece work contracts

Production in Operation: 240 days/year

Start-up Costs: \$7,940 costs of the program from Sept, 1985 through Jan, 1986 under the pilot-program are treated as one time costs of a feasibility study.

Working Capital Provision: 4 months of fixed and variable costs until the program reaches full capacity
Fixed Costs @ Actual = \$4,226.00
Variable Costs = \$11,010.00*
Total Working Capital \$15,236.00
*(See Variable Costs, below)

Net Capital Requirement: \$5,819.00 \$23,176.00 total capital requirement(start-up costs + working capital)

provision) minus capital provided by project of \$17,357 (\$2,795 income produced in pilot phase and \$14,562 anticipated income before project reaches full capacity[60mm trainees @ \$150 mo. + 21mm temporary contracts @ \$180mo. + 9mm piece work contracts @ \$198/mo. = \$14,562]).

Financing Costs: None included

Fixed Costs: Actuals of \$1,030/month or \$12,360/yr (Salaries & office supplies, transport.

Excludes administrative fees, office rent & professional services as reflected in past 5 mos financial report)

private insurance @ \$4/year for trainees @ \$320/year

Total Fixed Costs per Year: \$12,680.00

Variable Costs(Labor): Trainees: \$0.60/hour x 8 hours x 20 days = \$96.00/mm

Temporary Contracts: Minimum wage @ \$0.78/hour x 8 hours x 20 days =

\$125.00/mm x 40% = \$175.00/mm

Piece Work Contracts: assume minimum wage + 40% social security = \$175.00

*Variable Costs for working capital phase based on these estimates.

Selling Price (Labor): Trainees: \$150.00/mm (based on IPHE study of average income of eventual placements.

Temporary Contracts: \$180.00/mm (Based on IPHE study of average income of permanent placements.

Piece Work: \$198.00/mm (based on actuals of \$0.33/box x 30 boxes day x 20 days)

Monthly Max Capacity	Unit Price	Variable Cost/Unit	GM/Unit
Trainees 190	\$150.00	\$96.00	\$54.00
Temps 203	180.00	175.00	5.00

includes a bare bones budget and a subsidy of rent and administrative services from Goodwill Panama) and salary and social security benefits are adjusted to minimum wage levels for piece work contracts, the project can produce some income if it runs at full capacity, and therefore reduce the subsidy from APIBV. Contracts with trainees will continue to subsidize the enterprise by contributing to a higher share of fixed costs than either the temporary or piece work contracts. The project will be unable to recover start-up or working capital costs.

CASE IV: Actual Costs US\$ 12,368/year. Payment of Social Security Plus Adjustment for Piece Work Contracts. A 40% Permanent Placement Rate with Temporary Employees Returning to Work for ACI.

Assumptions: US\$ 1.00 = B\$1.00

Production Capacity: 12 months of operation at full capacity of 40 man months per month based on present plan assuming capacity of 480 man months per year and 30% of the temporary contracts are piece work contracts:

**26 man/months(mm) trainees
318 man/months(mm)temp.contracts
136 man/months(mm) piece work**

contracts

Production in Operation: 240 days/year

Start-up Costs: \$7,940 costs of the program from Sept, 1985 through Jan, 1986 under the pilot-program are treated as one time costs of a feasibility study.

Working Capital Provision: 4 months of fixed and variable costs until the program reaches full capacity

Fixed Costs @ Actual = \$4,226.00

Variable Costs = \$11,010.00*

Total Working Capital \$15,236.00

***(See Variable Costs, below)**

Net Capital Requirement: \$5,819.00 \$23,176.00 total capital

requirement(start-up costs + working capital provision) minus capital provided by project of \$17,357 (\$2,795 income produced in pilot phase and \$14,562 anticipated income before project reaches full capacity[60mm trainees \$150 mo. + 21mm temporary contracts @ \$180mo. + 9mm piece work contracts @ \$198/mo. = \$14,562]).

Financing Costs: None included

Fixed Costs: Actuals of \$1,030/month or \$12,360/yr
(Salaries & office supplies, transport.
Excludes administrative fees, office rent &
professional services)
private insurance @\$4/year for trainees
@\$8/year
Total Fixed Costs per Year: \$12,368.00

Variable Costs(Labor): Trainees: \$0.60/hour x 8 hours x 20 days = \$96.00/mm
Temporary Contracts: Minimum wage @ \$0.78/hour x 8 hours x 20 days = \$125.00/mm x 40% = \$175.00/mm
Piece Work Contracts: assume minimum wage + 40% social security = \$175.00
*Variable Costs for working capital phase based on these estimates.

Selling Price (Labor): Trainees: \$150.00/mm (based on IPHE study of average income of eventual placements.
Temporary Contracts: \$180.00/mm (Based on IPHE study of average income of permanent placements.
Piece Work: \$198.00/mm (based on \$0.33/box x 30 boxes day x 20 days)

Yearly Max Capacity	Unit Price	Variable Cost/Unit	GM/Unit
Trainees 26	\$150.00	\$96.00	\$54.00
Temps 318	180.00	175.00	5.00

Piece Work 136 198.00 175.00 23.00

Contribution Fixed Costs (FC = \$12,368.00/year)		Unit.Price	Total Sales	%Sales/ at full cap.	Contr to F.C
Trainees	26	150.00	3,900.00	4%	495.00
Temps	318	180.00	57,240.00	65%	8,039.00
Piece Work	136	198.00	<u>26,928.00</u>	31%	3,834.00
Total Sales:			88,068.00		

Break-Even Analysis:

	<u>%Fixed Costs</u> GM/Unit	BE Units	Capacity	BE%/product
Trainees	<u>495.00</u> 54.00	9	26	35%
Temps	<u>8,039.00</u> 5.00	1608	318	506%
Piece Work	<u>3,834.00</u> 23.00	167	136	123%

Profitability:

At full Capacity: Capacity - BE Units x Gross Margin = Profit/Year

Trainees	26	9	54.00	918.00
Temps	318	1566	5.00	
Piece Work	136	162	23.00	

Total Fixed Costs	(12,048.00)
Gross Margin Trainees	1,404.00
Gross Margin Temps	1,590.00
Gross Margin Piece Work	<u>3,128.00</u>

Total Profit/Loss (5,926.00)

Conclusions

Fixed costs are reduced in this analysis to account for reduced private

insurance rates since fewer trainees will be entering the program on a yearly basis. While the project will continue to cover variable costs, it cannot cover its fixed costs. The project will require a subsidy of approximately US\$6,000 to continue operation.