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AVANCE

**ASOCIACION DE PROMOCION Y DESARROLLO SOCIO-ECONOMICO**  
**Cooperative Agreement No. 522-0273A-007128-00**

**MID-TERM EVALUATION**  
**FINAL REPORT**

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AVANCE  
MID-TERM EVALUATION

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## I. EXECUTIVE SUMMARY

AVANCE was created in 1984 as a private sector not for profit institution to educate newly literate rural farmers through a weekly newspaper, El Agricultor. In 1987, as a complement to its Primary Educational Efficiency Project, AID/Honduras signed a Cooperative Agreement with AVANCE. The purpose of the Project was to strengthen Honduran public education in grades one to three. The purpose of the Agreement was to create a self-sustaining private sector institution dedicated to improving Honduran education.

The five-year agreement called for AVANCE to develop:

- a national educational radio programming service;
- a national educational editorial and print media service;
- a social marketing service, and;
- a strengthened and financially self-supporting AVANCE.

In radio, AVANCE was to produce and disseminate inter-active educational radio programming in math and Spanish to 10,000 primary school classrooms and to operate a radio station providing cultural and educational programming to the miskito population in eastern Honduras. In print media, it was to strengthen and expand distribution of El Agricultor as an educational weekly to reach teachers and students in 5,000 classrooms. It was also to develop the capacity to create, publish and distribute a variety of socially useful publications the sale of which would contribute to AVANCE's self-sufficiency. AVANCE was to have a social marketing staff which would help develop and sell AVANCE products and, for fees, offer the same services to other agencies. It was to have in place the needed facilities, trained staff and administrative systems.

By complementing public primary educational activities, AVANCE was expected to improve the quality of Honduran primary education during the life of the agreement while developing into a self-sustaining private agency for social betterment.

A midterm evaluation was one of two evaluations required in the agreement. The evaluation team reviewed all available project documentation and interviewed a large number of AVANCE and AID mission staff and other Hondurans. The purpose was to assess AVANCE's progress in achieving agreement objectives and to recommend midterm program corrections if warranted.

### **Findings and Conclusions**

AVANCE created Sistema de Educacion Interactivo (SEI) which has produced an interactive radio math program for grades one and two which has been used in approximately 2,500 classrooms. No work had

been done on Spanish language programming. AVANCE took over Sani Radio in Puerto Lempira in July 1987. A budget cut in 1988 nearly eliminated educational and cultural programming, but a recent grant from the Inter-American Development Foundation (IDF) will fund additional programming.

After a period of turmoil, El Agricultor was moved from Tegucigalpa to San Pedro Sula in February 1989. Paid circulation now ranges above 15,000 copies weekly, an estimated 60% of which is to students. No capacity to develop new publications has been developed. A social marketing division was established which assisted in the marketing of AVANCE products, but was disbanded in late 1988 with marketing responsibilities assigned to AVANCE's individual divisions. No capacity for the sale of marketing services remained.

AVANCE has in place four facilities and a reasonably trained staff. Its sale of products and services now cover about 35% of its operating expenses. It has had serious management problems and, as an organization, lacks unity and a sense of direction. Adequate financial, personnel and administrative support systems have only been put in place in mid-1989. A comfortable and effective relationship between AVANCE's Board of Directors, its top management and AID staff has not yet developed.

SEI appears to produce a quality educational radio program which does contribute to children's learning math concepts. But its productivity has been low and at the current pace it will not meet its quantitative goals. It has not resolved adequately the problem of distribution.

Sani Radio offers a limited, but popular social service to La Mosquitia. The IDF grant will increase transmitter power and provide educational programming. Adequate supervision of Sani is difficult, owing to its remoteness from central Honduras.

El Agricultor needs to define its target audience. Currently it is directed at students in grades 6 to 8 in urban and semi-urban areas in an effort to attract advertising revenues, since this group is more likely to buy a product than either little children or truly rural farmers. Content is not focused on this or any other one audience and could be improved in terms of quality.

The only commercial printing capacity established to date by AVANCE is a quick print facility in Tegucigalpa, organized in April 1989. It has acquired several clients and should generate a modest operating profit by 1990.

Effectiveness of AVANCE management has been limited first, by the assumption of AID that it could expand from a minor weekly newspaper operation to a complex, multi-activity organization with little or no managerially-oriented technical assistance and,

second, by personal limitations within and between the Board of Directors and AVANCE professional management.

Mission insistence on adequate management systems for AVANCE could have come earlier in the project. Technical assistance made available has been primarily directed to AVANCE's products and not to management or institutional development.

The agreement called for grant funding of \$5.4 million and 10 million Lempiras in counterpart funding. As of September 1989, \$3.8 million and 5 million Lempiras had been earmarked. AVANCE expects an operating deficit in 1989 of about 1.7 million Lempiras of total expenditures exceeding 2 1/2 million. Projected increases in revenues, if realized, will reduce the deficit to less than one million Lempiras by 1992. Financial self-sufficiency is only realistic if AVANCE: divests itself of Sani Radio; terminates by PACD production of radio educational programming, limiting itself to distribution of completed product, and; cuts costs and improves efficiency within the organization.

In reviewing potential midterm agreement modifications, the evaluation team postulated four scenarios: continue AVANCE as is; cessation of AID funding; AVANCE whole, but smaller, and; separation of AVANCE functions. We concluded that: AVANCE should not be left to continue as is; AID should not cut off funding since AVANCE had some assets to build on, and; AVANCE could best function as a single institution, but on at a level reduced from that called for in the original agreement design.

We recommended that:

- AVANCE management be strengthened and that its Board be made an integral part of the strengthening process. This process would include reestablishing a central marketing capability.
- AID seek alternative sponsorship for Sani Radio and separate it from AVANCE.
- That funding of inter-active educational radio programming be changed to a product specific contract base. This would clarify the two functions, program production which is a one-time cost, and program sales and distribution, a continuing cost.
- That El Agricultor define its audience, change its name and improve the quality of the paper in an effort to approach financial self-sufficiency.

Lessons learned were that: project design should be tailored closely to the capacity of the implementing institution; that the tradition of local voluntary service to agencies like AVANCE is not well established; that requiring financial self-sufficiency is very difficult for agencies delivering a "social good", and; that the

difficulties in distributing AVANCE's products in truly rural Honduras was underestimated.

## II. INTRODUCTION

AVANCE, Asociacion de Promocion y Desarrollo Socio-Economico, was recognized early in 1984 by the Honduran Government as a not for profit organization designed to promote social development. It was modeled on a concept developed over decades in Colombia. The Colombian model had been a successful effort to publish a newspaper aimed at newly literate Colombian rural farmers. The newspaper was not intended to be self-sufficient financially, but was subsidized by a publishing operation, originally financed with an A.I.D. loan, which through the years evolved into a major enterprise.

The project also had an ideological overtone, that of strengthening democratic ideas and practices among the rural farm population. Against the threat of communist encroachment in Central America stemming from Nicaragua and the guerrilla movements in El Salvador, an effort was made to establish this Colombian model in the region. An organization was actually formed only in Honduras.

The implementing agency initially was the Simon Bolivar Foundation (OPCO), funded by U.S.A.I.D.'s Office of Science and Technology in Washington, but administered by Colombian staff members under the direction of the Colombian founder, Monsignor Salcedo.

The organizers selected 26 individuals from a cross-section of Honduran business leaders to form the AVANCE Assembly. These in turn elected a board of directors of nine members. The major activity undertaken by AVANCE was to develop and publish a weekly newspaper, El Agricultor, introduced in 1985.

U.S.A.I.D./Honduras and members of AVANCE's Board came to believe that a Honduran, rather than Colombian-dominated, organization would better suit Honduran needs, which were then perceived in less sharply ideological terms and more in terms of fundamental educational and social deficiencies. In 1986 the Primary Education Efficiency Project was written to include a section of educational tasks to be undertaken by AVANCE. A Cooperative Agreement to this effect was signed between the Mission and AVANCE on March 4, 1987.

However, the project detailed in the Cooperative Agreement was far more ambitious than the original program. In addition to El Agricultor, there were four other elements: an interactive radio educational program, a short wave community radio station in La Mosquitia, a social marketing division and an educational publishing operation intended to produce innovative, socially beneficial publications as well as to generate financial surpluses of benefit to AVANCE as a whole. All of this was to be directed at rural primary school children and to be managed as a private

enterprise generating income sufficient to recover a significant part of its costs.

This project was not developed by the AVANCE Board, but rather by U.S.A.I.D. Mission staff, with assistance from consultants in the educational field. A.I.D., in advance of the approval of the Agreement by the AVANCE Board, committed to employ the specific individual who became technical director with the responsibility of developing the educational products called for in the Agreement. While taken aback, the Board appears to have concluded that the Project portended substantial benefits to Honduras and therefore warranted its acceptance.

The total estimated cost of the program was US\$10,400,000, a \$5.4 million grant and Lps. 10 million in counterpart financing. In addition, AVANCE was required to contribute over the life of the Project an amount equivalent to 25% of the contributed funds, derived from sale of AVANCE products, contributions from the private sector and other sources.

Given the complexity and size of the program the Cooperative Agreement was written so as to require substantial A.I.D. involvement.

The Agreement also called for two evaluations, the first to start toward the end of the second program year and to focus on the level of outputs reached, implementation constraints, administrative constraints, progress toward attaining financial self-sufficiency and measures planned to assure that the program be strengthened in the final years.

This report is intended to meet this requirement. The evaluation team's scope of work also asked for a technical evaluation of the program's outputs as well as looking at management and financial aspects of AVANCE.

### III. METHODOLOGY

The methodology used by the team has been straightforward. A review of all available pertinent documentation - more than 60 documents - and interviews with concerned members of the staff of U.S.A.I.D./Honduras, of AVANCE - including the Board of Directors, and a number of individuals not directly connected with the Project. The limited time available to the team did not allow widespread field interviews to ascertain attitudes and responses to such AVANCE products as "La Familia de los Numeros" or "El Agricultor" so that this report is based largely on secondary sources contained in the documentation or from interviews. We would like to add that the technical evaluation we carried out did not, owing to a lack of time and primary sources, measure the social benefits accruing to Honduras from AVANCE's efforts to date.

The Institute for International Research (I.I.R.) evaluation team consisted of four members:

Wesley D. Boles, Chief of Party, Management and Administration Specialist.  
William Kostrewski, Finance Specialist.  
Rose Hughes, Commercial Media Specialist.  
Bonnie Brownlee, Educational Media Specialist.

Mr. Boles has had substantial international experience as a Foreign Service Officer with the U.S. Department of State, a staff executive involved with marketing and strategic planning with a major American manufacturer and several years as a management consultant. Experience in Honduras includes trade and investment promotion, liaison officer between the Export Development and Services Project and the Ministry of Economy and as a financial analyst with the CABEI privatization project. He holds M.A. and M.B.A. degrees from the George Washington University.

Mr. Kostrewski has been involved in the international scene for a number of years, principally in banking, with emphasis on debt restructuring, financial markets and financial planning and analysis. He has an M.A. from Brigham Young University in Latin American Studies and an M.I.M. from the Thunderbird Institute. Previous experience in Honduras includes work with A.I.D.'s privatization project and a financial review of AVANCE undertaken in June 1989.

Ms. Hughes has several years experience in educational marketing. She has worked with advertising agencies in the U.S. and Mexico, lectured in the U.S., Mexico, Australia and Guatemala, and has produced and marketed audio and video tape programs covering real estate, taxes and investments as well as personal and professional development. She has also been involved in print production. She is a graduate of the American University in Washington, D.C.

Dr. Brownlee is Assistant Professor in the School of Journalism at Indiana University, specializing in international communication. She has substantial experience in both print journalism and radio. Among her international activities have been service as co-coordinator of an educational radio project in Puerto Cabezas, Nicaragua in 1978-79 and evaluation of the Mass Media and Health Services Project (1980) and of Sani-Radio (1988), both in Honduras. She holds an A.M. degree from I.U. and a Ph.D. from the University of Wisconsin.

Our research was conducted during August 1989.

#### IV FINDINGS

##### A: PROJECT ACCOMPLISHMENTS

The working documents governing the AVANCE project are Section VII of the PRIMARY EDUCATION EFFICIENCY PROJECT (522-0273) and the Cooperative Agreement No. 522-0273A-007128-00 signed March 4, 1987 with a duration of five years. The contractual responsibilities of AVANCE are listed in the Cooperative Agreement. We have chosen accordingly to measure AVANCE performance against the goals set forth in the Agreement.

The Project purpose was to provide a variety of media-based educational services through the Honduran private sector. Project outputs were divided into four segments:

A national private sector educational radio service, which in turn was to consist of an interactive radio service developed, marketed to communities and teachers, and in use in primary schools, and Sani Radio operating in the Department of Gracias a Dios.

A national educational editorial and print media service created and functioning, consisting of a strengthened and improved "El Agricultor" and a commercial publication program continuously developing and marketing popular literature to promote literacy, support social programs and generate revenue.

A social marketing service developed and functioning.

And a strengthened and financially self-supporting AVANCE, with permanent facilities in place, an appropriate Honduran staff recruited, trained and at work and commercial and contract activities generating sufficient income to cover all operating expenses. AVANCE was also to have an efficient, departmentalized budget system with centralized administrative, personnel and accounting services.

### 1. Interactive Radio

AVANCE in developing its interactive radio service was assigned numerical targets of approximately 500 half-hour programs each in mathematics and Spanish language. By the end of the Project, as an "objectively verifiable indicator" programs for grades one through three in math and Spanish were to have been developed, sold and in use in 10,000 classrooms.

At the mid-point in the five-year life of the Project, AVANCE is short of the half-way mark. An interactive radio production facility has been established, Sistema de Educacion Interactiva (SEI), located in leased facilities in Tegucigalpa's Colonia Satellite, a staff trained and a studio built. Use of interactive radio programs during the 1987 Honduran school year (generally February to November) as called for in the Agreement did not take

place, presumably because the Agreement wasn't signed until after the school year had already begun.

First program production efforts have been devoted to a math program, "La Familia de los Numeros". The first grade segment, some 155 24-minute lessons, was produced and disseminated during the 1988 school year in six departments, Francisco Morazan, Valle, Copan, Olancho, Cortes and Gracias a Dios. For the 1989 school year, the first grade program has been available nationally, that is, in 14 of the 18 departments (excluding Cortes, Colon, Atlantida and Gracias a Dios), with the second grade program available on a trial basis in four departments, F. Morazan, Valle, Copan and Olancho. To participate, each class should have a radio, a teacher's guide, illustrative posters and student notebooks. All of these materials are sold as "Paquete A". The same materials without the radio are sold as "Paquete B". Combined sales of both packets and in both grades for the 1989 school year were 3,105. The actual number of classrooms using radio math will be less owing to the fact that surveys have shown that some teachers fail to continue with the program during the year and to the unknown number of single room schools which may be using both first and second grade programs.

Regarding interactive radio programming in the Spanish language, AVANCE's Technical Director proposed to the Board of Directors the development of an adult radio literacy program during the Project's first year, but this was not approved by the Board. Subsequently there has been no further development of Spanish language programming for use in primary education.

In response to the requirement to attain financial self-sufficiency, SEI has undertaken to develop new products not specifically called for within the Cooperative Agreement: an English language program, an audio cassette of children's music and a proposal to develop radio programming to teach democratic values. In addition, efforts have been made to sell "La Familia de los Numeros" to other countries.

The Technical Director initiated the English language program as an experimental education project designed to use radio in the instruction of standard English as a second language in multi-linguistic societies. Originally targeted at the Bay Islands, where a majority of the people speak "creole" English, the program has subsequently been marketed in Belize. There are indications of interest from Costa Rica. A market is also expected for the series, probably in audio cassette form, principally among private schools in Honduras. We were told that 44 of a planned 190 half-hour programs have been completed and another 15 have had the text recorded but not the supplemental music and other materials. An agreement in principal has been reached with Belize calling for sale of the program for a price of US\$ 40,000 per year. Pilot broadcasting is to begin for three months during this coming school

year which, if successful, will lead to the full course starting in September 1990.

The music audio cassette should require little original programming: it is made up of songs already recorded as part of "La Familia de los Numeros" and will be sold commercially to the Honduran public.

The teaching of democratic values is in the proposal stage and would be financed by A.I.D.'s Strengthening Democratic Institutions Project.

An agreement in principal has been reached to sell "La Familia de los Numeros" to Costa Rica for a basic price of US\$ 40,000 for each year's programming. The form of the agreement - as mentioned above for Belize - includes a pilot program of radio instruction which, if successful, leads to the full three-year program being supplied. The Costa Ricans will be entitled to have revisions undertaken by the SEI studio of up to ten per cent of the originally supplied text. No funds have yet been received nor has the team seen any written agreement. AVANCE management has efforts underway to sell the program to the Dominican Republic, where it is being supported by the A.I.D. Mission as a means of revitalizing a now virtually moribund inter-active educational radio program. Management also believes it has good prospects for sale of the program to Guatemala and El Salvador.

## 2. Sani Radio

Sani Radio had been established in Puerto Lempira, Gracias a Dios, in March 1986 by the International Rescue Committee to provide community news and educational programming in Spanish and Miskito. The transmitter was set up to broadcast in "tropical band" short wave with 10,000 watts of power. Broadcast studio facilities were installed in a trailer which was then shipped to the site. Electric power is provided by a diesel generator.

AVANCE took over the facility as of July 1, 1987, acquiring title to assets valued at over 400,000 Lempiras and assuming responsibility for all operating expenses. Production of a special bilingual (Miskito-Spanish) educational program had been underway, but only some 75 of a planned 175 programs had been produced. No programs have been undertaken up to now in health, agriculture or nutrition, although called for in the Cooperative Agreement.

Sani Radio participated in the 1988 school year trial of "La Familia de los Numeros", but the trial was ineffective. Because short wave receivers are required in the area, the 176 radios sold were different from those used elsewhere and, unfortunately, were of poor quality with very high failure rates. Coupled with erratic reception of Sani Radio's signal - transmission power had been reduced to 3,000 watts as an economy move - and limited Spanish

language abilities of the first grade population, the math program can be said to have failed. Accordingly, Gracias a Dios has been dropped from the interactive radio trial audience.

Sani Radio staff developed a Miskito language program of folk tales and legends which proved popular. AVANCE's budget reduction in October 1988 translated into a sharp cut in Sani Radio's staff and termination of the bilingual educational program. Currently Sani Radio broadcasts eight hours daily, of which one hour is taken up by repeat broadcasts of "La Familia de los Numeros". Absent short wave radio receivers or program materials in the schools and given the language problem, the reason for these broadcasts escapes us, unless it is merely a means to fill air time.

Sani Radio's role as distributor for El Agricultor presently consists of receiving 50 copies weekly, turning over 25 to MOPAWI for sale and storing the remainder on the shelf.

In April 1989 AVANCE management successfully secured a grant from the Inter-American Foundation of US\$ 68,000 for Sani Radio. A series of 52 bilingual programs of agricultural information is to be produced. An Inter-Ethnic Committee has been formed to provide community involvement with the station. Also, steps are underway to add AM broadcast capacity and increase transmitter power to 5,000 watts.

### 3. Editorial and Print Media Services

The tasks assigned to this division were to strengthen and improve El Agricultor and to develop and publish popular literature to support education and to generate revenues.

El Agricultor is a weekly publication, begun in 1985, intended to promote education in rural Honduras. The assigned "objectively verifiable indicators" were to produce at least 30 special instructional posters a year for three years for 5,000 classrooms and 30 special information pages a year for three years for 5,000 teachers, or 450,000 of each item over the life of the Project.

During the first nearly two years of the Project, El Agricultor suffered from a variety of editorial and managerial problems and made little progress. The facility was moved from Tegucigalpa to San Pedro Sula in February 1989 and was re-launched as of March. Both content and circulation have improved since then. Special instructional posters and special information pages are published. Recent figures indicate sales of as many as 15,000 copies in a week. If, as estimated, 60 % of the sales are to or through schools, this would mean some 9,000 copies available in schools each week. We have no hard numbers to indicate how many teachers and how many classrooms are reached, but multiple sales to schools and multiple sales within each classroom most probably indicate

that fewer than 5,000 classrooms or teachers are receiving the paper regularly.

There has been no development nor any apparent plans to develop other printed materials for either educational or commercial purposes. What has evolved - and only in April 1989 - is a "quick print" capability within the AVANCE office in Tegucigalpa, "Impresiones Laser", which offers composition, typesetting, plate making and offset printing services to outside customers. Composition and typesetting capacity also exists at El Agricultor, which has sold available machine and operator time to outside customers on very limited basis. The newspaper is actually printed at a commercial newspaper plant.

#### 4. Social Marketing

Within the Cooperative Agreement, responsibility for marketing, research and new product development was assigned to a Social Marketing Division. Acting as a central activity for AVANCE, the division was to engage actively in product design, product evaluation, sales promotion and the development of new and experimental products. It was also to serve as a profit center, selling its services and expertise to other institutions in Honduras interested in the development and distribution of socially beneficial goods and services.

AVANCE established its Social Marketing Division in the summer of 1987. Meanwhile, SEI selected its product, chose the name "La Familia de los Numeros" and began production well before any market research was available from the marketing people. Initial relationships between the Division and the other, operating divisions, were poor as the Social Marketing Division apparently tried to assume total control over all marketing, promotion and distribution decisions. By early 1988, the Division apparently decided to act more as a service organization to the others and did undertake a number of marketing studies for SEI and for El Agricultor, which provided useful information. The Division in launching national distribution of the first grade math lessons also carried out the only national scale promotion of "La Familia de los Numeros" to date.

Probably as a result of top management's failure to establish clear lines of authority or responsibility, an acceptable and appropriate role for the Social Marketing Division was never defined. With the departure of the then Division manager, even the Division's staff acquiesced in its disbanding in the fall of 1988. In theory, the responsibility for marketing was decentralized with each operating division responsible for its own. In practice, AVANCE's marketing capabilities are weak, with only one person assigned to SEI, none to Sani Radio and marketing for El Agricultor undertaken principally by a long term technical advisor whose contract expires December 31.

In closing the Social Marketing Division AVANCE appears to have lost most of its capacity to carry out an average of four small field experiments a year using innovative instructional media and materials as called for in the "Objectively Verifiable Indicators". It also lost whatever potential the Division may have offered for income generation.

#### 5. Avance:Strengthened and Self-Supporting.

The Cooperative Agreement called for AVANCE to have permanent physical facilities in place. So far, while there are four physical facilities in use, only one, Sani Radio, is owned property with all the others leased.

There is at work a Honduran professional and executive staff which in most instances appears appropriate to the tasks at hand.

Commercial activities underway are not generating sufficient income to cover AVANCE's costs. At present the degree of self-sufficiency seems to be in the range of 35%.

Progress in developing efficient and effective internal budgeting, accounting, personnel, data processing, procurement and planning functions has been extremely slow. AVANCE is just now putting into place a financial management system to meet A.I.D. requirements. Required six-month activity reports were not submitted until 1989. Personnel classification systems and management procedures manuals are also just now being placed into service.

The implicit assumption of the Cooperative Agreement was that the AVANCE Board of Directors would transform El Agricultor, in which it played a minor role - the Colombian technical advisors ran it, into a multi-divisional, multiple activities organization with the capacity to carry out its assigned educational tasks and create new profitable businesses. In terms of institutional development, during the initial year and one-half, AVANCE was given neither technical assistance nor even much guidance from the Mission. In practice, AVANCE did not develop into the relatively large, sophisticated and effective organization envisioned. Accordingly, the deficiencies in Project Achievements noted above to a large degree can be laid to failure in institutional development, a failure to develop the institutional capacity required to carry out the terms of the Cooperative Agreement.

#### B. TECHNICAL EVALUATION

##### 1. Project Rationale and Design

As perceived by the evaluation team, the rationale for the creation of AVANCE in 1984 was to establish a sustained, private sector capacity to strengthen Honduran education. The rationale for the

Primary Educational Efficiency Project was to address a major constraint to Honduran development, very low levels of human resource development largely attributable to the very weak educational system. We believe that the rationale for both of these efforts remains valid. The target audiences for the two Projects were: newly literate rural farmers for El Agricultor and early primary students for Primary Educational Efficiency. The design of the 1987 Cooperative Agreement with AVANCE attempted to combine these two goals in a manner which this evaluation rates as overly-ambitious and unrealistic. The major motivation for this design appears to have been to find a "home" for inter-active educational radio. We could not undertake an in depth evaluation of the cost effectiveness of inter-active radio as a pedagogical technique. We do not believe, however, that its value has been proven.

Aside from considerations of cost, inter-active radio education does have a positive educational impact. But its commercial value is very limited, however, so the question of recovering its production costs and assuring distribution through private sector channels remains very troublesome. The task for modifications in AVANCE's project design here on out will be to concentrate available resources on strengthening the two educational instruments in being, inter-active radio and El Agricultor, and strengthening the institutional capacity of AVANCE to deliver the products efficiently and effectively and to assure its sustainability, even if at the expense of some of the secondary objectives listed in the Agreement.

As part of the design modification, redefining the target audience for the newspaper seems required, first since there is no evidence of a large audience in Honduras of newly literate rural farmers. Secondly, targeting the newspaper at the lower primary grades could serve the public good, but largely removes the paper's ability to attract advertising revenue, and thus its prospects for financial self-sufficiency.

## 2. Inter-Active Radio

The use of radio as an educational tool has been seen as a method to overcome problems of geographic dispersion, shortages of educational materials and deficiencies in teacher training in developing countries, particularly in the rural areas. Programs have been designed to use only a minimum of materials, but do require interaction between teacher and students in response to the radio broadcast. Interactive radio programs for mathematics have been in use for at least 15 years, with one of the earlier programs developed in Nicaragua.

The decision to apply the techniques of inter-active radio to Honduran primary education was a decision of A.I.D. and American

consultant advisors. The Primary Education Efficiency Project was designed to help the Ministry of Education attack the admittedly serious deficiencies in primary education. Inter-active radio was expected to be an element within the Project. However, the Ministry rejected inclusion of inter-active radio within its program on the very sound grounds that the Ministry had not proven an effective home for innovative educational projects in the past and would probably not implement an inter-active radio project effectively. This meant that to develop inter-active radio an organization outside the government had to be found, hence the inclusion of inter-active radio in the AVANCE Cooperative Agreement.

In designing the inter-active radio education component, two underlying assumptions were: that the existing Nicaraguan radio math program could be used with minor adaptations and that the program would be comprehensive, i.e. an integrated program of math instruction for grades one through three. Honduran sensitivity to anything Nicaraguan at the time made inexpedient the simple transfer of the existing Nicaraguan radio math program, but more importantly, the concept of an integrated program for radio ran afoul of the Ministry of Education's text book project. The evaluation team was told that the MOE text book writers viewed inter-active radio as a competitor. Therefore, AVANCE's SEI set out to develop a complementary math program, "mental math", which would reinforce mathematical concepts among children in the first three grades but would not attempt to be a complete math course, thus hopefully avoiding conflict with the official primary mathematics text books. No evidence was found indicating any coordination between the text book development program and that of "La Familia de los Numeros", although purportedly the radio program is tied in to the new math textbooks.

Developing an entirely new series of lessons set the math program back at least one year. The original plan called for 155 half-hour lessons for each of the first three grades. SEI introduced the first grade lessons in 1988, then went into national distribution in 1989 at the same time it introduced the second grade series. Based on continuing field evaluations of the first grade material, the program is being revised to overcome any deficiencies noted. No revision of second grade material has been started since not all of the lessons have been produced.

Limited observation by team members and a review of field reports would indicate that "La Familia de los Numeros" can be a popular and effective educational tool. A majority of teachers interviewed in the field who had used the program liked it and found it helpful. Test results comparing children in traditional "control" schools with those who had access to the radio math program showed over 50% better scores for the latter. Anecdotal evidence suggests that substantial numbers of Honduran children who are not in school listen to "La Familia de los Numeros" and benefit from it.

In the course of production, deviations have been made from the original work plan. While the amount of material, such as the number of practices, or timing of the introduction of certain concepts varies from the original design, essentially all the material which was to have been covered in the first two grades will be.

Major problems would appear to be efficiency of production and distribution. The fact remains that with a staff of 23, SEI has produced and revised one first grade math program and is in the process of producing, but not yet revising, a second grade program in a period of 2 1/2 years. Following this schedule, the third grade material will be introduced in calendar 1990 while the second grade material is revised. This will coincide with the scheduled termination of technical assistance, leaving revision of third grade material and revisions required as a result of sales agreements with Costa Rica and others to the Honduran staff.

The Cooperative Agreement called for two interactive radio programs: math and Spanish language. For early primary education in Honduras, the "three R's" are essential, but, based on AVANCE's own market research and a very limited survey by team members, programs to improve language and literacy skills are the more important, although math takes precedence over other courses such as science or social studies. For interactive radio, however, imparting numerical skills is easier than linguistic skills. Thus, it was believed that training staff to produce inter-active radio lessons in math would be a better first step, with Spanish undertaken later with a trained staff.

Further, radio math has a relatively long history in a number of countries in contrast with little history in the teaching of Spanish as a primary language. One such program, in the Dominican Republic, had mixed results, but does offer a precedent which can be utilized in the development of radio language material for Honduras.

Production of Spanish language radio educational programming by SEI will have the benefit of a staff well trained in inter-active radio methodology. The long term technical advisor believes that SEI's staff is the most capable available at present any place in the world. However, production within the current life of the project of Spanish programming, in view of the continued production of radio math, will require completion of a second recording studio and probably additional technical assistance from people specialized in Spanish literacy and linguistic training.

The long term technical advisor has recommended that a much simpler approach be utilized: that of using the already developed first grade reader as the basis for the radio programming. The radio program would serve to enhance the teachers' efforts through added

practices and various techniques to stimulate learning and provide variety for the students. So far, AVANCE management has not decided on a course of action.

The English language program has been described in Section IV A1. We have made no effort to evaluate the technical quality of the program.

Another product, cancionero escolar, is a planned commercial spin-off of material already incorporated in "La Familia de los Numeros".

A third, experimental inter-active radio program has been proposed to the Honduran Supreme Court of Justice. This program would be designed to convey to the Honduran general public basic democratic concepts, including those contained in the "Bill of Rights". Funding for the production would come from A.I.D.'s Strengthening Democratic Institutions Project. The Court is said to be interested, but no response has been given to AVANCE as yet.

The problem of distribution is a serious one. The objective of the exercise is not to produce educational materials but to teach children. Radio coverage obtained through the national radio network as well as donated air time from private radio stations appears adequate. The national radio network has preempted broadcasts of radio math on occasion which causes discontinuity in instruction, but the private stations have been very conscientious in their programming.

The difficulty is getting the necessary radio receivers and instructional materials to the field. Since the programs are to be used in public schools, permission must be obtained from the Ministry of Public Education, which has been done. Use of "La Familia de los Numeros", however, is voluntary: supervisors and teachers may accept or reject use of the material as they choose.

As a practical matter, based on the fact that each department holds a supervisors meeting prior to the new school year, SEI has chosen to use the Departmental supervisors and assistant supervisors as distribution points for the packets of materials (previously described in Section A). Packet A, with radio, was sold for Lps. 110, Packet B (no radio) is sold for Lps. 34. Supervisors receive a commission of Lps. 10 for each Packet A sold. In most instances the packets are purchased by school teachers from personal funds. In some instances funding has come from the school or parents. The consensus is that the radio contained in Packet A, which becomes the personal property of the buyer, has a market value far higher than the price of the packet. The danger is that there would appear to be little financial incentive for anyone to buy Packet B which should be bought each year to keep the program going.

Choice of this distribution arrangement reflects the difficulty and cost of reaching individual schools in rural Honduras. It is reasonably feasible for SEI staff to participate in the departmental annual meetings to make their sales and distribution efforts. But the system is very vulnerable to the attitude and energy of the supervisors. For example, as a result of a personality conflict between the Departmental Supervisor for Cortes and an employee of SEI, "La Familia de los Numeros" was shut out of this important department for the 1989 school year. Teachers who might be interested in the program, but who for whatever reason haven't been able to get the material from their supervisors, have no alternative source. Nor is there any source for material for the thousands of Honduran school children who listen to "La Familia" but who do not attend school.

The application of resources within SEI has been overwhelmingly in favor of production with little devoted either to marketing or distribution. These responsibilities are now assigned to one young woman who is expected to be on maternity leave precisely at the time of the peak distribution and sales season for the 1990 school year. Ms. Rose Hughes discusses the marketing and distribution problems in greater detail in her report (Supplement I).

### **3. Sani Radio**

As a communications activity Sani Radio offers substantial potential. In a sparsely populated region of isolated small villages and with a majority of the people non-native speakers of Spanish, radio offers probably the best means of communication.

Choice of tropical band short wave for the broadcast frequency with a 10,000 watt transmitter seemed technically the best choice in 1986. But the signal is erratic: skipping some areas of La Mosquitia while enjoying excellent reception in the Netherlands. The facilities were purchased, put together and installed in short order in 1986. The transmitter equipment was not "tropicalized", i.e. specially protected against moisture, and was installed without air conditioning, with a low ceiling and with ventilation drawing air (and rain) directly from the outside. Air conditioning and ventilation conditions have been corrected, but damage from exposure to moist salt air has already occurred and increasingly frequent equipment breakdowns may be expected.

The reduction of power to 3,000 watts as an economy move in 1988 further reduced Sani Radio's range. As mentioned in Section IV A2, the addition of AM frequency capability and an increase in power will give Sani Radio probably better reception within La Mosquitia than it has ever had.

Sani Radio's program content was covered in Section IV A.

#### 4. El Agricultor

El Agricultor began publication in 1985. Its purpose was to provide informational materials useful to newly literate rural residents in Honduras. Within the Cooperative Agreement, the paper was to be "refined" based on market research and strengthened in terms of content, distribution and financial self-sufficiency. It was also supposed to develop special services and materials of use in the primary education program.

As related in Section IV A, El Agricultor has had its difficulties since 1987, but with the move to San Pedro Sula in February 1989 and with new management it has made progress. It has yet to define its audience and in any one issue may have information intended for school children, farmers, teachers and parents. The quality of the writing and content has improved generally over previous years, but does vary.

Dr. Brownlee in her content analysis ( see Supplement II) observed a number of weaknesses, including a rather didactic approach, relatively sophisticated vocabulary, a failure to relate story content strongly to its audience, together with a general lack of human interest. The paper also seems to lack original sources for information, apparently relying on copy from other publications. Dr. Brownlee also thought that attributing stories through the use of bylines would be helpful. On a positive note, some of the articles published are of high quality and it may well be that much of the weakness noted stems from a very small editorial staff, one editor and two reporters.

The instructional posters and special educational pages published by the paper are popular and are used in Honduran schools. They have been designed for the fifth and sixth grades, but are occasionally used in lower grades. The paper seems to have appeal for secondary students as well. El Agricultor is an educational tool, but not in terms of early primary education.

As in the case of the radio math materials, physical distribution has been a continuing problem. A distribution office is maintained in Tegucigalpa in addition to the main office in San Pedro Sula. Of the 29,000 copies now printed weekly, some 12,000 are sent to Tegucigalpa for sale in the capital and distribution routes to central and eastern Honduras. North central and western Honduras are covered by distributors from San Pedro. In San Pedro a group of student entrepreneurs, modeled after "Junior Achievement" in the U.S., now distributes 2,000 issues a week. Other distribution points include supermarkets, businesses and private voluntary organizations. The paper's staff estimates that 60% of their circulation is to schools. It is also clear that distribution is to towns and small cities, not the truly rural countryside, with the hope that the paper will be available to those interested rural

residents in the course of their visits to regional commercial centers.

Based on cash receipts at AVANCE's main office, actual sales would appear to lag well behind the number of issues printed with a maximum sales figure for any one week reached so far of 18,000 copies. Considering that total daily newspaper circulation in Honduras for all four dailies probably does not much exceed 100,000 with the leading newspaper only having a circulation of 30,000, paid circulation for El Agricultor of as many as 15,000 copies per issue is not too bad. It is certainly superior to the 5-6,000 copies being sold weekly in late 1988.

### 5. Editorial Avance

This term covers that portion of the Editorial and Print Media Service Activities other than the newspaper El Agricultor. The Cooperative Agreement envisaged an ambitious program leading to a series of popular, low cost publications ranging from almanacs, Honduran history in comic book form, photo-novels, fiction and supplements to El Agricultor. These were to have been developed with assistance from the Social Marketing Division and the other operating divisions and were to be sold to the public. The publishing activities were intended to be profitable and to subsidize the less profitable activities of AVANCE.

The original scheme developed by AVANCE, without benefit of market or readership surveys or any product development, called for a major investment in printing equipment, including a rotary printing press. When A.I.D. balked at the size of the project, it was scaled down, first to a \$1 million dollar investment and then to about \$500,000. In the latter configuration the plans called for two "quick print" operations, one each in Tegucigalpa and in San Pedro Sula.

In the event, at a cost in the range of US\$ 100,000, a quick print facility has been established in Tegucigalpa, Impresiones Laser, with an offset printing press, full typesetting capabilities and the ability to print two-color documents. It is not used for all AVANCE in-house printing needs since SEI chooses to use four color printing for much of its materials.

The concept of developing low cost popular publications seems to have disappeared.

### 6. Social Marketing

A review by the evaluation team of the market studies, market research and surveys undertaken by the Social Marketing Division during its existence indicated a reasonable degree of professionalism and a significant amount of useful information.

There is little in the written record to suggest that operating divisions such as SEI took into account the information obtained.

There is no record that the Social Marketing Division was involved in experimental educational products or that it attempted to sell services to organizations outside AVANCE.

### C. MANAGEMENT AND ADMINISTRATION EVALUATION

#### **1. AVANCE Structure and Organizational Relationships**

##### a. Board of Directors

AVANCE is organized as a not-for profit voluntary organization governed by a general assembly which in turn elects a Board of Directors. The statutes set forth the duties of the Assembly, the Board of Directors and the General Manager. The statutes grant most executive authority to the Board. The Board reviews and approves the annual action plan, all accounts and budgets, and establishes the internal divisions of AVANCE, its positions and appointments to those positions. The legal representative of AVANCE is the President of the Board of Directors. The Board also has responsibility for the purchase, sale or disposal of assets and is charged with obtaining the necessary financial resources and preserving the organization's assets. The statutes call for a general manager, elected by the Board, who manages the association, but who must have approval of the Board for plans, budgets and financial statements. The Board may delegate its responsibilities to the extent it sees fit.

In the case of the Cooperative Agreement, AVANCE agreed to "substantial" involvement of A.I.D. in the management of AVANCE. The role of A.I.D. as defined by "substantial" involvement is very analogous to the role of the Board of Directors in AVANCE, which in effect gives AVANCE two "Boards".

The difference between the two "boards" is the degree of financial involvement. The AVANCE Board is made up of successful Honduran business people who have no personal financial investment in AVANCE. The rationale behind their involvement comes initially from a genuine sense that the private sector must support Honduran social and economic development. Absent a financial stake in the organization, there is an understandable general tendency for board members to attend to their personal business before spending time on AVANCE and, over time, to lose interest, particularly if the organization doesn't appear to be doing well or is afflicted with divisiveness.

A.I.D., on the other hand, is the source of most of AVANCE's funding, including capital investments in such things as printing operations. But along with the money comes a host of regulations and requirements, including for most things a lengthy administrative process, whether for procurement of radio receivers, or in securing approvals of budgets and expenditures, which is highly frustrating to entrepreneurs. Imposition of the largely Congressionally-mandated A.I.D. financial management system - as required by U.S. law - makes extremely difficult the operation of any business as a business.

The result can only be a system of stress and tension between a group of people accustomed to making quick decisions and having them carried out and those who must uphold all of the many bureaucratic requirements of A.I.D. This is compounded by a tendency of businessmen everywhere, but especially in developing countries, not to distinguish between personal and institutional interests. In Honduras the tradition of disinterested, public service is not well established.

In AVANCE, the establishment of operating divisions and supporting staff positions within AVANCE would appear to be a matter of recommendations and plans developed by the General Manager for review and approval by the Board. In terms of organizational structure there is nothing unusual in the present system. We have a General Manager, responsible to the Board, a central administration responsible for accounting, personnel, payroll, procurement and general administrative support and four operating divisions: SEI, El Agricultor, Sani Radio and Impresiones Laser. Each of the operating divisions has an organizational set-up reasonably appropriate to its function as defined by present management.

#### b. Sistema de Educacion Interactiva

The Interactive Radio Division (SEI) did not follow the program outlined in the Cooperative Agreement which was not to hire large production staffs, but rather to contract out much of the work. Nor did it develop parallel production teams for math and Spanish language. Instead the organization is heavily weighted - 15 of 17 professionals, if the Director is included - toward the production of "La Familia de los Numeros". Some of these professionals are sound and recording technicians who operate the studio and who presumably can be used to produce audio tapes of products other than the mental math program. One professional is assigned to the English language program.

Marketing and distribution responsibilities are assigned to one account executive, although she does get help from other staff members in the actual distribution of the educational materials.

To date, SEI management has appeared to have concentrated its attention on the production of quality radio math programming to the exclusion of concerns over cost, efficiency or sales and marketing. Suggestions that staff record time devoted to specific products, e.g. "La Familia de los Numeros", so that cost data could be built up have been rejected. As a result there is no means of clearly defining the cost of production of any given lesson series.

The importance of this issue doesn't appear clearly understood by AVANCE management. Philosophically, costs incurred in producing radio programming are capital investments, not operating expenses, as the end product, a taped educational program, has a useful life and commercial value. Its value should be amortised over its useful life. In terms of cash flow, this makes little difference, the money is spent, but in terms of calculating operating expenses it makes a great deal of difference. The underlying assumption in the project design was that these production costs, which tend to be high, would be up front expenses, covered by A.I.D. They were not to be recurring costs so that, once the courses were on tape, the relatively modest continuing expenses associated with broadcasting, production and sales of materials would fall within the financial capabilities of AVANCE.

In practice, SEI seems to have been run in the manner of a branch of the Education Ministry with career positions, no sense of urgency and little sense of cost efficiency. Without a model against which to compare, the team has no means of quantifying the degree of productivity of SEI's production staff, but our sense is that "La Familia de los Numeros" has been over-staffed and not as productive as it should have been.

Despite the foregoing, we believe that SEI division manager is technically well qualified with a good understanding of the radio educational program. She now also appears to be coming around to a realization of the importance of both the marketing and financial requirements of the division.

Regarding marketing and distribution it would appear that SEI management in particular has underestimated the cost and difficulty. From the division's foundation in April 1987 through the fall of 1988, marketing responsibilities were assigned to the Social Marketing Division. With the break up of that division, SEI has essentially had only the services of the one account executive mentioned above, which we believe is an inadequate allocation of resources to the problem at hand.

### c.El Agricultor

The paper has a headcount similar to that of SEI, 23, but of 18 professionals, 13 are involved either in production - graphic design, page make-up and typesetting - or in sales and

distribution. The editorial staff, aside from contributions from the unit manager, consists of an editor and two reporters. The paper maintains its main office and production facility in San Pedro Sula, with a sales, distribution and educational liaison office in Tegucigalpa, sharing the AVANCE main office facility. The newspaper is printed under contract by El Tiempo, which offered a better price than did La Prensa.

The paper has had an almost total replacement of staff in connection with its relocation to San Pedro Sula earlier this year. We were impressed with the work atmosphere in San Pedro: everyone seemed not only busy but genuinely involved in putting out a good product. We believe that the new manager has been effective, instilling a sense of mission in the staff as well as introducing administrative efficiencies and reductions in cost. Our judgement would be that the paper needs more resources to meet its objectives. The editorial staff has too few professionals to gather new information and write all the material needed each week, which is the reason we believe that El Agricultor appears to use as much "canned" material as it does. Additional support is required also to improve distribution and collection.

#### d.Sani Radio

The station's staff was reduced as a result of the budget reduction suffered by AVANCE in October 1988 - a result of the general reduction in counterpart Lempira funding available for all A.I.D. supported projects. Prior to the present grant from the Inter-American Foundation, signed in May of this year, the radio station staff consisted of seven people, with the eight hours of daily programming provided by the director, a co-producer and two announcers. With the additional funding it is expected that production of educational programming can be carried out, but there has still been no solution to the problem of news gathering from the remote communities in Gracias a Dios nor of extending hours of broadcast.

We have no real problem with the qualifications of the current director or his staff, but believe that Sani Radio needs closer supervision and support than is practical from either Tegucigalpa or San Pedro Sula. La Mosquitia is connected to the "interior" neither by road nor telephone. Response to local emergencies, such as transmitter failure, requires radio-telephone communications to Tegucigalpa and the despatch of materials or personal assistance by air. Much of this is unavoidable as the simple result of isolation, but Sani Radio would be better served if the locus of decision making and of higher management planning, direction and supervision were also in Puerto Lempira. Management oversight by remote control is rarely as effective as that on site.

#### e.Impresiones Laser

A newly created division located within the AVANCE headquarters facility is the printing division, Impresiones Laser. The division manager seems able and dedicated albeit inexperienced. Her supporting staff of two people seems technically well qualified and have just received further technical assistance from an experienced printing specialist from the I.E.S.C. Marketing is the responsibility of the unit manager, which represents a potential problem unless the manager finds time to break away from the daily operation to sell. Another problem is support from top management in directing that the printing capacity be used to the maximum extent for AVANCE internal needs without at the same time interfering with Impresiones Laser's need to serve its commercial clients well.

f. Central Administration

The AVANCE central staff consists of the General Manager, his secretary, a General Administrator to whom report the General Accountant, the general services person and the credit department. We find the general administrator and her key staff to be qualified and are gratified to see the improvements in the accounting and financial reporting services that have taken place in just the past few months. We understand that personnel classification and job description systems are being put into place in the course of this month.

AVANCE central management historically has been extremely weak, with little in the way of financial controls, established procedures, planning or budgeting and certainly little in the way of credible information for either the AVANCE Board of Directors or A.I.D. Most of these deficiencies appear on the way to resolution.

**2. Evaluation of the Effectiveness of AVANCE Management**

Over the life of the Project to date, management has not been notably effective. The Assembly and the Board of Directors were largely selected in 1983 by the then U.S.A.I.D. project officer on the basis of consensus, a balance between liberal and conservative, between the capital and the north coast. The result apparently has been an organization which initially had no external enemies and obtained GOH authorization for its foundation easily. Unfortunately it appears to have had little internal cohesiveness and has been unable over time to agree on a concerted course of action.

Initially the AVANCE board found itself with little real role to play. The organization supported only the newspaper, El Agricultor, but most management decisions were made by OPCO, the Colombian-managed foundation. Both the Mission and the Board wanted to change AVANCE over to a Honduran-based organization.

However, A.I.D. chose to use the AVANCE organization as a "home" for the inter-active radio activity, which was folded in with El Agricultor to form an Educational Media and Print component of the Primary Education Efficiency Project, and for Sani Radio, which could not continue with the International Rescue Committee.

The net result was to place on AVANCE, which had not demonstrated particular skills in managing El Agricultor, a very complex multi-divisional activity with the added requirement that it was to be run like a business, attaining financial self-sufficiency in five years. In addition, the technical educational aspects, particularly for the inter-active radio, were assigned to a "Technical Director" who was selected by the Board of Directors, while the business and financial side was to be managed by a General Manager selected by the Board. NOT

During the first year the Board assumed little responsibility and the general manager appears to have done little. There was no cooperation between the Technical Director and the General Manager and no progress made in developing the internal financial, personnel and administrative systems necessary for an organization the size of AVANCE and as required in the Cooperative Agreement.

In response to a perceived regional conflict within the Board, the position of President was shifted to a well known Tegucigalpa businessman, the General Manager was removed and the Technical Director appointed General Manager. As a result some progress was made in terms of institutional development, the President was able to secure a significant amount of donated air time for SEI, but then, citing the press of business, he chose to resign.

His successor, also in Tegucigalpa, undertook to manage AVANCE directly, often ignoring the General Manager, and carried out such actions as moving El Agricultor to San Pedro and appointing his brother its new manager, a perceived conflict of interest which was solved by his resignation as President. The Presidency has returned to its original incumbent, a resident of San Pedro Sula, and active board members represent both San Pedro Sula and Tegucigalpa.

The major failing of AVANCE has been top management. The organization has had no sense of mission, each division has had its own agenda with little sense of belonging to a whole. There has been to date no effective leadership from either the Board or the General Manager and little or no comprehension on the part of top management of financial or business principles. Targets have not been set nor discipline imposed on the divisions. We have the impression that El Agricultor belongs to the Board and SEI to the General Manager.

From this experience, it is difficult to judge the effectiveness of a voluntary board as a model in institutional development. The

use of a broadly based, but limited in number, assembly from which to select the AVANCE board is probably not a good model. Selection of a board should be tailored to the goals of the institution; e.g., an educational organization should be guided by a board made up of a reasonably cohesive group with strong interest and some experience in the educational field. In Avance's case, given its ambitious and complex objectives, the board should have sought members with experience in print and broadcast media, education and printing. Some members had this experience, but they were a minority.

The key element for any such organization to function is professional management. The Board should confine its functions to overall policy direction, approval of key financial and organizational actions and continuing oversight of the institution's activities. The General Manager and key staff must not only be professionally competent, but enjoy the confidence and support of the Board.

Even under the best of circumstances, maintaining the interest of a voluntary board is difficult. If board members had a financial stake in the enterprise, the level of interest would be higher. However, unless the institution is intended to generate income, the rationale for investment disappears. For a not for profit group like AVANCE, financial contributions are charity. This is not necessarily bad: business and social organizations routinely contribute to worthy activities. Certainly if the directors and/or their companies or institutions contributed financially as well as in kind to AVANCE, the pressures for efficient use of funds and the level of attention paid to the actions of management would be higher. The suspicion arises, however, that had the creation of AVANCE depended upon a significant financial contribution from Honduran private sources, nothing as ambitious as the Cooperative Agreement would ever have been approved.

In fairness it should be noted that the current general manager had no business or managerial experience prior to this present position. As noted above, management and financial systems are coming into place, albeit belatedly, and the current President appears to be making a genuine effort to pull the organization together and to proceed towards its goals. The organization is fragile, however, with no depth in personnel to replace any of its current key staff members who might choose to leave for whatever reason.

### **3. Evaluation of Effectiveness of U.S.A.I.D. Support and Guidance to AVANCE**

The first and probably most egregious error committed by U.S.A.I.D. was in the complexity of the Project's design and the naive belief that a group of Honduran businessmen volunteers could and would make it work. A major area of complexity was the not particularly

compatible twin goals of producing a wide variety of innovative, socially beneficial educational products and producing them - or other products - in a manner which would make enough money to make the organization self-sufficient.

Under the best of circumstances this is a difficult if not impossible task to carry out in a country in which the educationally needy have little disposable income. The dominant personalities in AVANCE's management and in A.I.D.'s support have been people technically qualified in education but not in business or financial management. Thus AVANCE received neither from its Board nor from A.I.D. the financial and managerial support essential if it were even to approach its dual goals. It is probably also physically impossible - and probably inappropriate - for a single project officer to manage a project as complex as AVANCE as well as other assigned elements in the portfolio, no matter how gifted.

Such managerial or financial technical assistance as was made available, especially that of the Financial Analysis and Review Section (F.A.R.S.), was ignored or resisted by AVANCE essentially until 1989. In hindsight, we believe that the Mission should have come down harder and sooner on AVANCE regarding such essential matters as an acceptable financial control system, personnel procedures, budgets and the reporting requirements, all of which are a part of the Cooperative Agreement.

#### **4. Evaluation of Effectiveness of Technical Support Supplied to AVANCE**

The documentation we reviewed indicates a nearly steady stream of short term advisers in addition to the two long term technical advisers assigned to the Project. Much of the technical assistance has been in radio education. A second important area has been in market research and evaluation. Areas of less importance have been in the selection and design of printing equipment and in finance and management. A recurring impression for the evaluation team is that of AVANCE's inability to absorb or react to much of the advice proffered largely as a result of the management deficiencies noted above. Absent a well defined plan of action and management which can decide and execute, the best of advice will produce few results.

We are not in a position to judge the adequacy of the technical support supplied to the inter-active radio process, but our impression is, that in the purely technical sense, it has been quite competent, but not particularly directed to matters of cost efficiency or productivity. Technical assistance in marketing seems also to have been competent, but often ineffective owing to AVANCE managerial deficiencies, that is, failure of management to require that operating divisions accept or work closely with the

marketing division. Currently technical assistance in marketing is almost exclusively devoted to El Agricultor.

Also in hindsight, it might have been better if long term technical assistance had been provided at the level of top management such as a contracted interim general manager who might have organized AVANCE and trained a successor.

#### D. FINANCIAL CAPABILITY

##### **1. Evaluation and Analysis of AVANCE's Financial Performance to Date**

A more detailed financial analysis of AVANCE appears in the financial report prepared by Mr. William Kostrewski which appears as Appendix IV of this report. This section highlights those findings.

The Cooperative Agreement called for A.I.D. grant funding of US\$5.4 million and counterpart local currency funding of 10 million Lps. Four million dollars of the grant money have been earmarked to date of which \$3.8 million have been committed, but only \$1.3 million actually disbursed. Most of the money disbursed has been for technical assistance (\$881,000). The total of counterpart funds obligated to date has been five million Lempiras and it is believed that these funds will largely be spent by the end of this calendar year.

Financial data for 1987 were so poorly kept as to be useless in terms of analysis. In calendar 1988 AVANCE reported total operational expenditures of approximately Lps. 2.4 million, against which were recorded slightly more than 400,000 Lempiras in revenues.

Operational expenses for calendar 1989 are projected at somewhat under Lps. 2.5 million against a projected income level of 800,000 Lempiras.

Based on actual figures through July, income levels by division, with AVANCE central administrative costs allocated to the divisions in proportion to each divisions' share of AVANCE's total expenditures, are projected for 1989 as follows (in thousands of Lempiras):

	Income	ExpensesNet
SEI	515	1,279(763)
<u>El Ag</u>	236	854(618)
Sani Radio	6	250(244)

I. Laser (49)	50	99
	<hr/>	<hr/>
Total	807	2,482 (1,674)

The above figures are projections and the revenue figures, although discounted in what we believe is a realistic way, may not hold up in actuality. Most AVANCE sales are on credit. While management has a tendency to count these sales as revenues, in practice many of the accounts receivable have proven uncollectible. The above projections assume collection at less than full value. Financial results for July 1989 given to the Board of Directors August 30, were disappointing in that expenses both for El Agricultor and for SEI rose above previously projected levels.

These figures do not include the \$68,000 donation from the Inter-American Foundation nor approximately 250,000 Lempiras of previous expenditures disqualified by the FARS. and which AVANCE will have to repay from its own funds. They do include a one-time charge of some 65,000 Lempiras spent in the move of El Agricultor to San Pedro Sula. The figures do show that AVANCE income covers about one-third of its total operational expenditures, up from one-fifth in 1988.

## 2. Evaluation and Analysis of AVANCE's Cost of Production by End Product

To date this has not been possible with regard to AVANCE's interactive radio programs. A quick look at projected 1989 expenditures, excluding the direct costs associated with procurement of the Packets A and B, suggests that a half-hour programming of "La Familia de los Numeros" has cost more than 3,000 Lempiras. Each grade's 155 lessons, including original production, evaluation and revision, then would imply a total expenditure in the range of 460,000 Lempiras. The methodology of this analysis is to assign 80% of the 1989 operating expenses of SEI to radio math production of 155 new and revision (50% effort) of 155 previously produced lessons. While crude, the number may not be very far off. This number does not include the cost of the time utilized by the long term technical advisor in the radio math program.

We have no idea of the costs of production associated either with the English language lessons in production or of the cancion escolar.

Unit costs for the production of El Agricultor are much better.

Early this year unit costs were estimated at Lps. 1.53 per unit but have declined to Lps. 1.05 by June 1989. During the same period there were notable increases in sales and advertising revenues.

We note that El Agricultor sells to its distributors for 30 centavos. Since the costs of paper, printing and distribution (12, 9.5 and 8 centavos respectively) add up to about 30 centavos, the paper can not quite recover its direct printing and distribution costs through sales, given returns of unsold papers and a small percentage of printing defects. The burden then of covering the paper's costs up to the point it is ready for the printing press must be covered by advertising revenues or other sources. The above unit costs of more than one Lempira take all of El Agricultor's costs into account, including allocated central administrative expenses.

Impresiones Laser has encountered higher start-up costs than anticipated, but still expects to recover 50% of its costs during the course of this year and be "profitable" in the succeeding years.

Sani Radio has virtually no potential sources of revenue. Its current operating budget of 250,000 Lempiras is enough to keep it alive, but allows for no original educational program production. The Inter-American Foundation funds assist in this latter regard, but are not to be applied to operating costs.

### 3. Evaluation and Financial Analysis of Financial Potential of Projected Printing Operations.

The one printing operation in existence, Impresiones Laser, is projected to generate a small surplus in 1990 and to produce a "profit" of 135,000 lempiras in 1991. Should the decision be made to build up El Agricultor's printing capability to that of Impresiones Laser, then it could well be that by the end of the Project AVANCE would have a potential printing division surplus of between 250,000 and 300,000 Lempiras annually with which to subsidize its other operations. Since our projection of AVANCE's total 1991 deficit of Lps. 749,000 included a 135,000 Lempira surplus from Impresiones Laser, the additional facility in San Pedro Sula will not likely make up the difference in AVANCE's projected imbalance between expenses and income.

### 4. Assessment of Cost Recovery Potential and Self-Sufficiency Prospects

Our financial analysis indicates that AVANCE achieved a cost recovery rate of 21% in 1988 and will in 1989 recover between 34 and 38%. With certain optimistic assumptions, this rate may increase to 49% in 1990 and 62% in 1991. Please review the pertinent section of Appendix IV for details.

The foregoing analysis assumes, contrary to the Project design, that the production of inter-active radio educational programming is a continuous activity. The original project concept was that the two inter-active radio programs would be completed during the course of the Project and that AVANCE's ongoing operation would be responsible only for sales and distribution of the programs. If inter-active radio program production and Sani Radio are separated from AVANCE, its prospects for achieving self-sufficiency become attainable, not guaranteed, but within reach.

The AVANCE project should be considered as comprising two major components, the production of educational programming which has social benefit but little commercial value, and the sales and distribution of educational programming for which substantial cost recovery may be possible. The question of whether AVANCE will be financially self-sufficient by March 1992 then largely hinges on what decisions are made as to the level of program production AVANCE plans for the future.

Quantifying this, it is clear that the major financial drain on AVANCE is SEI. Exclusive of direct expenses associated with the preparation and distribution of radio receivers and other materials, SEI's expenses are approximately one million Lempiras a year. Of this clearly 80 to 90% are absorbed in the production of educational programming. It does not appear possible for SEI or for AVANCE to generate surpluses of this order of magnitude. With more resources added to the marketing and distribution activities, significant recovery of distribution costs should be possible, so that relatively modest surpluses from printing operations and the Honduran private sector could close the gap.

Thus to achieve self-sufficiency for SEI, two choices appear: finish as much programming as is possible within the life of the project and reduce further production to only those levels sustained by sale of programming to other countries; or change A.I.D. funding from operational grants to contracts for the production of specific educational radio products.

The separation of Sani Radio from AVANCE is probably also necessary to reach the goal of financial self-sufficiency. Even at a bare bones operational level with little educational programming, the station expends 250,000 Lempiras annually against which its revenue potential is insignificant.

Financial self-sufficiency for El Agricultor will be difficult, but hopefully attainable. Further improvement in cost controls is necessary. For example, their current cost for newsprint is stated correctly in terms of U.S. dollars (it is imported under A.I.D.'s commodity procurement program), expressed in local currency at two to one. Without A.I.D., the paper will have to pay whatever import duties are applicable and purchase dollars at the parallel market

rate. This means that for 1990 and 1991 paper costs may well be 25 or 26 centavos per copy rather than the 11 or 12 centavos reported currently. The paper should probably raise its circulation price to see if it can't cover the direct costs of publication, e.g. paper, printing and delivery, from sale proceeds.

The costs of producing the paper up to the point of having plates ready for printing will have to be born by advertising, subsidies or donations. Paradoxically, better targeting of the paper, better content quality and more active sales and advertising promotion probably will require more staff and, at least in the short run, an increase of expenses not covered by additional revenue.

Another mechanism to support the goal of financial self-sufficiency is that of cost reductions and increased efficiency throughout the organization. This has probably not received the attention due it so far.

## V. CONCLUSIONS

### A. PERFORMANCE AGAINST GOALS

The AVANCE Project has two principal goals:

- 1) improvement of Honduran primary educational efficiency, and
- 2) creation of a sustainable private sector institution, with a Honduran sense of ownership, capable of contributing to Honduran social development.

Progress to date towards the first goal has been detailed above in Part IV, FINDINGS, Section A. Summarized briefly, AVANCE has put together a trained staff to produce inter-active educational radio programming, which, albeit in a rather small scale to date, has contributed to strengthening Honduran primary education through the production and dissemination of a mental math program for first and second grade students.

The newspaper, El Agricultor, has been maintained and presently is contributing to Honduran education through its instructional posters for classroom use and its significant informational content of interest to students and teachers.

Sani Radio has also been maintained and continues to perform a useful community service in la Mosquitia through the broadcast of entertainment, news and message services in both Spanish and miskito.

AVANCE has not complied with three of the goals set forth in the Cooperative Agreement:

- 1) development of a social marketing capacity not only to serve the marketing needs of AVANCE but also to provide similar services for a fee to other institutions in Honduras;
- 2) carrying out experimental educational projects;
- 3) development of an array of innovative, socially beneficial publications to be marketed, published and sold in such a manner as not only to recover the costs fully but to generate financial surpluses to help cover the costs of other AVANCE products.

As a result, a mid-term course correction for AVANCE will need to recognize that these three goals will not be attained. That we believe that AVANCE does not have the capacity to carry out any of these three goals reflects the fact that the Project design was in our judgement far too ambitious in relation to the size and capability of AVANCE as an institution in 1986. During the design process detailed thought was given to the technical aspects of inter-active radio educational programming and, to a lesser degree, to newspaper publishing, but little thought appears to have been given to the size and nature of the staffing requirements implicit in realizing AVANCE's total objectives such as:

- the staff, time and money required for the physical distribution of programming materials and publications in rural Honduras taking into account distance, isolation and inadequate road systems.
- the experienced and qualified talent and effort needed to establish as complex an operation as book publishing.
- the experienced and qualified talent and effort needed to conceptualize, design, produce and distribute new and innovative publications.
- the immediate requirements in terms of management, finance and administrative systems support to carry AVANCE from its small base of El Agricultor to the size envisaged in the Cooperative Agreement.

What can be salvaged of these latter three objectives at this point is not much. We believe that AVANCE's marketing function should be strengthened and centralized, which would recover part of the original task of the Social Marketing Division, but without the idea that it would sell professional services to other institutions and thus generate income. The ability to carry out experimental

educational projects may exist within SEI, but in the face of that division's limited time to complete its major objectives of producing three years course work in math and Spanish, diversion of effort into other areas would not seem advisable. We did not note any ability within AVANCE to create new publications of social benefit and commercial appeal: this is essentially the task remaining for El Agricultor and one that seems a sufficient challenge for that division.

Regarding the creation of a sustainable Honduran private sector organization, we think that progress has been made in the sense that AVANCE does have people and facilities in place and is performing a major part of its assigned tasks. That the progress to date translates into a sustainable institution is not assured, however, and will require considerable effort over the remaining life of the Project.

With respect to the question of "ownership", we have the impression that Honduran public perception of AVANCE is extremely limited. "La Familia de los Numeros" is relatively well known, but more usually associated with the Ministry of Public Education than with AVANCE since it the program is associated with the public schools. El Agricultor is also known, but again not a product necessarily associated with a private sector organization.

To the extent that AVANCE is known, it appears to be considered as part of the array of A.I.D.-supported institutions operating in Honduras.

The nature of the Project's design, first done by the Colombians and more recently and in a much larger scale, by A.I.D., taken together with a lack of a personal stake has left the AVANCE Board of Directors with little sense of ownership. This attitude probably has been exacerbated by the feeling that they had little choice in the selection of the General Manager, a general distrust of him by certain members of the Board and a feeling of frustration over the degree of control exercised by A.I.D. over anything AVANCE might choose to do.

Nevertheless, AVANCE's current organization is both larger and more capable than it was before the Cooperative Agreement. A central administrative staff has been put together and reasonably adequate personnel, accounting and financial systems are coming into place. As mentioned previously, an inter-active radio division has been created, where none existed before, which can produce effective inter-active radio programming. The newspaper has been strengthened relative to what it was in 1986 and Sani Radio now appears to have a chance, through the Inter-American Foundation grant, to regain capacity to enhance education in la Mosquitia.

These positive accomplishments have come at a high cost. The projected 1989 operating deficit of 1.7 million Lempiras is not a

good sign. Even allowing for "start-up" costs, the amount of money expended to date to produce two grades of "mental math" interactive radio programming seems to have been excessive. The projected 1989 deficit of over 600,000 Lempiras for El Agricultor begs the question of whether the newspaper can in fact ever become financially self-sufficient.

Failings in productivity and financial discipline reflect serious management deficiencies. These deficiencies have been in "top management", that is in the ability to lead, to generate a sense of an institutional wide "mission", to develop and execute substantive and financial goals effectively as well as represent the institution to the outside world. To date management has not accomplished this.

What is past is past: funds inefficiently spent, efforts wasted, etc. can not be recovered. The task for A.I.D. is to assess AVANCE's current status, and in light of its goals for improvement of Honduran education, determine whether AVANCE can and should play a role for the remainder of the Project's duration.

Given effective top management and a reasonably responsible Board of Directors, the organizational pieces are in place to create a sustainable institution. We believe a number of changes should be made and these appear in Section VI, RECOMMENDATIONS.

#### B. AVANCE'S CURRENT CONDITION

To elaborate on the foregoing, it would appear that the governing body of AVANCE, its asamblea, does not function as intended. We understand that the most recent general meeting - the statutes call for an annual general meeting - failed for lack of a quorum. The statutes also give the assembly the power to elect members of the Board of Directors. While the Board now meets fairly regularly and seems able to secure a quorum at each meeting, to be more effective regular two-year elections at which new people can be brought onto the board are necessary. This in turn depends on holding a valid meeting of the assembly, which suggests that the membership of the Assembly needs to be revised and upgraded to secure a membership actively interested in AVANCE. The current President of AVANCE is aware of this situation and seems genuinely concerned with strengthening the Board and the Assembly.

To summarize on the adequacy of AVANCE's structure and organization, we find no sense of "mission". Divisions think of themselves as separate organizations and complain of lack of attention from central management, at least in Puerto Lempira and San Pedro Sula. Administrative support to the divisions from the central staff was lacking, but adequate support is now available. However, distance and the inevitable requirements of bureaucracy mean that branch operations are never completely happy with the center.

The basic structure, that is, of a central management and administrative staff supported by operating divisions now in place, is better in our judgement than a more decentralized set-up, since it should be less costly and more effective to maintain central accounting, personnel, payroll, purchasing and other administrative functions than to have them duplicated in each division. This means that division managers are subordinate to the General Manager and must rely on the central administrative staff for support. Working out the proper balance of responsibilities between the center and the operating divisions is an art, not a science, and the first requirement is a high degree of understanding and cooperation between the two levels of management. For this to work there must also be support of the General Manager by the Board of Directors, the directives of which must go through the GM and not to individual division managers.

One capability now lacking at the central staff level is that of marketing and promotion. We consider the failure of the Social Marketing Division to have been the result of personality conflicts and a lack of adequate management direction, rather than a conceptual failure. We have noted before what we consider an overbalance of resources, particularly at SEI, towards program production with far too little dedicated to generating interest in and getting the product out to the Honduran school public. Given the similar audiences and distribution problems between SEI and El Agricultor taken together with the need for AVANCE to develop a public image as a single private sector institution dedicated to Honduran social development, we conclude that marketing, promotion, sales and distribution would be more effectively handled at the central staff level, not a separate division as previously, but as a central management function with the same authority over the divisions in its area as that enjoyed by central financial staff.

Current financial controls and accounting systems coming into place seem adequate. The general administrator and her chief accountant appear qualified. A supportive general management and Board which reinforced the efforts of the central administrative staff may be the only piece of the puzzle missing.

Internal division structures probably require some modification. In the cases of Sani Radio and El Agricultor the staffs require strengthening in the creative, programming areas. If a central staff marketing function is not created, then SEI definitely needs to put more of its resources into marketing, sales and distribution. We believe that productivity could definitely be higher at both Sani Radio and SEI.

Regarding AVANCE's financial status, if it continues along present lines, it will not achieve financial self-sufficiency. The projection stated above that by 1991 the deficit will be only 750,000 Lempiras is based on rather optimistic assumptions.

Achieving a self-sufficiency ratio of 62% may be possible, but without organizational changes and tighter management, we would judge this unlikely.

The operational deficit derives from three principal sources: production of inter-active radio educational programs, the operational deficit at El Agricultor, and the operating costs of Sani Radio. Having said this, we have said that all of AVANCE operates at a deficit, which is true, but the possible solutions to the different deficits vary.

The smallest deficit (240,000 Lps. plus or minus) is that for Sani Radio. The best solution for AVANCE would be to drop support for Sani Radio. To maintain a community radio in la Mosquitia would then require a different sponsoring agency.

The next largest deficit (600,000 Lps.) comes from El Agricultor. This is projected to decline to 232,000 Lps. by 1991. A major effort is needed to refocus the paper in terms of its audience and to increase circulation to the extent that it can attract enough advertising revenue to approach if not attain financial self-sufficiency. We believe that this may be done through refocusing the paper on the Honduran student population - ages 10 to 18 - and thus serve both the goals of financial self-sufficiency and educational development even if not concentrated on truly rural areas or the lower elementary grades. For a publication to address mainly rural populations and beginning primary students is to forego any opportunity to come close to financial self-sufficiency.

The largest deficit comes from the Inter-active Radio division and, as mentioned above, results from the cost of production. AVANCE will not likely generate funds to cover this level of production effort now or in the future. For AVANCE to continue beyond the PACD these costs must end or alternative funding sources found.

The Project design envisaged production costs ending with completed product "on the shelf" ready for continued dissemination. This is still an option: but the only product well under way to being completed is the mental math program for the first three grades. The other product which could be completed in the remaining two years is the English as a second language program. At best, the only Spanish language programming likely within the LOP would be a one year program complementary to the present first grade reading textbook.

Accepting this, and essentially shutting down the radio programming capability at Project's end, would presumably leave AVANCE with only a very small SEI staff charged with distribution and sales of the products developed. This function could be absorbed into the central administrative staff's marketing division. The modest costs associated with procuring radios and producing the supplementary materials would mean that AVANCE could cover much of

the total costs of promotion and distribution through sale of the packets, with the remaining funds coming from quick print operational profits and perhaps private sector sponsorship. This approach would mean, however, disbanding a staff trained to produce quality inter-active educational radio programming.

We do not conclude that AVANCE's financial salvation lies in establishing a major publishing venture. Nothing in AVANCE's history to date suggests that it has the management resources or business experience to engage successfully in a highly technical and competitive business like book publishing. Further, it is unlikely that such an activity could be planned, equipment procured, in place and profits generated by the PACD. In other words, it is too late in the Project for this kind of venture to make an impact. We do believe that with proper management quick print ventures such as Impresiones Laser operating in both Tegucigalpa and San Pedro Sula can cut costs by taking printing requirements in house and also generate modest financial surpluses from commercial printing services.

As a comment on the Project design, we question whether it is appropriate for A.I.D. to finance with donations, rather than loans, and without requiring equity participation from the beneficiaries, commercial ventures in competition with existing or potential private industry.

### C. PROSPECTIVE SCENARIOS

1. **Continue as is** - projecting AVANCE's activities over the next 2 1/2 years without any significant changes in its present make-up is not a particularly attractive scenario. The major problem we see in the present set-up is a lack of cohesiveness within the organization combined with no strong sense of direction. There appears to be a lack of confidence between the General Manager and the Board of Directors as well as between the GM and the Manager of El Agricultor. We fear that the things which AVANCE must do to survive in reasonably good order, which include tighter control over costs, much improved distribution of product and greater productivity, will not take place within the current institutional environment. For example, we are concerned that AVANCE may not meet the time requirements imposed in the grant agreement from the Inter-American Development Foundation, thus jeopardizing that source of funding for Sani Radio. We would also predict that the operational deficit reduction targets now projected will not be met.

2. **Cessation of A.I.D. Financing** - we don't favor this scenario either. Terminating A.I.D.'s support of AVANCE now would save substantial funds - some 5 million Lempiras not yet earmarked for AVANCE as well as two to three million dollars of grant funds either not earmarked or committed to vendors. The downside is that AVANCE would collapse, and the remaining assets, two years of radio

math programming, would represent a small payback for the funds already spent. In addition there would probably be negative public relations fall out as well as an admitted failure in an attempt at institution building. Whether the inter-active radio programming capacity could or should be retained in some other institutional framework is questionable. If it were retained, it would have to be on a strictly grant or contract basis with no expectation of financial self-sufficiency. On the other hand this scenario may be preferable to continuing to support an ineffectual AVANCE as outlined in Scenario One.

**3. AVANCE Whole, but Smaller** - this scenario envisages AVANCE retaining its present structure except for adding a central marketing capability, and divesting itself of Sani Radio. The newspaper undergoes a name change, is focused on its defined student audience and acquires a quick print operation equal to the one in Tegucigalpa. SEI administration is tightened, with specific product targets established over the remainder of the project. Work on these products is shifted substantially from direct hire staff to contract production. The business plan envisages production of inter-active radio programming ending coincidentally with the end of the Project Agreement.

If everything has worked well, by March 1992 AVANCE should be financially self-sufficient and in position to continue to provide educational materials to Honduran schools. The advantage to this Scenario is that it builds on the achievements to date of AVANCE and rescues the principal goals of the Cooperative Agreement, which were to improve educational efficiency in Honduras while creating a self-sustaining institution. By retaining one organization, advantages should accrue in the sense of administrative cost controls and efficiency, particularly with respect to marketing and distribution, the problems of which are similar to both the newspaper and to the radio educational programming. A single organization may also have more flexibility to adjust to changes in educational needs and be a more attractive candidate for funding from a variety of sources.

**4. Separation of AVANCE functions** - this scenario recognizes that the AVANCE board has never felt comfortable with the inter-active radio activity. Both Sani Radio and SEI would be split off from AVANCE. AVANCE would be left with El Agricultor and Impresiones Laser and with a smaller management staff. The Cooperative Agreement would be amended to provide declining financial support over a period not to exceed three years. Presumably by then AVANCE would continue to exist and to be the publisher of a weekly newspaper. It might then be in a position to seek further funding and additional projects more closely related to its capabilities from other donors as well as from A.I.D.

Current assets of the Inter-Active Radio Division would accrue to A.I.D.. Further programming would be undertaken, if at all, under

contracts from A.I.D. Distribution and sale of the inter-active radio programming would also be done under contract, either with AVANCE or any other suitable organization, e.g. an advertising agency, a university or other not-for-profit institution, under which A.I.D. would underwrite only that portion of the costs not recovered through sales revenues.

In effect, this Scenario separates out the functions which are overwhelmingly of a "public good" nature, i.e. inter-active radio educational programming and Sani Radio, from the one activity which might in time be sustainable, El Agricultor supported by a quick print facility. The "public good" activities would then survive only to the extent they were funded by A.I.D. or some other donor. Whether AVANCE, reduced to the paper as its major activity, would continue to attract wide spread Honduran private sector support is dubious. Given the paper's location in San Pedro Sula there is a strong possibility that if AVANCE survived, it would be as a north coast institution.

An alternative possibility has been suggested in which El Agricultor would be sold to another institution, e.g. an existing newspaper. This would leave AVANCE essentially with SEI as its remaining asset and the comments above about necessary changes for SEI would apply.

El Agricultor's commercial value is difficult to assess at this point. As a publication, taking into account its expected 1989 operating deficit in excess of 600,000 Lempiras, it would appear to have a negative net worth. Valued on the basis of its physical assets, its typographical equipment is probably not worth more than US\$ 50,000. The office is leased. A valid assumption, then, would be that the motivation to buy would not be based on commercial considerations.

Transfer of El Agricultor to a commercial organization, such as a newspaper, would likely have two negative consequences for AVANCE. First, there is an emotional commitment to the newspaper by the Board of Directors which is lacking in the case of inter-active radio. Loss of the newspaper would very likely result in a loss of interest in AVANCE by its current board members and thus jeopardize the organization's continued existence. Secondly, to continue El Agricultor as a predominantly educational publication implies subsidization by the sponsoring organization which further implies a socio-political agenda on the part of the sponsor. To continue the paper as a commercially viable supplement or secondary publication, e.g. concentrating on sports or entertainment, implies seriously weakening or abandoning its commitment to furthering Honduran education.

## VI RECOMMENDATIONS

The recommendations listed below have not been made at the micro-level. Numerous recommendations can be made with regard to various aspects of AVANCE's operation. But the evaluation team believes A.I.D.'s interest is served by a few broad recommendations in order of priority.

A. The first priority is that of assuring effective top management and a more effectively functioning AVANCE central staff. The evaluation team was concerned over the lack of cohesiveness within the AVANCE organization and with the lack of a sense of mission within the organization as a whole. Top management must work for the success of both El Agricultor and SEI. To achieve success significant changes in how each of these divisions operates are necessary. The important challenges for top management are:

- to develop a far stronger and unified marketing and distribution capability, and
- to build on and strengthen the present capacity of the central staff to provide accounting, personnel and administrative support functions.
- to deepen management capabilities at second echelon positions to reduce AVANCE's vulnerability - or "fragility" - in the event key management people leave.

Top management must also strengthen the transparency of its actions in terms of accurate and complete periodic reports to the Board - and to A.I.D - and in developing rapport with the Board and division staffs.

The AVANCE Board should and must assume responsibility in assuring that AVANCE's management is strengthened, an effective action plan developed and that assigned objectives are met. In carrying out these tasks, it should be possible as well to build up a sense of "ownership" within the Board.

B. A second priority which we believe of benefit to AVANCE, to A.I.D. and to la Mosquitia is to relieve AVANCE of the burden of supporting Sani Radio. We recommend that A.I.D. enter into negotiations with MOPAWI with a view toward that organization's assuming ownership of Sani Radio. MOPAWI is interested in the potential offered to its program by Sani, and is participating in the present Inter-Ethnic Community Commission set up to advise the radio station. MOPAWI may not be prepared to assume additional responsibilities immediately, so A.I.D. should be prepared to offer grant assistance to cover operational costs for the next year or two to ease the transition. MOPAWI presently receives its principal funding from European sources and, given time, its management may be able to secure additional funding from these same sources not

only to sustain Sani Radio but to provide far more educational and community-supportive programming than has been possible under AVANCE.

C. In third priority, we recommend that, assuming A.I.D. considers inter-active radio educational programming a valid element within the Primary Education Efficiency Project, it change the nature of its support to AVANCE (and to SEI) from operational grants to contracts for specific, defined educational products. This is not intended to eliminate AVANCE project funding, but to amend the agreement so that counterpart funds now used to produce inter-active educational program production would come to AVANCE only under terms of production contracts the performance of which would be product specific rather than time specific.

These changes would not preclude SEI production of educational radio programming for other clients, including A.I.D.-funded projects in other countries. We believe this change would go far to enhance efficiency of production and would also serve to institutionalize the SEI production unit in a manner suitable either to Scenario Three or Four in the preceding Section. Required marketing and distribution strengthening would come from AVANCE central management, supported by its new central marketing division.

D. Finally, we recommend that El Agricultor undergo a name change and select as its target audience the Honduran school and youth market. Useful information can still be conveyed in the fields of horticulture, animal husbandry, nutrition, family affairs and health, but directed primarily at upper primary and secondary students, their teachers and parents. Assuming competent management remains in place, an upgrade of printing capabilities to include an offset press might be in order to enhance the prospects of financial self-sufficiency. This recommendation concedes that to serve an audience of lower primary grades with emphasis on rural Honduras as called for in the Project design, El Agricultor would forfeit any commercial appeal and thus an opportunity to recover costs in any significant fashion. Addressing a largely urban, middle level school population would permit AVANCE to meet a valid educational purpose and at the same time have at least a chance of attaining financial self-sufficiency through sale of advertising.

Basically our recommendations follow Scenario Three listed in the preceding Section, which postulates a unified AVANCE, but in a streamlined, more manageable and cost effective manner. We view financial self-sufficiency as attainable only if the phase of producing new radio educational materials is completed, and the organization devoted solely to sales and distribution of existing product.

## VII LESSONS LEARNED

Although we believe that this Section is more appropriate for an end of Project evaluation, the record of the Cooperative Agreement with AVANCE so far would suggest the following:

A. That project design should carefully consider the nature and capacity of the persons or institutions who will be responsible for carrying it out. It is clear that AVANCE as it existed in 1986 did not have the capacity to execute a project as complex and as large as the one contained in the Cooperative Agreement. It is also clear that A.I.D. as an agency is not in the business of administering projects directly. In this instance too little attention was paid to the need and the means to build an effective, financially-oriented management structure to support the size and complexity of the Project.

B. In developing countries in general and Honduras in particular, there is little tradition of voluntary service in institutions devoted to social development. There is a recognition on the part of many affluent Hondurans that the private sector needs, if only for its own long term survival, to contribute to meeting Honduras' pressing social needs. The how's and why's haven't been worked out yet, but the lesson offered by AVANCE is that institution building of this sort is a slow process, probably best approached incrementally, with each increment based on success with the previous increment. To create a new institution and then force feed it into independence in only a few years is a difficult task.

C. An underlying and complicating theme in the design of the Cooperative Agreement was the requirement that AVANCE become self-sufficient financially. The motivation is laudable: creation of an institution that can continue to do good after A.I.D. has left the scene. Unfortunately for this requirement, the product assigned to AVANCE, primary education, is in most societies considered a "public good", and one provided by public means. The major market for AVANCE's product is the Honduran public school system, which given the lack of financial resources of both the system and the students is tantamount to there being no market. The idea that the absence of local government funding could be overcome by setting up a profitable publishing operation in retrospect seems naive.

Logically, the most difficult task, establishing the publishing operation should have been done first, with the educational products tailored to the amount of resources subsequently generated. For a not for profit Honduran group to develop a publishing business to further primary education is difficult, but probably acceptable. For a foreign

government to do the same is probably not acceptable. The concept that in a poor country like Honduras a profitable, commercial business can be combined in one organization along with a socially-oriented activity seems unproven.

D. In the AVANCE project design as well as in implementation, the difficulty in reaching the truly rural population of Honduras has been badly underestimated. The Project Paper speaks blithely of organizing communities to support interactive radio in the schools. The assumption was that school support groups analogous to PTA's could be established in these rural communities which would raise funds necessary to buy radios and instructional materials. Materials are purchased by school teachers from personal funds assuming their supervisors have made them available. AVANCE personnel do not get into truly rural Honduras: they're doing well to reach departmental centers and meet with school supervisors once or twice a year. Formative program evaluation is carried out in the Department of Francisco Morazan, so that staff can return at the end of the day to their homes in Tegucigalpa.

The original design of El Agricultor was to reach newly literate rural campesinos. We don't know whether there are any newly literate rural campesinos in Honduras: El Agricultor certainly doesn't reach them if they exist.

Had the reality of reaching rural communities in Honduras been costed out in terms of time, people, gasoline and vehicles, we believe that the Project budgetary and structural components design would have been far different. It may be that reaching the truly rural areas is not cost effective, in which case this should be admitted and taken into account in Project designs.

#### APPENDICES

- I. Scope of Work.
- II. Bibliography.
- III. List of Persons Contacted.
- IV. Field report, Mr. William Kostrewski.

#### SUPPLEMENTS

- I. Field report, Ms. Rose Hughes.
- II. Field report, Dr. Bonnie Brownlee.

ARTICLE I - TITLE

Project Primary Education Efficiency (Component VII, Educational Media),  
Number 522-0273.01

ARTICLE II - OBJECTIVE

To have contractor provide a four member team which will conduct a mid-term evaluation of the AVANCE organization and its Educational Media Project. As stated in the Cooperative Agreement, the evaluation will focus on level of outputs reached, implementation constraints, progress towards attaining self-sufficiency and measures planned to assure that the program is strengthened through 1992.

In addition, the evaluation will review the project's conceptual base for achieving self-sufficiency, the effectiveness of AVANCE management including the functionality of the existing voluntary board concept as a model for private sector non profit organizations, and the effectiveness of technical assistance and USAID backstopping. Recommendations for improving each of the above areas as well as changes in implementation strategies and future project outputs will be made in an evaluation report.

The evaluation will be conducted by an independent firm, as contemplated in the Cooperative Agreement and the FY91 Action Plan. Information from the evaluation will be used by USAID/Honduras in determining the feasibility of future financing or levels of financial support for AVANCE and its Educational Media Project, as well as in consideration of possible changes in project design.

ARTICLE III - STATEMENT OF WORK

The contractor will be responsible for carrying out the following activities during a five week period in Honduras:

A. Overall Project Progress

1. Compile a list of project accomplishments.
2. Compare the list of accomplishments with the list of Objectively Verifiable Indicators contained in the Logical Framework of the Primary Education Efficiency Project and with the list of Project Outputs contained in Attachment II of the Cooperative Agreement between A.I.D. and AVANCE to determine which Indicators and Outputs have been produced or are being produced.

3. Describe the activities leading to any project accomplishments not contained in the Logical Framework or the list of Project Outputs.
4. Describe any constraints, actions or changes in project activities impeding the production of Indicators and Outputs.
5. Recommend activities to overcome constraints impeding the production of Indicators and Outputs.

#### **B. Technical Aspects**

1. Review the project rationale and determine if it is still valid.
2. Analyze the impact of project activities on basic education in Honduras. The analysis should examine the following:
  - a. contribution by interactive radio to student learning and to teacher classroom instruction techniques (a qualitative rather than a quantitative investigation is envisioned);
  - b. examination of complementarity between radio math lessons and math textbooks; and
  - c. usefulness of "El Agricultor" as a classroom teaching aid and as a general support tool for educational improvement by asking such questions as: is the paper available to and purchased by teachers (at the primary, secondary and adult levels), do they use the paper in the classroom, how is it used in the classroom and is the paper used in lesson preparation or in gathering background information.
3. Analyze the usefulness of "El Agricultor" as a way to disseminate agricultural and technical information by asking such questions as: is the paper available to and purchased by individuals or groups who could benefit from its agricultural and technical information, does the paper compete with other media disseminating agricultural and technical information and is the information used by the readership.
4. Analyze the impact of the community and educational radio model used by Sani Radio by asking questions such as: are community members more aware of socio-cultural issues as a result of Sani Radio's programming, does Sani Radio provide useful information for members of its listening community.
5. Based on information gathered during the technical analyses mentioned above, develop mid course project design corrections to improve the project's instructional, educational and information products and strategies.

**C. Management and Administration**

1. Analyze the management and administration of AVANCE. The analysis should examine the following:

**Structure**

- a. the organizational structure of AVANCE including the management structure and lines of authority and communication;
- b. the functionality of the voluntary Board of Directors model;

**Personnel Roles and Relationships**

- c. the role of the AVANCE Board of Directors as described in AVANCE statutes;
- d. the current role of the AVANCE Board of Directors in project activities (based on an examination of documentation, interviews with A.I.D. and AVANCE personnel and with Board members and participation in Board meetings as appropriate);
- e. the role of the AVANCE General Manager;
- f. the relationship between the AVANCE Board of Directors and the AVANCE General Manager and its effect on project implementation;
- g. the role of the "El Agricultor" Manager;

**Effectiveness of Personnel and Procedures**

- h. the effectiveness of the AVANCE Board of Directors in establishing and enforcing policy and overseeing AVANCE activities;
- i. the effectiveness of the AVANCE General Manager in managing AVANCE;
- j. the effectiveness of the "El Agricultor" Manager in managing "El Agricultor";
- k. the effectiveness of technical assistance that has been provided to date;
- l. the effectiveness and use of administrative management mechanisms related to budget controls, fund use, personnel levels, accounting procedures; and
- m. the effectiveness and use of internal personnel procedures such as the existence and adequacy of position descriptions and adherence to job descriptions in personnel selection.

2. Analyze the effectiveness of USAID backstopping.
3. Develop strategies for improving all of the above mentioned areas where needed.

4. Determine the need for continued technical assistance, suggest in which areas continued technical assistance is needed and describe the tasks which should be carried out by future technical assistance.
5. Recommend ways in which AVANCE can continue to reduce its costs while maintaining production levels and quality.

**D. Financial Capability**

1. Evaluate the current and projected potential of the institution to become self-financing. A self financing AVANCE organization is one in which its expenses are covered or exceeded by AVANCE generated revenue. Self-financing does not include loans, donations or grants. The following areas must be included in the evaluation:
  - a. progress in terms of the financial goals established in the Cooperative Agreement;
  - b. expenses and revenue associated with each of AVANCE's components including the development of secondary products such as a "cancionero escolar", the sale of excess production capacity by "El Agricultor" and Impresiones Laser and the sale of instructional radio lessons and staff expertise to other Latin American countries; and
  - c. an estimation of the time necessary for AVANCE to become self-financing. The time estimate must answer two questions: (1) how long it will take AVANCE to become 100% self financing and (2) what level of self financing will AVANCE have reached by the PACD.
2. Develop strategies through which AVANCE's opportunities for self-financing can be enhanced including the development of additional secondary products and ways to increase revenue generation by each AVANCE unit.
3. Review and comment on the soundness of the recently updated business (self-financing) plan and make recommendation for improvements in the plan.
4. Evaluate the feasibility of financial self sufficiency by investigating other financing options, such as investment in AVANCE by Board members and solicitation of funding from other organizations. A self sufficient AVANCE organization is one which utilizes AVANCE generated revenue and other non A.I.D. funding sources to cover its expenses. Loans, donations, grants and other sources of money may be utilized by a self-sufficient organization.

5. Determine the need for external, non A.I.D. financial assistance such as donations, grants and loans and determine the level of need.
6. Analyze areas in which A.I.D. regulations in project implementation impede management of the project as a business.

#### E. Methodology

- a. Review documentation to become familiar with the rationale, scope, goals and activities under the project (project paper, cooperative agreement, A.I.D./AVANCE communications, reports, studies and audits). These documents will be provided by A.I.D. and AVANCE.
- b. During the first week in Honduras, develop a work plan and outline for the evaluation report and obtain the approval of A.I.D. and AVANCE for doing the evaluation based on this work plan.
- c. Interview staff of AVANCE, AVANCE Board of Directors and members of the General Assembly, Ministry of Education personnel, teachers, students, Primary Education Efficiency Project personnel, technical assistance and A.I.D. personnel. Interview areas will include support for AVANCE's goals, impressions of past performance and capabilities to perform continuing and future activities, and impressions of AVANCE strengths and weaknesses.

#### ARTICLE IV - REPORTS

The final report must contain the following information and conform to the following specifications:

Executive Summary - The executive summary must contain the development objectives of the AVANCE project, the purpose of the evaluation, study method, findings, conclusions and recommendations. It must be a self contained document.

Project Identification Data Sheet - (to be supplied by A.I.D.)

Table of Contents

Body of the Report - The body of the report must include the purpose of the evaluation, the areas and questions examined during the evaluation, team composition, field of expertise and the role it played in the evaluation, evaluation methods (one page maximum) and team findings (any deviation from the scope of work must be explained) and conclusions on the current state of AVANCE and its continued viability. The report must also include concrete and specific recommendations for improving, strengthening and changing the organization as well as recommendations for mid course changes

in project design. The report is limited to 30 to 40 pages. Annexes may be added to expand and support ideas in the body of the report. There is no limitation on the number of annexes or on the number of pages in each annex. The report will be structured to follow the organizational divisions in the Statement of Work. Conclusions and recommendations must flow logically from the information presented. Team members will also suggest which individuals or organizations should be responsible for any recommended actions.

Appendixes - The appendixes must contain the scope of work, the most current Logical Framework and lists of individuals and agencies contacted and documents consulted.

The Chief of Party will submit eight (8) copies of the draft evaluation report to the Project Officer before clearing post. The Project Officer will be responsible for soliciting comments on the draft report from Mission personnel and providing a composite Mission response to the Evaluation Team. The Evaluation Team will submit the final evaluation report to the Project Officer no later than four (4) weeks after the Project Officer furnishes the contractor with comments on the draft Evaluation Report. The Project Officer will coordinate review and acceptance of the final report. Upon Approval by the Project Officer of the final report, contractor will submit eighteen (18) copies of the final report, thirteen (13) in English and five (5) in Spanish.

#### ARTICLE V - RELATIONSHIPS AND RESPONSIBILITIES

The specialist in management and administration will serve as Chief of Party. The specialist in educational media, the specialist in commercial media and the specialist in small business finance will report to the Chief of Party.

The Project Officer, Project Backstop Officer and Mission Evaluation Specialist will schedule an entrance briefing for the team. The Chief of Party will provide the Project Officer with weekly verbal reports on evaluation progress and on problems encountered. The Chief of Party may bring evaluation team members to these briefings. A final verbal report will be given to the Project Officer and other Mission personnel by each team member (including the Chief of Party) before he/she leaves Honduras. A written draft report will be given to the Chief of Party by each team member before he/she leaves Honduras. Return travel to the team member's point of origin will not be authorized without receipt of the verbal and written reports. The final draft evaluation report will be submitted by the Chief of Party to the Project Officer before he/she is authorized return travel. The Chief of Party will complete the Abstract and Narrative sections of the A.I.D. Evaluation Summary form and deliver it to the Project Officer at the time of delivery of the final report.

## MID-TERM EVALUATION OF AVANCE

### APPENDIX II

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wdb 8/31/89

AVANCE Mid-Term Evaluation

APPENDIX III

LIST OF PERSONS CONTACTED

U.S.A.I.D.

Ellen Leddy  
John Sanbrailo  
Nadine Dutcher  
Michael Keaveny  
Carmen Zambrano  
Eugene Szepezy  
George Wachtenheim  
H. Tom Park  
Henry Reynolds  
Richard Martin

AVANCE

Jose Carleton Corrales  
David Edgerton  
Katyna Argueta  
Mario Jesus Ramirez  
Karla E. Molina B.  
Idania Mejia de Bravo  
Jane Lagos de Martell  
Elizabeth Mills Booth  
Horacio Humberto Medina  
Hector Guillen  
Eloy Page  
Fernando Fernandez  
Jacinto Molina  
Nathan Pravia  
Leonardo Alvarez  
Pablo Ramos Allen  
Maricela Turcios  
Eduardo Aragon  
Roger Marin  
Rene Cruz  
Carlos Calderon  
Ing. Gomez  
Lilliam Lopez Carballo

Others

John Aragon  
Henry Fransen, Jr.  
Jose Molina Deras  
Maria Eugenia Antunez  
Wilmer Dagen  
Sonia Reyes de Maduro  
Gerente de FUNADEH  
Gerente de ODEF  
Two teachers and Richard  
principal, Gabriel  
Mistral School, La  
Lima.  
Two teachers at Marco  
Aurelio Pinto School  
Four teachers at  
school in Mocoron  
Teacher at school  
in Rus Rus  
Assistant Supervisor  
of schools, Puerto  
Lempira  
Brigida, Secretary to  
MOPAWI  
Director, Proyecto  
Amistad/Horizontes

## AVANCE MIDTERM EVALUATION

### APPENDIX IV FIELD REPORT

William P. Kostrewski  
International Financial Specialist  
August 1989

#### O U T L I N E

1. Scope of work
2. Methods of evaluation
3. Overview

1. Scope of work

As the team financial specialist, I have been asked to evaluate the current and future financial position of AVANCE and its operating companies with an eye toward determining their self-financing capabilities. I have also been asked to evaluate each of the operating companies, their primary and secondary products, and to project where AVANCE will be by the project completion date.

In addition, I have been requested to review a draft of the recently updated "Current Business Plan<sup>1</sup>, making recommendations where possible. The idea of attaining financial self-sufficiency will also be thoroughly examined, including a very brief look at possible sources of alternative financing.

My goal, as defined in the scope of work, is to provide USAID/Honduras with an evaluation of the most current financial information available on AVANCE, with rationally conceived projections, and with a detailed evaluation of where the group is and where they might be at the end of the project period. Where possible I shall offer suggestions and/or recommendations which, although predicated upon reasonably sound financial rationale, should not be construed as the last word or the only viable alternative.

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<sup>1</sup> Proyecciones Financieras, (Informe Asesoría), preparado por William P. Kostrewski en colaboración con William Chong, Tegucigalpa, D.C., junio 1989.

## 2. Methods of evaluation

The findings upon which I have based my conclusions and recommendations were drawn from the following sources:

- a. A detailed evaluation and review of all of the financial information produced within AVANCE including:
  - 1) Annual and monthly financial statements
  - 2) Profit and Loss Statements
  - 3) Consolidated Balance Sheets
- b. Unitary cost analyses which I have generated.<sup>2</sup>
- c. Sensitized projections which I generate.<sup>3</sup> (They are based upon the actual performance of each operating company to date. I look for trends, in either direction, and incorporate those into what I believe would be the most conservative estimate of each company's earning potential.)
- d. Meetings with the administration of AVANCE, El Agricultor, SEI, and Impresiones Laser. In the event a question regarding the financial statements arose, it was resolved by going directly to them.
- e. Visits to El Agricultor in San Pedro Sula, visits to SEI in Satellite, and repeated interviews with Impresiones Laser and the AVANCE administrative staff in Tegucigalpa.
- f. Formal and informal discussions with USAID/Honduras personnel.
- g. An exhaustive review of all project documents.

## 3. Overview

As a team, we were struck by the volume and breadth of technical assistance which has been provided to AVANCE. Through a reading of the project documents, we witnessed a parade of some of the best experts, each doing his

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<sup>2</sup> Please see attachments.

<sup>3</sup> Ibid.

utmost to "cure" what he believed to be the malady afflicting AVANCE or one of its operating companies. While the intentions were excellent, they failed to perceive the greater need. In reality, I would compare these early efforts to the treatment of symptoms rather than recognizing and treating the underlying ailment. The symptoms which AVANCE has manifested are too numerous to list here, but I believe all can be traced to one prevailing condition, i.e., the lack of qualified business, financial, and managerial expertise at the highest organizational levels.

#### 4. Findings

A meticulous reading of the project paper and the Cooperative Agreement seem to imply that it has consistently been one of USAID's expressed goals that the AVANCE project attain financial self-sufficiency within the life of the project. Also, contrary to prevailing beliefs expressed to this team by some sectors of the AVANCE organization, the self-financing mandate is not a new or recent USAID machination, but rather a reiteration of the original mandate.

In keeping with my assignment, I performed a detailed analysis of the internally-generated financial information available on AVANCE through June 1989. These findings were then compared with those initially reported.<sup>4</sup> The current analysis has three goals:

1. Measure AVANCE's progress in terms of meeting the financial conditions established in the Cooperative Agreement.
2. Determine the financial performance of each of AVANCE's operating companies,
3. By generating projections, ascertain AVANCE's self-financing capability.

#### 1. PROGRESS

The Cooperative Agreement sets aside US\$ 5,400,000 and Lps. 10,000,000 for the combined AVANCE program. It appears that approximately 74% or \$4,000,000 has either been spent or otherwise earmarked to date. The question then arises: "Has AVANCE demonstrated the will and the capacity to generate revenues, control costs, and increase income in such a fashion that continued funding would be deemed appropriate and in keeping with both the spirit and the letter of the formal Agree-

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<sup>4</sup> Proyecciones Financieras (Informe Asesoría), preparado por William P. Kostrewski en colaboración con William Chong, Tegucigalpa, D.C. junio 1989.

ment?" The following financial information provides an illustration of AVANCES's current and projected operations:

Revised Income Projections<sup>5</sup>  
AVANCE FYE 1989

	<u>Income</u> (Lps.)	<u>Expenses</u> (Lps.)
El Agricultor	240,000.00	780,900.00
SEI	515,410.00	1,027,485.00 <sup>6</sup>
Sani-Radio	6,000.00	249,587.00
Impr. Laser	50,000.00	99,000.00
	=====	=====
Total	811,410.00	2,157,972.00
Gross revenue (Loss):	<u>(1,345,562.00)</u>	

Revised Income Projections<sup>7</sup>  
AVANCE FYE 1990

	<u>Income</u> (Lps.)	<u>Expenses</u> (Lps.)
El Agricultor	441,600.00	819,728.00
SEI	434,500.00	935,050.00 <sup>8</sup>
Sani-Radio	12,000.00	208,269.00
Impr. Laser	200,000.00	193,028.00
	=====	=====
Total	1,079,100.00	2,156,075.00
Gross revenue (Loss)	<u>(1,076,975.00)</u>	

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<sup>5</sup> Additional financial information is now available which has resulted in the recalculation of all of the figures cited in Proyecciones Financieras, (Informe Asesoria), preparado por William P. Kostrewski con William Chong, Tegucigalpa, D.C., junio 1989.

<sup>6</sup> This amount may be as much as Lps.250,000 higher if accumulated expenses are not written off or otherwise expensed. This is a decision that is to be taken to the Board of Directors.

<sup>7</sup> Ibid.

<sup>8</sup> This amount is considerably higher than projected in June 1989. It was felt at that time that production and development costs would be MINIMAL since the product was already finished. This has proven NOT to be the case under the current AVANCE/SEI management.

Revised Income Projections<sup>9</sup>  
AVANCE FYE 1991

	<u>Income</u> (Lps.)	<u>Expenses</u> (Lps.)
El Agricultor	568,400.00	801,800.00
SEI	434,520.00	894,000.00 <sup>10</sup>
Sani-Radio	18,000.00	210,000.00
Impr. Laser	300,000.00	135,000.00
	=====	=====
Total	1,320,920.00	2,070,008.00
Gross revenue (Loss)	<u>(749,088.00)</u>	

The unaudited FYE 1988 financial statements show that AVANCE generated revenues sufficient to cover only 21% of its operational expenses. In FYE 1989, it is projected that it will be able to cover approximately 34% of those same expenses. Revised projections show AVANCE achieving an operating expense coverage of 49.6% and 62.3% for the FYE 1990 and 1991 respectively.

**Conclusion:** After careful review and analysis of AVANCE's current and projected financial status, and given its present management structure and philosophy, I concur with the findings reported in earlier FARS reports, i.e., AVANCE's financial self-sufficiency within the prescribed life of the project is a remote possibility.

However, were some of this team's recommendations to be implemented ( e.g., Rose Marie Hughes' suggested reorganization of SEI and the corresponding refocusing of its objectives, and a refocusing of El Agricultor's market thrust), I believe it is entirely possible that the financial outlook of AVANCE might be considerably enhanced.

### B. Individual Company Performance

Of the four operating divisions forming AVANCE, only one, Impresiones Laser, appears to be able to generate a profit within the time allotted the project. The following is a year-by-year representation of the projected FYE earnings and losses on a per company basis:

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<sup>9</sup> Ibid.

<sup>10</sup> See No. 4

Projected Gross Earnings

	<u>FYE 1989</u>	<u>FYE 1990</u>	<u>FYE 1991</u>
El Agricultor	-540,900.00	-378,128.00	-232,608.00
SEI	-512,075.00	-500,550.00	-459,480.00
Sani-Radio	-243,587.00	-196,269.00	-192,000.00
Impr. Laser	-49,000.00	6,972.00	135,000.00
	=====	=====	=====
Total	-1,345,562.00	-1,067,975.00	-749,088.00

Percentage Coverage  
of Operating Expenses

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
El Agricultor	31.0	54.0	71.0
SEI	49.8	46.5	49.0
Sani-Radio	2.0	5.0	9.0
Impr. Laser	51.0	100.4	182.0
AVANCE Avg.	38.0	51.0	64.0

My projections show that AVANCE should generate approximately 64% of its operating expenses through the sale of internally produced products by FYE 1991. (These figures cannot, and do not reflect some of the changes that members of this team might recommend to AID. They do however take into consideration recent efforts on the part of the AVANCE financial team, under Idania de Bravo, to control costs and reduce expenses.)

**Conclusion:** Only Impresiones Laser appears capable of attaining the goal of self-sufficiency, and that by 1990. And this success will depend upon I.L.'s ability to find and maintain a niche in the Tegucigalpa market. Despite laudable internal strides toward sounder financial controls and a wealth of highly specific, technical assistance, the operating companies will remain in a precarious position.

- Secondary Products -

Considerable interest, energy, time, and money have been expended by the two largest operating companies, El Agricultor and SEI for the development of secondary products. The rationale seems to be that the more products one has to offer, the greater the profits. The greater profits then translate into increased self-sufficiency. There appears to be very little documentary evidence to confirm the existence of a study and analysis of the pre-production market, or a study of development and production costs, or marketing and selling costs. It might appear that products were developed as if they generated income at no expense.

To the best of my knowledge AVANCE is currently marketing/or trying to market the following secondary products:

El Agricultor:

Printing services

Quick print services

SEI:

A music cassette of the "Family of Numbers"

English language courses (ESL)

Technical expertise in lesson preparation, etc. outside Honduras

From a strictly analytical point of view and in the absence of documentary evidence to the contrary, nothing within the current financial performance of AVANCE or its operating companies would seem to indicate that any of these secondary products was either well-conceived, properly focused, or the direct outgrowth of a measurable market demand. In addition, as I review and analyze AVANCE I am repeatedly struck with what appears to be a lack of focus, i.e., a lack of concentration on those areas where AVANCE has proven expertise and excellence, e.g., the writing and preparation of "The Family of Numbers". While the development of these secondary products was undoubtedly well-intentioned, in the absence of a strong, financial management they served only to exacerbate each company's already precarious financial condition.

**Conclusion:** I would suggest that financial self-sufficiency is only achieved when an organization truly recognizes what its basic product is, produces it as economically

and quickly as possible, and then remains focused on its immediate and short term financial goals. The development of these secondary products in an attempt to meet USAID's self-financing requirements has created both a financial and manpower deficit within AVANCE. This "loss of focus" has generated costs without producing any noteworthy income to date, and with little expected in the foreseeable future.

It is my opinion that these products, their continued development, and production are ill-advised at this time. Furthermore, and of no small significance, I can find no written communications between AVANCE\USAID wherein authorization is given for the development of these products. I also found no record of any marketing studies, cost analyses, income and cost projects, etc.

### C. Attaining Self-sufficiency

Under present operating conditions and management I see little hope for AVANCE achieving financial self-sufficiency by the project termination date. While AVANCE has benefitted from massive infusions of technical expertise, there has been one area where little attention has been given, i.e., management. It is abundantly clear from a review of the financial chaos that once existed within AVANCE, the lack of transparency in the accounting system, and the non-existence of an effective production-cost system that AVANCE's problem is not that it is a "bad or poorly conceived" project, but rather that it has been the victim of extremely poor management. It has been the absence of skilled management as reflected in mediocre sales and excessive costs which has jeopardized AVANCE's financial viability and brought its future funding, even its continued existence into question.

## II. Self-Financing Strategies

One of the requests made upon me in the scope of work called for "the development of strategies through which AVANCE's opportunities for self-financing can be enhanced by the development of additional secondary products and ways to increase revenue generation by each AVANCE unit." I should first like to address the issue of secondary products.

As mentioned earlier in this report, I have carefully analyzed the relative contribution of existing and planned secondary products upon the overall performance of the particular division. In no case have I found there to be any significant immediate or long term financial benefit. Also, cognizant of my limited expertise in the field of marketing, I still believe it safe to deduce that the existing products are either poorly conceived and/or improperly marketed.

**Conclusion:** I find nothing to suggest that it would be in AVANCE's interest to engage in the development and production of any new secondary products. Furthermore, I believe there is ample evidence to suggest that it would be in AVANCE's best financial interest to call for an immediate cessation in the production of the following products:

1. The music cassette
2. ESL language lessons and packages
3. The sale of international radio expertise

I firmly believe that AVANCE's best and only hope for achieving substantial movement toward financial self-sufficiency lies in a return to its mandated goal and the production of only those products which were set forth in the project paper and the Cooperative Agreement.

#### Alternative Ways to Increase Revenues

1. As simplistic as it may sound, I believe that the first step AVANCE must take to increase revenues is to reduce costs. To reduce operating costs would require competent and timely business management, something lacking at the present time.
2. I would suggest or urge that SEI reorganize itself into a leaner, more productive unit. It should focus only on the development, production, and marketing of the "Family of Numbers" and Spanish language lessons. Further, I recommend a reduction in the number of revisions as a first step toward more effective use of manpower. This should result in a reduction in the unitary production cost and an increase in revenues. A smaller, more efficient staff with a concentration on fewer products would mean greater output at lower costs.
3. SEI must seek a more effective vehicle for marketing its product. The entire job is now in the hands of a very capable and dedicated young woman. Unfortunately, she is going to be absent on maternity leave just when SEI should be making its biggest marketing effort. It is imperative that she be allowed to have sufficient back-up so as to make a truly effective marketing effort.

One person cannot handle this function. The success of a product is often determined by the quality and extent of the marketing effort. SEI must increase

its market penetration. It must have more marketing personnel. Selling is as important as production.

4. El Agricultor should decide before the end of FYE 1989 whether or not it is capable and willing to focus its energies anew so as to fit within the scope of the Cooperative Agreement. As the newspaper has significant appeal among school aged youth (8 years and older), I would suggest that they might become a very viable and cooperative market.
5. El Agricultor must continue to control production costs, reduce over-production, and devote more time and manpower to the sale of advertising. This will become easier as the newspaper becomes more focused, and has a clearly identifiable readership. Most successful newspapers find it necessary to cover at least 70% of their operating costs via advertising.
6. In the absence of willingness on the part of the newspaper to change to address a more viable audience, I would feel obligated to echo Richard Martin's 1988 suggestion that El Agricultor should be closed.
7. Sani-Radio will never be profitable. It will always represent a drain on AVANCE's scarce resources. It no longer appears to be meeting any of those goals set forth in the Cooperative Agreement. Therefore, to reduce this annual Lps.200,000 drain I would suggest that Sani-Radio be broken out of AVANCE completely. Perhaps it could be sold to some non-profit social service or international religious organization.
8. Impresiones Laser has the potential for becoming financially successful. All of the elements are there. We see that effective marketing and personal effort are crucial elements for the success of this operation.<sup>11</sup>

#### Evaluation of Latest Business Plan<sup>12</sup>

I must admit a certain bias being asked to review work, a significant part of which I performed. Nevertheless, I believe I have applied the same criteria to this information as I have to all of the other AVANCE documents.

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<sup>11</sup> I had the opportunity of discussing I.L. in depth with Ernie Wendling, a technical advisor in this type of business, and currently advising AVANCE. Though I do not have access to his report(s), I believe he has communicated essentially the same findings as mine to Ellen Leddy, USAID/Honduras.

<sup>12</sup> AVANCE Plan de Negocios, Valladares, Chong, and Kostrewski, 1st draft, July 20, 1989. Prepared for AVANCE at the request of USAID/Honduras.

First I should like to comment on the numbers. I feel that the projections which were made were accurate given the information then available. I am pleased to note that only SEI and Impresiones Laser required major revisions. The first because production and operating costs did not appear to have lessened over time; and second, I.L. has had to seriously revise downward its capacity. For the most part, the financial data contained in the business plan is insightful and has a basis in factual data.

On the other hand, the financial analyses and projections provide considerable insight into AVANCE's operations, some of its inherited and current problems with various aspects of its accounting system and policies, and it provides several clear indications of a lack of FOCUS. The explanations and calculations should help AVANCE's divisional directors, general manager, board of directors, and USAID visualize more clearly the complexities and inner workings of the group, while also highlighting some of its weaknesses. These detailed analyses were performed with a minimum of information, yet they clearly demonstrate areas where control of costs, or greater emphasis on marketing, or better productions controls, etc. might eventually generate greater income.

To maximize the effectiveness of the business plan, I would recommend that copies of the updated calculations found in this report might be passed on to AVANCE. I believe they serve as an excellent point from which a manager might begin to truly comprehend the magnitude and nature of AVANCE's operating companies. This insight should foster increased communications and the development of concrete strategies for maximizing the capacity of each company.

There has also been some consideration given to the idea of having the Board become more directly involved by "investing their money as well as their time." I believe this might be a little difficult to achieve so long as the operation continues to lose money.

- N O T E -

The following pages contain an elaboration of the financial information put forth in the textual portion of this report.

-Addendum-

El Agricultor

1989 Unitary Production Costs

	<u>March<sup>13</sup></u>	<u>April<sup>14</sup></u>	<u>May<sup>15</sup></u>	<u>June<sup>16</sup></u>
1. Production costs	.63	.44	.37	.46
2. Cost of paper	.16	.16	.13	.13
3. Internal admin.	.25	.18	.27	.25
4. Selling expenses	.36	.27	.24	.23
5. AVANCE Admin.	.17	.19	.18	.17
6. Returns/overages	.17	.02	.07	.07
Subtotal:	1.74	1.26	1.26	1.31
7. Less Advertising	-.21	-.20	-.16	-.26
Total	<u>1.53</u>	<u>1.06</u>	<u>1.10</u>	<u>1.05</u>

A detailed breakdown of those elements composing the various costs can be found in the financial analyses and projections prepared by this author in June 1989 as listed under Appendix IV.

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<sup>13</sup> Proyecciones Financieras, (Informe Asesoría), preparado por William P. Kostrewski en colaboración con William Chong, Tegucigalpa, D.C., junio 1989, p. 4.

<sup>14</sup> Ibid., p. 11

<sup>15</sup> Calculations based upon ACTUAL monthly interim financial statements. Statements are prepared by AVANCE Accounting Section. (Disclosure is excellent.)

<sup>16</sup> Ibid.

Further, data were extracted from the financial statements as prepared by the accounting staff of AVANCE. Their information is based upon documentary evidence, i.e., receipts, checks, etc., which verify each transaction.

Revised Projections 1989  
El Agricultor  
 (Profit & Loss Statement)  
 (Lps.)

Income:

Sale of newspapers	125,000.00(1)	52.1%
Sale of advertising*	113,000.00(2)	47.1%
Other income	2,000.00	.8%
Total Income	<u>240,000.00</u>	100.0%

Expenses:

Production costs**	221,000.00(3)	28.3%
Operations		
Administration	160,000.00(4)	20.5%
Sales	180,000.00(5)	23.1%
Returns (unsold product)	40,000.00(6)	5.1%
AVANCE administration	96,600.00(7)	12.4%
Move (Teguc. to S.P.S.)	55,923.00(8)	7.1%
Salary increase	27,377.00(9)	3.5%
Total Expenses	<u>780,900.00</u>	100.0%
Gross Revenue (Loss)	<u>(540,900.00)</u>	

- \* The newspaper has exhibited a 34% increase in the sale of advertisement for the months of May and June. Because a substantial percentage of the sales are on credit I estimate that El Agricultor will actually recognize about 80% of the sales within the reporting period.
- \*\* A precursory examination of the most recent financial information reveals that the El Agricultor administration has been successful in reducing the paper's unitary production costs. Since my original analysis of the March and April performance until now (June 30, 1989), there has been a 17% decrease (Lps. .65 to Lps. .53) in this important element.

### Notes

- (1) Average monthly sales of the newspaper through 6-30-89 have been 52,201, with an average monthly revenue of Lps.15,660.30. (I have taken into consideration the fact that there was no production during the first two months of this year.)

To arrive at an adjusted, projected, annual sales figure I multiplied the known monthly sales figure by 10, i.e., the actual number of months in which there will be production. This gives a figure of Lps.156,603. However, circulation is sensitive to the school calendar. This year the schools go on holiday early (near the end of October) because of the presidential elections. Despite claims by El Agricultor that they can maintain current sales, etc., I felt more comfortable with the assumption that they would maintain 80% of the sales figure above, i.e., sensitized and revised, projected, annual revenues of Lps.125,000.

- (2) The calculations for the sale of advertising were handled in the same manner explained above. The average monthly sale for the first six months of 1989 was Lps.14,071.50, and the projected, annual revenues from such sales would be Lps.140,715. Again because of the fact that circulation might well fall during the last two months of this year, I applied the same 80% criteria. This produced sensitized and revised annual advertising revenues of Lps.113,000.

- (3) Unitary production costs are projected to remain constant at Lps. 0.54 for all of 1989. Based upon previous sales and actual demand, I conservatively estimate that El Agricultor will sell in the neighborhood of 417,000 units this year. Total annual production costs for the 417,000 copies would be Lps.221,010.
- (4) Operating expenses, while showing every sign of increased internal control, continue to be somewhat unpredictable. For the first 6 months of 1989 Lps.79,147 had been spent. However, though the newspaper was not actually producing anything in January and February it was still generating expenses. It is my best judgment that these expenses will have a minimum annualized total of Lps.160,000.
- (5) Sales costs have remained fairly stable, and therefore somewhat more predictable. With monthly costs of approximately Lps.18,000, we feel that a conservative, sensitized figure for FYE 1989 would be Lps.180,000.
- (6) My analysis of returns/over-production has shown a rather stable trend with a slight tendency towards a 5% increase up or down. The financial data indicates a monthly figure of Lps.4,000. Therefore, the annualized figure of Lps.40,000 has been chosen.

It should be noted here that El Agricultor is often unaware of the exact amount of sales and returns, or at least in a timely fashion. It is quite common for sales to be recorded based upon papers delivered to an agent for sale. However, it is equally common for the paper not to know for at least one week, and perhaps even longer, how many of the papers were actually sold, how many were unsalable, and how many were lost, etc.

For this reason, all of my calculations are based upon the actual receipt of money from these sales. We did not rely upon invoices, but rather actual cash receipts.

- (7) El Agricultor accounts for approximately 30% of the total expenses and costs generated within the AVANCE organization. It is forecast that AVANCE's newly projected administrative costs should be approximately Lps.322,000. El Agricultor's corresponding share would be at least 30% of this amount, or Lps.96,000.

I have attempted to measure the daily administrative process within AVANCE to verify whether or not this 30% figure was indeed correct. Though the present AVANCE accounting system does not lend itself to this

type of analysis, my unofficial survey shows the AVANCE administrative staff utilizing at least 60% of their time on matters directly related to the newspaper. I suspect that my projected administrative costs are excessively conservative. However, in the absence of a more definitive measuring device I feel constrained to accept the 30% figure. Were I to accept the higher figure the newspaper's losses might be almost Lps.100,000 more/year.

- (8) This is the one time charge for the paper's move from Tegucigalpa to San Pedro Sula.
- (9) This is the amount of the raise as approved by the Board of Directors.

#### Explanations

- 1. Production/Sales: While El Agricultor may produce approximately 18,000 copies of the newspaper per week, the latest financial data received by the AVANCE administration shows actual sales of 15 - 16,000. Furthermore, most are on credit. The newspaper recognizes all copies turned over to distributors as "sales", while AVANCE recognizes them only upon the receipt of the cash.
- 2. A preponderance of the improvement I have observed within AVANCE and its operating companies seems directly attributable to an enormous and conscientious effort on behalf of the accounting group. At one time the accounting system was six months behind and disclosure was minimal. Now the system appears much better. It seems to be timely and transparent, two extremely important and significant achievements.

Revised Projections FYE 1989<sup>17</sup>

SEI

(Profit & Loss Statement)

(Lps.)

Income:

Sales (various)	514,210.00
Other	1,200.00
Total Income	<u>515,410.00<sup>18</sup></u>
Variable costs	616,235.00
Expenses	411,250.00
Total:	<u>1,027,485.00</u>
Gross revenue	<u>(512,075.00)<sup>19</sup></u>

Sales:

Family of #'s (CR)	99,984.00 <sup>20</sup>
Family of #'s (1988)	140,000.00 <sup>21</sup>
Family of #'s (A-1989)	167,624.00 <sup>22</sup>

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<sup>17</sup> Please see SEI Addendum for detailed breakdown of Profit & Loss components.

<sup>18</sup> Projected income covers approximately 50.2% of corresponding expenses.

<sup>19</sup> Increase in projected loss due to a combination of substantially decreased revenues and unyielding expenses.

<sup>20</sup> Sale still dependent upon completion of necessary paperwork. No funds have been received to date.

<sup>21</sup> We are conservatively estimating that AVANCE will be able to recover 50% on those sales made and not collected in 1988. Accounting and administrative procedures at that time have complicated recovery considerably.

<sup>22</sup> This figure represents a conservative recovery of 80% on all sales made in 1989. More than 95% of all sales were on a four (4) month credit.

Sales (Cont.)

Family of #'s (a-1989)	50,736.00 <sup>23</sup>
Family of #'s (B-1989)	9,856.00 <sup>24</sup>
Music cassette	10,010.00 <sup>25</sup>
ESL lessons	36,000.00 <sup>26</sup>
Indiv. packets	0.00 <sup>27</sup>
Total:	<u>515,410.00<sup>28</sup></u>

Variable costs:

Production	178,000.00 <sup>29</sup>
Direct costs	197,000.00 <sup>30</sup>
Indirect costs	60,000.00 <sup>31</sup>

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<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> No sales have been made through 9-1-89, and production delays exist. We estimate SEI will achieve only 25% of its projected sales in this area. (It is possible that there will be no sales, thus further aggravating the losses SEI is generating.)

<sup>26</sup> It is reported that lessons has been sold to Belize. However, AVANCE's administration has not received a signed contract or any payment. I must assume that the sale is a fait accompli.

<sup>27</sup> SEI had projected sales of Lps.175,000 in 1989, an amount which we reduced by 67% in our June financial analysis, i.e., Lps.58,330. However, no sales have been recorded thus far in 1989, and it appears that NO marketing efforts is being undertaken. In keeping with the conservative mandate projected sales have been reduced to 0.

<sup>28</sup> 65% of June projection.

<sup>29</sup> This amount was determined by analyzing the six month figure and then extrapolating it for the remainder of FYE 1989.

<sup>30</sup> This amount was determined as in #17. It includes the purchase of 2000 radios with a per unit cost of approximately Lps.100.

<sup>31</sup> Based upon extrapolation of actual performance during first six months.

<b>Variable Costs (Cont.)</b>	
AVANCE admin.	145,800.00 <sup>32</sup>
Salary increase	35,435.00 <sup>33</sup>
Subtotal:	616,235.00
<b>Expenses:</b>	
SEI administration	256,000.00 <sup>34</sup>
SEI sales	155,250.00 <sup>35</sup>
Subtotal:	411,250.00
Total costs/expense	<u>1,027,485.00</u> <sup>36</sup>
Gross revenue	<u>(512,075.00)</u>

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<sup>32</sup> SEI generates approximately 45% of the expenses within the AVANCE group. In the absence of a more accurate measuring device I am obliged to apply this rather unsophisticated model. My personal observations and conversations with AVANCE's administrative personnel leads me to believe that this amount is too high, and therefore conservative.

<sup>33</sup> Previously approved by the Board of Directors.

<sup>34</sup> Calculation based upon extrapolation of activity during first six months of 1989. Recent cost reductions were taken into consideration.

<sup>35</sup> Ibid.

<sup>36</sup> Approximately 90% of the figure projected in June report.

### Explanation

Two important elements should be taken into consideration vis-a-vis these revised projections and those which I generated in June 1989:

1. We now have a minimum of four to six months worth of actual financial data with which to work. This greatly enhances one's ability to perceive trends and to generate reasonably credible projections.
2. There has been an amazing reformation within the actual accounting system. The figures are now based upon actual receipts and payments. There is information available on all sales activities within each area, and significant efforts has been expended in making the AVANCE administration responsive and efficient. Again, one cannot minimize the extraordinary efforts of Idania de Bravo and her team.

### Revised Projections FYE 1989

#### Sani-Radio

#### (Profit & Loss Statement)

(Lps.)

#### Income:

Sale of advertising	6,000.00
Other	0.00
Total:	<u>6,000.00</u>

(Cont.)

Expenses:

Variable costs		183,000.00 <sup>37</sup>
AVANCE admin.	60,240.00 <sup>38</sup>	
Salary increase	6,347.00	
Total:	<u>249,587.00</u>	
Gross revenue:	<u>(243,587.00)</u>	

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<sup>37</sup> The costs have shown a consistent and uncontrolled rise. The average for the first 6 months of 1989 has been Lps.15,220, with an upward tendency. We are uncertain at this time if the increase is just a reflection of a change in accounting procedures or not. Even if it is because of improved accounting, the increase will still be attributable to Sani-Radio.

<sup>38</sup> Increased financial data now shows that Sani-Radio is responsible for a **maximum** of 19% of AVANCE's administrative costs. These are due in most part to the remoteness of this operation and the attendant communications and transportations costs.

Revised Projections FYE 1989  
 Impresiones Laser  
 (Profit & Loss Statement)  
 (Lps.)

Income:

All sources	50,000.00 <sup>39</sup>
Total:	<u>50,000.00</u>

Expenses:

Variable costs	69,500.00 <sup>40</sup>
AVANCE admin.	29,500.00 <sup>41</sup>
Total:	<u>99,000.00</u>

Gross revenue	<u>(49,000.00)</u>
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- 1990 -

The following is a restatement of those projections which have changed due to increased financial information and/or significant operational variances. No Significant changes were required on those projections made in June 1989 for El Agricultor or Sani-Radio

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<sup>39</sup> Impresiones Laser's performance has been significantly less than anticipated for two reasons: (1) some of the equipment necessary to be competitive has either not been ordered or has yet to arrive, and (2) there was initially insufficient in-house expertise in the determine earnings accurately. In essence, they were determined by measuring the "gross capacity" of the combined equipment.

<sup>40</sup> We now have the benefit of two more months of operating information. These costs are now running about 15% above those projected in June. Most are attributable to higher costs associated with the start-up of any operation.

<sup>41</sup> They account for 9.2% of AVANCE's total administrative costs. This figure should remain stable, and might even decrease slightly.

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Revised Projections FYE 1990  
SEI  
(Profit & Loss Statement)  
(Lps.)

Income:

Sales (various)	433,300.00
Other	1,200.00
Total:	<u>434,500.00</u>
Variable costs	523,800.00
Expenses	411,250.00
Total:	<u>935,050.00</u>
Gross Income	<u>(500,550.00)</u>

Revised Projections FYE 1990  
SEI  
(Profit & Loss Statement)  
(Lps.)  
- Disclosure of components -

Sales<sup>42</sup>:

Family of #'s (A-1990)	240,000.00
Family of #'s (a-1990)	161,000.00
Family of #'s (B-1990)	32,000.00
Other	1,500.00
Total:	<u>434,500.00</u>

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<sup>42</sup> Suppositions are same as those used in June 1989 calculations with the exception that I have focused SEI's production of the sale of the math packet only, with ESL to follow next year.

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Variable costs:<sup>43</sup>

Production	151,300.00
Direct costs	167,450.00
Indirect costs	51,000.00
AVANCE admin.	123,930.00
Salary increase	30,120.00
Subtotal:	523,800.00

Expenses:

SEI administration	206,000.00
SEI sales	205,250.00 <sup>44</sup>
Subtotal:	411,250.00
Total costs/expense	<u>935,050.00</u>
Gross revenue	<u>(500,550.00)</u>

In restating and revising the 1990 projections certain factors were taken into consideration. Among them were: (1) SEI would abandon the ESL program for the time being, (2) a concentrated effort would be made to produce and market the whole group of Family of #'s, (3) the music cassette would be shelved until further notice, and (4) there would be an emphasis placed upon the preparation of Spanish grammar lesson.

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<sup>43</sup> It has been desirable that a leaner, more productive SEI might be operable after FYE 1989. If achieved, it is feasible that over-all cost could be reduced to approximately 75% of those in 1989. This is probably best achieved through a combination of personnel cuts and/or reassignments, greatly reduced time spent in multiple revisions, and a concentration on the development and sale of only the Family of Numbers and the Spanish language lessons.

<sup>44</sup> It was felt that greater emphasis should be on marketing and sales. Thus we have transferred Lps.50,000 from SEI administration to support a more effective and concentrated marketing effort. I believe this to be in keeping with suggestions put forth by Rose Hughes.

Revised Projections FYE 1990  
Impresiones Laser  
(Profit & Loss Statement)  
(Lps.)

Income:

All sources	200,000.00
Total:	<u>200,000.00</u>

Expenses:

Variable costs	150,000.00
AVANCE admin.	43,028.00
Total:	<u>193,028.00</u>
Gross revenue	<u>6,972.00</u>

- 1991 -

Revised Projections FYE 1991

SEI  
(Profit & Loss Statement)  
(Lps.)

Income:

Sales (various)	433,020.00 <sup>45</sup>
Other	1,500.00
Total:	<u>434,520.00</u>
Variable costs	479,000.00
Expenses	415,000.00
Total:	<u>894,480.00</u>
Gross revenue	<u>(459,480.00)</u>

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<sup>45</sup> It is most difficult to project the sale of a product that has yet to be developed and priced. Therefore, I have conservatively left this figure at the same level as the preceding year. However, with a major emphasis on marketing this goal should be attainable.

Revised Projections FYE 1991  
 SEI  
 (Profit & Loss Statement)  
 (Lps.)  
 - Disclosure of components -

Sales<sup>46</sup>:

Spanish language (A-1991)	401,000.00
Family of #'s (1990)	32,020.00
Other	1,500.00
Total:	<u>434,520.00</u>

Variable costs:

Production	151,300.00
Direct costs	134,000.00
Indirect costs	50,000.00
AVANCE admin.	120,000.00
Salary increase	23,700.00
Subtotal:	479,000.00

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<sup>46</sup> Suppositions are same as those used in June 1989 calculations with the exception that I have focused SEI's production of the sale of the math packet only, with ESL to follow next year.

Expenses:

SEI administration	200,000.00
SEI sales	215,000.00 <sup>47</sup>
Subtotal:	415,000.00
Total costs/expense	<u>894,000.00</u>
Gross revenue	<u>(459,480.00)</u>

In restating and revising the 1991 projections certain factors were taken into consideration. Among them were: (1) SEI belief that they should be able to finish the Spanish language program, (2) a concentrated effort would be made to produce and market the whole group of Spanish language lessons along with follow-up on Family of #'s., and (3) costs would remain relatively stable, i.e., there is little evidence to support a rise in the variable costs.

Revised Projections FYE 1991  
Impresiones Laser  
(Profit & Loss Statement)  
(Lps.)

Income:

All sources	300,000.00 <sup>48</sup>
Total:	<u>300,000.00</u>

Expenses:<sup>49</sup>

Variable costs	120,000.00
AVANCE admin.	45,000.00
Total:	<u>165,000.00</u>
Gross revenue	<u>135,000.00</u>

---

<sup>47</sup> We continue with increased emphasis on marketing and sales.

<sup>48</sup> A 50% increase in sales over the previous year.

<sup>49</sup> The calculation of these figures is as outlines in my work of June 1989.

The following is a restatement of those projections generated in my analysis of June 1989. There was little significant movement, therefore I have merely reproduced those findings here in English. (For the sake of time, I have not translated the corresponding notations but would be glad to do so.)

Revised Projections 1990  
Sani-Radio  
(Lps.)

Sales:

Advertising (a) 12,000.00

Other\* 0.00

Total revenues 12,000.00

Expenses:

Costs (b) 154,053.00

Administration (AVANCE)(c) 54,216.00

Total expenses 208,269.00

Loss: (196,269.00)

=====

\* Donations: Undetermined to date.

Notes:

(a) A 100% increase is anticipated between 1989 and 1990.

(b,c) We estimate a 10% reduction in all costs and expenses if new, internal accounting procedures are initiated.

Projections 1991  
Sani-Radio  
31/12/91  
(Lps.)

Income:

Advertising (a)	18,000.00
Other *	0.00
	-----
Total revenues	<u>18,000.00</u>

Expenses:

Costs (b)	155,000.00
Administration (AVANCE)(c)	<u>55,000.00</u>
Total expenses	<u>210,000.00</u>
Loss	(192,000.00)
	=====

\* Donations: Undetermined to date.

Notes:

(a) A 100% increase is anticipated between 1989 and 1990.

(b,c) We estimate a 10% reduction in all costs and expenses if new, internal accounting procedures are initiated.

Projection 1991  
El Agricultor  
31/12/91  
(Lps.)

Sales:

Newspaper (a)	374,000.00
Advertising (b)	189,000.00
Offset printing (c)	2,925.00
Printing (d)	<u>2,475.00</u>
Total revenues	<u>568,400.00</u>

Expenses:

Production	402,480.00
Operation *	105,840.00
Selling *	180,000.00
Returns *	12,000.00
Administration (AVANCE)*	<u>100,688.00</u>
Total expenses	<u>801,008.00</u>
Loss	(232,608.00)
	=====

Notas

- (a) Son 18,000 ejemplares/semana con un precio de 50 centavos al distribuidor.  
18,000.00 unidades/semana  
52.00 semanas  
936,000.00 ejemplares al año  
.40 precio unitario  
374,400.00 total de ventas (aproxim.)
- (b) Esta cifra representa un incremento de 50% sobre el año pasado, cantidad inferior a lo necesario para cubrir los costos.
- (c,d) Un aumento de un 50% sobre el año anterior
- (e) Se espera una rebaja de un 20% en el precio unitario de venta basado más eficientemente en la producción. Hemos fijado el precio en 0.43 centavos/ejemplar
- \* Aún cuando los controles internos permanezcan iguales, debe tomarse en cuenta factores externos como inflación y de valuación. Aún con un aumento en ventas y publicidad El Agricultor seguirá con pérdidas.

Projections 1990  
El Agricultor  
31/12/90  
(Lps.)

Income:

Newspaper (a)	312,000.00
Advertising (b)	126,000.00
Offset printing (c)	1,950.00
Printing (d)	<u>1,650.00</u>
Total revenues	<u>441,600.00</u>

Expenses:

Production (e)	421,200.00
Operations (f)	105,840.00
Selling costs (g)	180,000.00
Over produciton (h)	12,000.00
Administration (AVANCE)(i)	<u>100,688.00</u>
Total expenses	<u>819,728.00</u>
Loss	(378,128.00)
	=====

Notes:

- (a) Estimamos un aumento de 15% en ventas. Recomendamos a la vez un aumento en el precio al distribuidor de 30 a 40 centavos, asumiendo que el precio de venta al público se incrementa L.0.50. Aún con el aumento de precios y de circulación, El Agricultor seguirá perdiendo dinero.

L. 15,000.00    ejemplares por semana  
   52.00    semanas  
780,000.00    ejemplares en 1990  
   .40    precio unitario de producción de ventas  
L.312,000.00

- (b) Hemos notado una serie de cambios dentro de la administración del periódico, básicamente en el control de gastos, lo que ha originado una disminución del costo unitario. En base a eso, y con el nuevo sistema de contabilidad funcional se estima una reducción del 10% en el costo de operación del año anterior.

L. 117,600 x 10%    = L. 11,760  
117,600 - 11,760 = L.105 840

Resultado final de El Agricultor depende de la capacidad de aumentar la obtención de publicidad. Existe la posibilidad y la necesidad de vender por lo menos 50% más publicidad en 1990. Aún este fuerte aumento, no será suficiente para cubrir las pérdidas proyectadas.

L. 84,000 x 50%    = L. 42,000  
L. 84,000 + 42,000 = L.126,000

- (c,d) El Agricultor ha demostrado ser capaz de incrementar hasta 200% los ingresos por levantamiento de texto y fotomecánico.
- (e) Esta cifra se basa en una disminución de 15% en el costo unitario de venta (precio unitario de venta en 1989: 0.64 centavos)  
L. 64 x 15% = L.10  
L. .64 x .10 = .54
- (f) Son los gastos administrativos del periódico mismo
- (g) Decidimos dejar igual esta cifra en base a que El Agricultor va a poder controlar mejor este gasto. Pero al mismo tiempo, este control no incluye los aspectos económicos que están fuera de su alcance y que son inherentes a la situación socio-económica del país. El hecho de que esta cifra se mantiene estable muestra el esfuerzo continuo de parte de la administración de reducir sus gastos.
- (h) Se espera muy poca existencia. En este caso, solamente L.1,000/mes, aun con el aumento en producción.
- (i) Con el nuevo sistema de contabilidad y una mejor comunicación estimamos una reducción de un 10% en gastos administrativos de parte de AVANCE.

AVANCE MIDTERM EVALUATION

SUPPLEMENT I  
FIELD REPORT

Rose Marie Hughes  
Commercial Media Specialist  
August 24, 1989

O U T L I N E

- I. Scope of work
- II. Methods of evaluation
- III. Overview
  - A. SEI - findings
    - 1. Distribution
    - 2. Production
    - 3. Printing production
    - 4. Direct Marketing and Sales
  - B. El Agricultor - findings
  - C. Sani Radio - findings
  - D. Social Marketing Division
  - E. Editorial AVANCE - findings
    - 1. Impresiones Laser

**I. Scope of work**

From the standpoint as a Commercial Media Specialist, my role in the mid-term evaluation of the AVANCE project has been to review the methodology of marketing, sales, distribution and production of educational materials.

The aim of my evaluation has been to determine what AVANCE is currently doing, if at all, to achieve self sufficiency in each division and what can be done throughout the remainder of the PACD to approximate that goal.

## II. Methods of evaluation

The findings upon which I will base my conclusions and recommendations were drawn from the following sources:

1. Meetings with the administration of AVANCE, marketing technical assistance personnel, division managers (except for Sani Radio) and individuals in production, sales and distribution.
2. Visits and discussions with a school director and teachers from two schools in the Cortes district.
3. Interviews with other development and assistance institutions (FUNADEH, ODEF, Horizontes) and the Chambers of Commerce, both in San Pedro Sula and Tegucigalpa. These institutions are potential advertising clients of El Agricultor.
4. Informal discussions with individuals acquainted with AVANCE's program (and politics).
5. AID officials in Tegucigalpa
6. A review of project documents, and
7. An inspection of financial statements, unit/cost analyses, production and operating expenses and any other related financial information.

## III. Overview

This project has, in my opinion a fundamental conflict of interest: The selling a social service. The individuals who have been selected to manage, produce and distribute the educational services and products for AVANCE, in this case have largely been educators. They have perceived their role as such and openly admit to lacking knowledge, experience or in some cases an interest in sales. Yet, self sufficiency, which requires a rigorous business discipline is a major prerequisite for the success of this project.

So, it is no surprise that there have been some resentments, and to quote Dick Martin, former HRD Project Director "hostile" attitudes towards AID, when they were informed of the seriousness that AVANCE attain self sufficiency. It took a deferred schedule disbursement in the Fall of 1988 to make that point clear to all.

Up until that time, the thrust had been to produce educational programs. Since that time, because of the new challenge for autonomy, every division, except perhaps Sani Radio, has made an "effort" to step up sales. This came at a time when the Social

Marketing Division was disbanded and each separate division took on the responsibility of marketing and sales.

Unfortunately, this role of selling and distributing has been put in the hands of people who would rather be developing new products, or dreaming up marketing campaigns without providing the necessary follow through. Project documents have been written over the course of this project that have specified these problems, yet they continue to exist. As if following suit, illustrative marketing plans have been submitted but have suffered the lack of consistent and effective implementation. Not having business minded implementors of these marketing plans has been the strongest deterrent to success.

Self sufficiency is only attainable if for the remainder of the PACD, there is actual progress made to hire bottom-line motivated and organized sales people and at the same time, focus each division on the production, sales and distribution of one solid product, before going on to the next.

The following is a breakdown of each division. I have presented the findings first, followed by conclusions and recommendations. Their order represents their respective priority based upon my criteria.

#### **A. SEI - Interactive Radio**

##### 1. DISTRIBUTION FINDINGS

1. The availability of the educational materials (student workbooks) which are to accompany the radio broadcast have been in some cases inconsistently distributed. In one school, teachers had received materials for first grade in the first year, but many did not receive package B for repeating the first grade during the second year.

They insisted that these workbooks were an essential part of the learning process. The teachers we discussed this with were frustrated by several attempts to obtain these materials. The director of the school sent written requests to the offices of SEI to get a second year supply. It seems that the supervisor in charge of distribution for their school district was not available and the SEI offices were unresponsive. They indicated that they had even gone to the extent of contacting the offices of El Agricultor for first grade workbooks but received no assistance.

SEI had indicated they had held up a supply of materials to school districts due to unavailability of radios but in this case there was no need for radios thus no apparent reason for them not sending materials.

SEI admitted to having to eliminate service to the district of Cortes because of difficulties with a department head, affecting the participation of twelve schools.

2. Teachers we talked to said that the supervisor in their school district was not reliable and even "lazy" in their role as a distributor of materials.

3. The school district of Francisco Morazan is the only school district which has evaluators visiting the same classrooms once every other week. There are forty schools in this district and at present four evaluators make daily visits during the broadcast hours, interacting with twenty classrooms weekly. Yet, based on 1989's actual sales, this school district participated least in generating new sales or in follow up sales.

### CONCLUSIONS AND RECOMMENDATIONS

1. If SEI appears to its participating school districts to be inconsistent and unreliable for materials distribution, schools will abandon their active participation.

Place a customer service individual in Sales/Distribution whose fundamental responsibility it is to have an ongoing assessment and relationship with the supervisors and their teachers to determine material needs. (SEE ORGANIZATIONAL CHART)

2. There is no incentive financially or otherwise for supervisors to stay on top of the teachers further participation after the initial purchase of the first package A.

Put in a small incentive for sales of package B so that supervisors are encouraged to follow up.

3. Based on discussions with the current marketing/sales/distribution individual, the fact of so few sales was attributed to the lack of motivation by supervisors and teachers alike. The fact that this one person is expected to generate new sales, motivate participating supervisors, distribute materials on a national scale and assess ongoing needs demonstrates part of the inability that SEI has had in producing a profit.

A person whose main responsibility it is to communicate and motivate the supervisors and teachers would assist in building a stronger desire in the school districts to participate.

### 2. PRODUCTION FINDINGS

1. Without having the first, second and third year math program finished, SEI is revising and developing secondary products such as: Cancionero Escolar and English as a Second Language. A

marketing study was conducted to see if the English program was a perceived need by the public, however it was concluded that the report was "poor". SEI decided to commence the program development regardless of insufficient data.

2. Emphasis is being placed on educational content development as opposed to the sales/marketing/distribution.

3. Staff is composed of educational curriculum specialists who are making the marketing decisions, if any are made.

4. Production in curriculum development is over-staffed, with as many as six individuals involved in the design of a two-minute segment. Theoretically, the idea of curriculum specialists is to create a running theme throughout the different math maneuvers. For example, one scriptwriter specializes in addition, through mental math exercises. Another scriptwriter specializes in subtraction, with different exercises. Based on a discussion with the Technical Assistant, this is supposed to offer continuity.

5. There are four evaluators at the present time who are generating revision work before the program is completed. Additional evaluators were added to the staff initially before there was substantial evidence to indicate that they would be necessary. The reason given was to "increase the quality".

6. Forty-four lessons of English as a Second Language were produced in a three month period by two persons. This involved rewriting, editing and producing. During the same period, eight persons were responsible for writing, editing, producing and evaluating ten math lessons. The difference was the creative methodology and evaluation necessary to produce an innovative mental math program.

7. The Spanish grammar program which was in the original project paper has not been started at this time.

#### CONCLUSIONS AND RECOMMENDATIONS

1. In order for SEI to further self sufficiency, from a business standpoint, it would be more productive at this time to focus all efforts on the development and production of the math program. This would give the Sales and Distribution staff something concrete and more substantial to sell.

**Temporarily postpone any other product development other than the math program. Limit revisions and evaluations to a weekly function. Conduct a serious market research into the need for the English program before continuing with further development.**

2. Self sufficiency will rest upon the major shift of emphasis from production to sales.

Create a commissioned sales promoter position as well as a shipping/distribution/warehouse team of two persons whose responsibility it would be to create new accounts and service ongoing ones. The shipping department would eventually assume responsibility for ordering printing needs with appropriate administrative approval.

3. At the present time the philosophy at SEI appears to reflect the idea of "Produce then sell." Too many businesses have failed with this philosophy in a competitive market. Competition in this case refers to convincing the public to sacrifice basic human needs for education.

Establish a new mission for the division of "Sell and then produce". Putting in a business-financial administrator whose responsibility is to manage the Sales/Distribution Department.

4. The production staff is creating extra work by proposing further evaluations and revisions. If this activity assisted in selling the product at this time, it could be justified. But this activity cannot carry precedence over self sufficiency, if indeed that is the goal.

Focus the production activity into a concentrated effort to produce the math program only. Maintain one or two motivated curriculum designer/script writers who obtain support from the director and ongoing direction from the evaluators. Limit evaluations and revisions to two people, done on a weekly basis. At the completion of the math program, a review would be necessary to evaluate the need for expanding the production team.

5. If the primary goal at this time is self-sufficiency, then producing a finished product is more important than evaluating the quality.

Assign evaluation of the math program to two motivated individuals. They would make a couple field trips to the school districts every week, interact with the newly appointed "Coordinator of Supervisors" to gather information based on supervisor's needs, listen to the daily math program broadcast and indicate revisions to the program in production.

6. Given that there is additional work of script writing in the math program, there still seems to be too many production staff specializing in a fairly simple product of first and second grade math. If two people can outperform eight people by four times, surely this scaled back, math only product development can be handled with fewer staff.

Restructure the production staff to four individuals, with direct assistance from the director of SEI (an educational specialist).

7. Since the Spanish grammar program was initially part of the project paper, it would seem that it would have precedence over other secondary products, such as the English as a Second Language. It would do nothing to enhance self-sufficiency at this time to begin the development of the Spanish grammar program.

**For the time being, postpone the Spanish grammar program until self-sufficiency has been approximated.**

### 3. PRINTING PRODUCTION FINDINGS

1. Printed materials are not being designed so that Impresiones Laser can do all of SEI's printing. The sub-contracting of printing on the outside has caused missed deadlines. The administration has also been part of the red-tape in requesting several bids.

2. Printing quantities for student's workbooks and teacher's guides were estimated at twice the actual number of sales.

### CONCLUSIONS AND RECOMMENDATIONS

1. The demand of SEI for producing four-color process covers for the student's workbooks and the teacher's guides has limited the possibility of Impresiones Laser doing the printing. If self sufficiency is the goal of AVANCE, the more work that is done in-house would support meeting deadlines, keeping costs down and using existing overhead more profitably.

Modify designs of the printed materials to accommodate Impresiones Laser's capabilities.

2. There are projections of materials needed that are far off the actual number of sales. This results in an aging inventory and the burden is placed on a unit cost/package at a time when sales are low.

**Base quantities of all printing needs on what realistic figures indicate from past months plus a small margin for predicted sales (15% - 20%).**

### 4. DIRECT MARKETING AND SALES FINDINGS

1. When SEI began the promotion of the Interactive Radio Math Program there was a multiple media campaign which had a positive result in increasing public awareness. Since then, a similar campaign has not been produced.

2. There has been an effort to sell both the math and the English program to other countries. To date, no actual remuneration has been received.

### CONCLUSIONS AND RECOMMENDATIONS

1. One public awareness campaign is not sufficient to maximize national penetration.

Use the extra six minutes in each broadcast which was intended for advertisers, to promote the "Familia de los Numeros" minimally to give information to listeners on how to participate.

2. There are many aspects to an international exchange of the math program, one of which is the continuous revisions the program is undergoing. This cost is a difficult one to determine and until the program is revised, it would be unwise to put on a fixed price.

Before spending important managerial time, traveling to other countries and coming back with promises but no payment, focus for the time being on the complete saturation of the domestic market.

### B. EL AGRICULTOR

#### FINDINGS

1. The greater portion of readers of El Agricultor are students and their teachers, not the neo-literate rural adult originally envisioned by the project.

2. Recently El Agricultor has been implementing marketing techniques to enhance readership by:

- adding color to the back page
- strengthening the sports section

3. Advertisers are hesitant to buy ad space since they perceive this paper's audience as a non-consuming public. The name of "El Agricultor" has been the reason for this perception.

4. The division manager, technical assistant and editor of the newspaper are suggesting a sister publication "La Semana", in addition to "El Agricultor" which would serve a broad audience and consequently a broader base of advertisers.

5. The pre-production of the newspaper has a PageMaker computer, capable of full-page makeup. The operator has been to a training session in order to learn to operate this time-saving function. However, this sophisticated equipment is currently being used to

set columns of type, which then have to be pasted into place by the production staff. Reasons were given that the editorial content was unevenly submitted thus a full page could not be completed all at once. A separate reason was given that the printer was too slow. These considerations can be overcome with familiarity with the machinery.

### CONCLUSION AND RECOMMENDATIONS

1. The aim of this newspaper is split between two markets. The students are responding but because of the project's original focus in reaching the neo-literate rural adult, AVANCE has been limited in responding to the stronger but unintended market.

**Focus on the market segment which has the natural readership. Reconsider if the neo-literate rural adult is really a responsive market.**

2. These changes have improved the look of the paper and has been a move to satisfy the student readership. This is a small effort which still does not begin to confront the more fundamental problem: to focus on one market.

**Rename the newspaper and aim the content at students.**

3. Increased advertising is the only way for this educational newspaper to reach self-sufficiency. Advertisers will buy space to sell to the youth, tomorrow's consumers. For example, youth oriented advertising can include: fast food chains, clothing stores, Ray O Vac batteries, records and tapes, printing and copying for school projects.

**Design a name-change campaign, perhaps tying in the agricultural theme; "the seeds of today are the harvest of tomorrow". Have a contest and let the students name the newspaper. Keep the content educational as it is now but boost youth themes by offering: local school news with photographs of students, math and writing contests, a section for sending messages to other students, that the students can pay for.**

4. The development of another separate publication would pose even greater problems of marketing and distribution than they now have.

1. It would shift editorial content far beyond an educational format and would probably necessitate hiring separate editors who specialize in that sort of journalism.

2. It would then compete with other newspaper. (The fact that it would be a weekly newspaper gives it no real marketing edge to speak of. Although the running time

for ads would be longer, the news, supposedly the reason for buying the paper, would be dated.)

3. It would risk losing the commitment for continued production of the educational newspaper as it stands.

**If AVANCE chooses to add another publication, it would be more appropriate for it to be funded without AID assistance. Meanwhile, focus on the marketing and distribution of one paper before taking such a big step as creating another newspaper.**

5. This is a misuse of this equipment and a misuse of the operator and the paste-up artist's time. If efficiency is a goal, then it would serve the production staff to use these PageMaker capabilities.

If this were well managed, the operator could provide outside services during the three days not dedicated to the newspaper's production. For example, offering to advertisers full camera-ready art for their ads to be run in the newspaper. This service has proven to be an effective tool for getting hesitant advertisers to place ads since they are relieved of the burden of production.

Management should insist that use of this equipment be mastered.

### C. Sani Radio

#### FINDINGS

1. Sani Radio provides a public service for the Mosquitia region whose inhabitants have too limited resources feasibly to support radio station expenses. The potential advertisers are severely limited as many local stores carry only one brand of a particular product. Furthermore, Mosquitia locals rarely make excursions outside of their villages according to polls taken last year.

### CONCLUSIONS AND RECOMMENDATIONS

1. After reviewing the thorough study done on Sani Radio in January of 1988 by Dr. Bonnie Brownlee, I have concluded that this public service will require ongoing funding.

**That AID offer this established and well liked public service to a non-profit and/or charitable organization for further endowments.**

### D. Social Marketing Division

#### FINDINGS

1. This division was formally disbanded in 1988. I was given the explanation that it was perceived by management as a force that

"wanted to take over the company". This is not an unusual perception for educators to have a sales force driven to produce a profit. For example, the notion of sacrificing any educational product quality to further advertising promotion or to simply get the product ready to sell, would normally give educators apoplexy.

Given that this was probably a contributing factor, the social marketing division was then broken into conquerable parts and the staff dispersed to fend for themselves in each divisional unit. The results have been obvious. There is no coherent marketing mission in existence within AVANCE. Each division is scurrying about nervously to produce a profit, unfortunately with limited results.

#### CONCLUSIONS AND RECOMMENDATIONS

1. If AID wants each division to operate independently of AVANCE, then capable, separate division marketing personnel would reinforce that goal. If a coherent vision of sustaining AVANCE as an encompassing administrative force is the goal, then I would contend that a marketing division within the administration of AVANCE would be more effective.

Keep the current division marketing/sales personnel but hire a marketing specialist to lead a unified campaign and to be responsible for its continual implementation.

#### EDITORIAL AVANCE/IMPRESIONES LASER

##### EDITORIAL AVANCE FINDINGS

1. The development of an Editorial and Print Media Service has undergone much scrutiny and has been on hold pending AID approval. The projected activities were to include development of photonovels, serials, almanacs, history comic books, etc.

2. The managing staff of El Agricultor, some of the board of directors and the technical advisors have been in favor of proceeding with the idea. Their perception is that it is essential to have this facility in order to produce a profit, given their current situation.

#### CONCLUSION AND RECOMMENDATIONS

1. One of the main problems has been the lack of successfully targeted marketing of the products they have been attempting to sell. Adding more publications, each with its own particular market segment would only serve to diminish any current marketing and distribution efforts.

**Start small with the successful marketing, sales and production of Impresiones Laser, until it is showing a consistence income. Train all employees to maximize their knowledge and experience on the equipment they now own. Develope procedures and standards for advertising and sales. Once that has been accomplished, either clone the operation in San Pedro Sula or expand the existing Impresiones Laser by upgrading the equipment to handle more sophisticated printing.**

2. It is true that a well managed, successfully marketed, quality publishing operation has the possibility of producing a substantial income over a period of time. Most printers in the U.S. run night shifts and weekends to pay for the enormous sums needed to purchase and maintain this equipment.

Not only does a publishing company require presses, but in order to be competitive with any market, it would be necessary also to purchase: folders, stitching equipment, bindery equipment, paper cutters, etc.

In terms of the facility, it would need to be a warehouse type structure capable of being fully air-conditioned (to keep the paper at the necessary humidity levels), and large enough to store the skids of paper which need to be transported indoors with forklifts.

Any small publishing company generally operates at a loss for few years because of these initial outlays.

**Learn the hard lessons on a small scale. Once the clients are being turned away for lack of adequate machinery, then justify the cost by investing where there is an immediate need.**

#### IMPRESIONES LASER FINDING

1. Impresiones Laser is making progress in acquiring new clients by running ads in the local newspaper.

2. They are not currently doing all of AVANCE's printing, especially those materials needed by the SEI division. The reason given was that they could not handle four-color printing.

3. They have requested additional equipment which would allow them to fold and stitch, necessary to produce brochures, booklets, calendars, etc.

4. Eighty percent of their work is now coming from outside sources. They currently have about eight clients who return for more printing needs.

5. The production artist who handled the PageMaker is constantly making advances in learning the technology. At the present time Impresiones Laser has some technical assistance in planning production.

6. The photocopier is shared with the adjacent administrative offices. There are times when the work of Impresiones Laser is held up because of administrative usage. At present, the copies are not being charged back to Administration.

#### CONCLUSIONS AND RECOMMENDATIONS

1. They could make even greater use of their advertising by soliciting marketing information.

They should track all incoming clients at this early stage, finding out where they heard of Impresiones Laser and if from a newspaper, which one and when. Discounts on quantity copying could be offered as an incentive. Focus printed advertising on quick turn around. This could also serve to be a campaign theme: LaserQuik.

2. Impresiones could take a stronger stand in asserting itself as the in-house printing company.

This could be achieved by circulating memos to different divisions, meeting on a regular basis with those divisions to ascertain their future printing needs and educating those involved with regard to maintaining a two-color design to guarantee quality.

3. These two pieces of equipment are standard for a small print shop and for the amount of investment required, would quickly pay for themselves.

**Purchase a simple folder and saddle stitcher.**

4. If they have indeed acquired eight ongoing clients since March of this year, they are on their way to profitability.

**Continue the great work.**

5. Hiring a technical assistant to demonstrate the functioning of the printing process has probably been a major contributor to the success of the division.

**Schedule regular periods of assistance as the division grows.**

6. The lack of control in accounting for copies made, who makes them and when they are made have been causing unnecessary interruptions.

**Implement a procedure for controlling the administrative needs for copying. Assign someone from the administrative offices, who has permission to photocopy, who records every transaction in a log book and who submits these records to Impresiones Laser on a Weekly basis to be invoiced.**

AVANCE MIDTERM EVALUATION

SUPPLEMENT II  
FIELD REPORT

Dr. Bonnie J. Brownlee  
Educational Media Specialist  
August 23, 1989

**Outline of paper**

- I. Scope of work
- II. Methods
- III. Findings
  - A. SEI
    - 1. Project mandate
    - 2. Findings
  - B. El Agricultor
    - 1. Project mandate
    - 2. Findings
  - C. Sani Radio
    - 1. Project mandate
    - 2. Findings
- IV. Conclusions
  - A. SEI
  - B. El Agricultor
  - C. Sani Radio
- V. Recommendations
  - A. SEI
  - B. El Agricultor
  - C. Sani Radio

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**I. Scope of work**

My section of this report focuses on questions 2 through 4 under section B., Technical Aspects, of the scope of work. Essentially, I am looking at the impact of AVANCE's projects "on education in Honduras." The focus here is the three operating projects: interactive radio (SEI), the newspaper El Agricultor and Sani Radio.

**II. Methods**

The findings presented below are based on information gathered through five methods: review of project documents; interviews with selected project personnel, AID officials, development organization people, teachers and school administrators; observation in schools in San Pedro, Mocoron and Rus Rus; informal content analysis of El Agricultor; and consultation with my colleagues on this project.

As prelude to a discussion of my findings, I need to state several caveats that readers should keep in mind in evaluating my evaluation. **First**, and most important, my scope of work allowed

for only three weeks in-country. That amount of time is adequate for gaining some acquaintance with the projects and the cast of characters. But it is not enough time, by any means, to conduct an independent evaluation of any one element of AVANCE, let alone all three. It's clear from discussions with top AID people that the management and finances of AVANCE are the critical questions for AID at this time. From my perspective (the social science/education perspective), however, making sound financial decisions -- which in this case may well mean drastically cutting or eliminating part of AVANCE -- can only be made based on a good understanding of the quality of the products. A thorough outside evaluation of the projects has not been done.

**Second**, related to the first, is the resulting need to rely heavily on project documents, including previous evaluations. The documents are of varying quality; hence, my remarks may at times suffer from being drawn from less than adequate documentary evidence.

**Third**, in the cases of all three programs -- SEI, E1 Agricultor and Sani Radio -- up-to-date evaluations do not exist.

My report, then, is my best assessment given the material and time available to me.

### III. Findings

#### A. SEI, Interactive Radio

##### 1. Project mandate

Cooperative Agreement 522-02730-A-007128-00 calls for a "national private sector educational radio service" that is interactive in communities and schools in math and language (p. 11). According to the agreement, the project was to create "500 one-half hour" lessons in math and 500 one-half hour lessons in Spanish language (p. 12). Further, "AVANCE will continuously evaluate the radio component throughout the life of the Cooperative Agreement" (p. 13). An undated Primary Education Efficiency Project Paper, 522-0273, says, "The implementation plan is designed to provide **national** coverage of initial first grade broadcasts **from the beginning of the 1987 school year**" (p. 47). Finally, page 6 of an attached document lists, under "objectively verifiable indicators," that SEI will be "**sold and in use in 10,000 classrooms**" nationwide and that the programs will be in math and language areas for grades 1 through 3. (Emphases are mine.)

##### 2. Findings

###### a. What SEI is not

First, SEI is not yet involved in Spanish language lessons.

Apparently (as learned in a conversation with Maricela Turcios), Spanish language is not in the current plan; neither does SEI have people qualified to prepare the programs nor has she been authorized to seek such people.

Second, SEI did not meet its goal of broadcasting the math programs in 1987. The first full-time programs aired in the 1988 school year.

Third, although SEI is indeed being sold in the schools in 16 of Honduras' 18 departments, the organization has fallen far short of reaching the projected 10,000 classrooms (see **C. Distribution** below).

#### **b. What SEI is**

SEI has focused its efforts to date in two areas: math lessons for first and second grade and English lessons (see discussion below).

In the area of math, SEI has created, produced, disseminated and evaluated 155 first grade lessons and 100 second grade lessons. A review of the project documents shows that the math lessons have had an impact on math education in the country, although not throughout the country.

More specifically, here is what the product is:

1. Two instructional packets sold to individual teachers for use in their schools. Packet A contains a radio for use in the class, a teacher's guide, four plastic laminas for instructional use and a child's notebook. Packet B contains the same items, except for the radio.

2. 155 24-minute radio lessons, which have been written and are in the process of being revised. The programs are on cassettes and are played over national radio. In the department of Gracias a Dios, the cassettes are played on Sani Radio (see below for discussion of reception problems in La Mosquitia).

3. The math lessons are said to be coordinated with the Ministry of Education's primary "Curso Regular de Matematica." I have no way of verifying this; I take this from the introduction to the teacher's guide.

4. The program emphasizes "mental math," in contrast with previous radio math programs used in other countries. As such it serves as a complement to the Curso Regular of Honduras.

5. Radio Math is based on a methodology that provides for interaction between the children in the classroom and the radio. The children form a relationship with the characters on the radio and, during the course of any given lesson, talk back to the radio personalities. Each 24-minute lesson is segmented, providing small doses of information separated by songs, games and physical exercises. The method also provides for immediate feedback: The personality on the radio asks a question, the students answer in unison and the personality responds with the correct answer.

### **c. What SEI studies show**

SEI conducts daily in-class evaluations of the radio segments. With four evaluators in schools five days a week in a sample 25 schools in the department of Francisco Morazan, SEI has amassed information for better tailoring the programs to the needs and level of the students. (I did not see the evaluators in the classroom; on this point I am relying on the word of Turcios.)

SEI has also conducted academic evaluations of students, which, it claims, show that students learn better through the radio/textbook program than they do with textbook alone. Though Turcios told us they have a report of the results of the study, what I have seen (J. Friend, "November-December 1988 Trip Report," pp. 8-9) is but a brief description of the result of post-tests of first graders. The study compared the scores at the end of the year of first graders in 1987 who used only standard texts with first graders (apparently in the same schools) in 1988 who used the radio programs and the text (but not the new text). Post-test scores for the non-radio class averaged 34% correct; those of the radio class averaged 52% correct, for an average increase of 18% (Unfortunately, the Friend report doesn't present any information about the sample.) According to Turcios, no academic evaluations have been conducted this year; nor are there studies of second grade (since the program isn't yet complete).

SEI has also conducted a number of "user" surveys. I reviewed six of these: group interviews with teachers (not at all clear how many groups or how many in each group) in December 1988, individual interviews with 133 teachers in four departments in July 1988, interviews with 294 teachers in five departments in December 1988, interviews with 26 teachers in Olancho (date?), interviews with 26 teachers in Valle (date?), interviews with 63 supervisors in five departments in December 1988.

Although the methodology of the studies is not always clear, it seems that SEI has tried to look at all aspects of the program, including delivery of the packets, quality of reception by radio, quality of elements of the radio program, usefulness of the instructional method, student reactions, problems with super-

visors (as regards sales and distribution), concerns about payment for the packets and other issues teachers and supervisors deem relevant.

Without reviewing the findings here, I can say it seems that SEI has genuinely tried to address the issues in its mandate through these individual and group interviews. (Specifically, Component VII of the Educational Media document mandates that Radio Math "will improve primary education" in six ways: 1) present new material; 2) relieve teachers of some of the burden of instruction; 3) increase childrens' "attendance, motivation, attention, interest and participation" (p. 40); 4) improve quality of teachers' performance; 5) provide incidental learning outside school; and 6) "sharpen" impact of other components of primary education.)

How well SEI staff has responded to the many concerns the respondents voice in these surveys is not clear from information we obtained. At the least, however, they have seemingly been open and aggressive in collecting information -- both positive and negative.

Finally, our visits to two schools in San Pedro Sula (one in which the program was in use while we visited), one in Mocoron and one in Rus Rus and our chats with the teachers, one principal in San Pedro and the supervisor in Puerto Lempira reinforced some of the things we had read and opened our eyes to new problems.

First, the children clearly enjoyed and participated in the program at the San Pedro school (Gabriela Mistral, a public girls' school). The two teachers said they found the program useful, found that the radio motivated their students. Our observation in the two classrooms indicated that the level of interest of the teacher probably affects the reception by the students (an observation not new to us). Where the teacher was interested and animated, so too were the students.

Second, we learned of distribution problems, both in San Pedro and in La Mosquitia. Apparently, the second year packets had not come to either place. The reasons are not clear, though we learned later of a dispute between the San Pedro supervisor and the AVANCE people.

Third, there seemed to be no effort by the supervisor in San Pedro to encourage teachers to participate. At the rural school (Marco Aurelio Pinto), the teachers seemed to know little about the program, except that the previous first grade teacher had bought Packet A the year before and had taken the radio with her when she left. We wondered, but did not have time to investigate, how the personalities and interests of supervisors elsewhere in the country might affect distribution and use of the math programs.

**Fourth**, the problems with SEI in La Mosquitia are several. One is that the 176 blue short wave radios that were sold there were termed "juguetes" by several people. They simply weren't of a quality to pick up Sani Radio. (The radios are shortwave because Sani transmits on shortwave; hence the better quality radios sold in the rest of the country would be of no use in La Mosquitia.) Our sense also was there there wasn't a great deal of promotion of the program in the department.

An unanswered question in that department, where the primary language of the majority of people is Miskito, is whether a Spanish language math program is effective at all. Jacinto Molina, the director of Sani Radio, asked for supervision of the program and an evaluation of its effectiveness.

**Fifth**, from the reports and our discussions, it's still unclear the exact nature of the revised Math grade 1 programs. It seems (according to Friend), the first-year programs omitted the last one-third of the first grade curriculum, apparently because the students did not learn as quickly as SEI had planned. Therefore, the plan was to begin the second grade series by picking up the last third of the first grade curriculum. Whether this is what has happened I do not know.

(I bring this up here, because our discussions at SEI left me a bit confused as to the plans to sell Radio Math to other countries, including Costa Rica. I wondered, and still wonder, why an incomplete program would be sold to another country before that program was perfected for the market for which it was intended.)

#### c. Distribution

The mandate called for the selling and use of the math program in 10,000 classrooms nationwide. As Table I shows, the numbers of sales are far below the projection. At the time of our study, a total of 2,275 packets A and B had been sold for the first grade; 930 A and B packets had been sold for second grade. Hence, it has to be concluded that the sales, to date, are far short of the projections.

(See Table I, next page)

#### d. The issue of English language programs

Although SEI has not begun its Spanish language programs, as mandated in the original agreement, it has begun preparation of a program in English. The origin of this idea is not clear from any documents we reviewed, though mention is made of it in "Status Report: Project 522-0273.01, AVANCE," written by Dick Martin, May 31, 1988 (see p. 2). Our discussion with David Edgerton was not

clear on the source of the plan. We did learn that he and another SEI person were revising the program used in Kenya to create another program. The document file contains two reports by Philip Sedlak, dated January and February 1989, which pertain to developing a summative evaluation for the English programs on the Bay Islands.

TABLE I

Ventas totales de "La Familia de los Numeros" A Nivel Nacional en 1989.

Departamento Cuadernos	Primer Grado Paquete Tipo		Segundo Grado Paquete Tipo	
	"A"	"B"	"A"	"B"
Comayagua 492	16	-	-	-
Copan 8,193	56	31	140	81
Choluteca 7,240	164	59	-	-
El Paraiso 12,321	335	64	-	-
Francisco Morazan 9,329	82	1	99	14
Intibuca 4,500	110	29	-	-
Islas de la Bahia 768	20	9	-	-
La Paz 3,383	125	-	-	-
Lempira 7,097	225	6	-	-
Ocotepeque 2,822	144	9	-	-
Olancho 20,042	266	107	266	194
Santa Barbara 10,136	213	129	-	-
Valle 5,417	36	8	99	37

According to the Martin May, 1988 report, "The short-range purpose of the replication [of the Radio Language Arts Project, a three-year English language program for children developed in Kenya is to address Bay Islands District's distinctive, language-based education problems. The long-range purpose is to develop an English language series for distribution on the Honduran mainland to address an expected expanding demand for English instruction in the schools" (p. 2). According to the same report, the programs were to be "piloted" on the Bay Islands during the 1988-1990 school years.

I'm simply noting this information here; I did not have time to pursue the origin of the English programs, but I did not see any reference in project documents except the above-mentioned Martin status report.

## **B. El Agricultor**

### **1. Project mandate**

Page 42 of the Primary Education Efficiency Project Paper 522-0273 (undated) states that El Agricultor should provide "newspaper features and services specifically designed to support the improvement of primary school instruction." Specifically, El Agricultor was to do this through the use of the laminas (the center-fold, four-color instructional art) and through technical articles for teachers the should "reinforce teachers' knowledge of essential subject matter, on the basic learning requirements that will form the basis of the new textbook series and on effective teaching and evaluation techniques."

The "objectively verifiable indicators" (from the undated paged attached to the Project Paper) include: 1) 30 special posters each year for three years for 5,000 classrooms and 2) 30 special "information" pages each year for three years for 5,000 teachers.

Cooperative Agreement 522-0273-A-007128-00 says, "AVANCE will reorient content and format based on research. The Division will gather current information on its readership's response to the publication" (p18).

### **2. Findings**

#### **a. Comments on content**

El Agricultor is a publication without a defined audience. This observation was first made in Lewis Diuguid's 1986 report ("An Evaluation of El Agricultor, April 27, 1986, pp. 4 and 5) and echoed in the findings of Nancy Torrey's May, 1986 evaluation of El Ag. My content analysis of recent issues indicates the same problem. Certainly El Ag contains material geared toward

teachers. Certainly there is information for literate farmers. Certainly there is information for parents. And for children. However, the general content problem, as I see it, is that El Ag has no primary focus. From a review of issues, one might surmise that four independent journalists submitted material that was then organized and printed by an overseer, without regard for tying information together.

El Agricultor is a publication of varied quality. Having had the opportunity to see El Ag sporadically since its inception in 1985, I'm comfortable saying that the presentation and writing quality is much improved from the early days. That improvement, though, is spotty.

The discussion and sample articles that follow are taken from the July 10-16 issue, chosen for illustrative purposes.

**First**, the copy tends to be didactic. Stories are usually presented in lecture form. This is not to say the articles are poorly organized. On the contrary, they tend to be well organized and clearly presented. They simply are not interesting to read. For example, see "Educacion en Poblacion y Paternidad Responsable" (p. 27).

**Second**, the level of the language strikes me as too elevated for the "neo-lectore" intended audience. This includes terms that the editors apparently assume their readers understand. An example is "La Lechuga, un Cultivo Facil de Manejar" (pp. 10-11).

Related to this is what seems to be an assumption that readers have a certain (rather sophisticated) level of knowledge of certain things. For example, the story "Prevenga a sus Hijos ... 'Del Mal del Siglo'" (p. 26) is a story advising parents how to talk to their children about AIDS. The concern is **what** to say and **when** to say it. For children ages 4 to 8, the parent may want to approach the issue one way, whereas older children can be addressed another way. The article assumes 1) that Honduran parents are aware of AIDS, 2) that they deem it an important topic to discuss and 3) that **they** know how it is transmitted. My guess is that these are questionable assumptions.

**Third**, context is often lacking in stories. By context I mean a clear connection between the material presented and the lives of the readers. A good example is "Alerta, Padre de Familia! Los Tatuajes Infantiles Contienen LSD" (p. 18). This short story tells of tattoos that leak LSD into children's arms. But the story has no dateline, no byline and no apparent connection with Honduras at all. Yet, the headline warns parents to beware.

**Fourth**, almost to a story, El Ag articles lack sources. Sources -- live or documentary -- give stories credibility. One

might guess (as Diuguid suggests but editor Lilliam Lopez Carballo denies) that many of the stories are taken nearly verbatim from publicity handouts and other documents prepared by development organizations and others.

**Fifth**, El Ag stories suffer from a lack of human interest. The stories are void of real people, making them difficult to relate to. One example (though almost any story would do), is "ASHONPLAFA: Una Institucion de Servicio a la Familia Hondurena" (p. 14). Here is a story that begs for real people telling their stories. Instead, this nicely organized piece lectures on what the family planning organization is, what its objectives are, etc.

**Sixth**, some stories seem completely unconnected with the intended audience. An example is "Belleza: Solucion Para su Cutis Graso" (p. 26). The recipe column, too, at times seems to include rather non-farmlike recipes, such as Irish coffee and cappucino.

**Seventh**, the art at times seems inappropriate for the publication. The woman with dry skin in "Belleza" doesn't resemble the Honduran women I've seen. The photo illustrations used for the teachers' article on using film in the class ("Empleo de Peliculas en la Ensenanza" (p. 20) appear to be pictures taken in U.S. schools in the 1950s.

**Eighth**, without knowing the teacher audience in Honduras, I hesitate to argue that the teacher material is inappropriate, but I do wonder about the usefulness of an article on reel-to-reel movies.

**Ninth**, less than a handful of the articles have bylines. I know this isn't always a characteristic of Latin newspapers, but I'd suggest that including them not only gives the reporters some pride in their work, but it also gives readers a chance to begin to identify with the weekly writers.

Having said all that, I must add that some of the articles are really well done. They are carefully organized, with a strong lead; they include useful and simple graphics; they include informative sidebars; and they use simple language. An example from the same July 10-19 El Ag is "El Cacao: Grano Para Exportacion" (pp. 6-7). Another good example of writing and providing local context is the "Literarura Hondurena" feature (p. 25).

#### **b. Comments on distribution**

The project mandate called for the paper to be distributed in 5,000 schools. According to the latest sales figures, 60 percent of the copies are being sold to schools. This would mean 3,000 copies. How many schools are actually represented is not clear, but our best guess is that the number falls far short of 5,000.

The undated "Informe Sobre Asesoría Técnica" by Francisco Vasquez says that circulation in schools has fallen since 1985 because some routes had been eliminated because of distribution problems. We saw this to be the case in La Mosquitia in 1987 (see Torrey's Jan. 1988 report on El Agricultor in La Mosquitia) and on this trip. Currently only 50 copies are sent for the entire department of Gracias a Dios (down from 250 to 300 in 1987). Twenty-five are delivered to the Mopawi office for sale and 25 stay at Sani Radio's office for sale. According to Brigida at the Mopawi office, 10 copies are delivered to the Papabis stores throughout the region, another 10 may be sold from the Puerto Lempira office and the rest are returned to Sani Radio. By the look of the 50 or so stacks of orange plastic bags at the Sani office, we estimated that no more than 25 of the 50 copies sent to La Mosquitia are sold each week. Further, the copies apparently are not being taken back to the El Ag office.

On the question of whether El Ag is being used in the schools in conjunction with SEI, the only evidence we have on this is that we saw no copies of the paper or the laminas in either of the two schools in San Pedro or the schools in Mocoron and Rus Rus.

#### c. General comments on research

In my judgment, the great weakness of El Agricultor is a combination of a lack of a defined audience and a lack of audience research. The two are connected, I suspect, in the sense we got that the El Ag management is keen to change its focus from neo-literate farmers and teachers to a more general upscale audience. Instead of learning more about the people they are supposed to be reaching, they seem to be looking elsewhere.

The most complete look at the impact of El Ag is Nancy Torrey's "Evaluation of the Newspaper El Agricultor, Social Research Section," May 1986. This study used multiple methods to look at readership, the interest levels, readability, distribution. She concludes with a summary of findings and a fine set of recommendations. Unfortunately, as best I can tell, Torrey's findings and recommendations have been largely ignored.

The latest "study" is the one that apparently forms the basis of the current "Estrategia de Mercadeo de El Agricultor," 1 de junio, 1989. This study consists of six sets of interviews: 2 conducted in San Pedro Sula, 2 in Nacaome and 1 in Santa Rosa de Copan. Two of the groups were teachers (N = 42), 2 were "potential buyers" (N = 33) and 1 was sellers (N = 8).

Without going into a detailed critique of the sampling methodology, I will say that it was flawed in many ways (as I must also note is recognized by El Ag management). Put simply, to

draw any conclusions from such a non-random sample for use in anything but "getting some idea of what some of the issues are" would be dangerous. But what seems to have happened is that these very reports have been used as the backbone for the description of readers and non-readers that forms the basis for the current marketing plan. It's my judgment that this serious error puts in question much of the resulting marketing plan. One can't accurately project figures for sales and for advertising without a reasonably accurate picture of the intended audience.

#### **d. General comments on staff**

Although I am looking primarily at the content of El Agricultor, I'll also make a few comments on the staffing, which, obviously bears on content.

Currently, El Ag has a chief editor (jefe de redaccion), Lilliam Lopez Carballo, and two full-time reporters. The size has not grown since the Diuguid 1986 report (in which he worries about the small size). I'm certain that at least some of the comments I've made above about the content and writing in El Ag can at least partly be explained by the small size of the staff. To expect two people to cover the range of topics currently addressed in the paper and the range of territory that a national newspaper needs to cover is to expect miracles.

Most newspapers operate on the beat system, in which a given reporter is assigned to cover, say, city hall, or education, or health. With such a system, reporters can specialize, can build a stable of sources and can truly focus their efforts on the key issues of interest in their area of specialty. Over time, coverage can become quite complete because the reporter becomes an expert in his or her field and knows what issues to pursue and what questions need to be asked and answered. From what I can tell, at El Ag the staff has no opportunity for such specializing. Indeed, with so few people, it is somewhat remarkable that the paper is as good as it is.

(I might note in conclusion on this point, I found the 1989 marketing plan on this point a bit odd. The plan calls for four people in the design area but only for two full-time reporters -- no more than they have now.)

#### **C. Sani Radio**

##### **1. Project mandate**

The Cooperative Agreement mandates that Sani Radio will be "operating in Gracias a Dios"; will provide interactive Miskito-Spanish language programs for classrooms; instructional programs for adults in agriculture, health and nutrition; literacy programs for adults; and serve as a distributor of El Agricultor

"and other new popular publications throughout the Mosquitia" (p. 8).

## 2. Findings

### a. What Sani is not

The Spanish-Miskito programs that were begun by Tom Keough several years ago have not been completed. (Tom no longer works at Sani-Radio.) Jacinto Molina, the director of Sani Radio, told us that 75 of the planned 175 programs are taped. Why they don't use those is not clear, except that they seem to feel the need to have the completed program before they air what they have. No plans are under way to complete the program.

To my knowledge, nothing was ever done to address the question of "literacy for adults" programs.

### b. What Sani is

Because we were on the coast for only two and a half days on this trip, what follows is an attempt to reiterate and update information from my May 1988 evaluation of Sani Radio ("Sani Radio Evaluation," Bonnie J. Brownlee, May 1988).

Sani Radio now broadcasts eight hours a day, Monday through Saturday and four hours on Sunday. Hours have changed somewhat and are now 6 a.m. to 10 a.m. and 2 p.m. to 6 p.m. Sunday hours are 2 p.m. to 6 p.m. Broadcasting is in Miskito and Spanish with one program a week in Garifuna. Our 1988 evaluation showed that everyone had heard of Sani Radio and 95 percent of those sampled in six widespread villages listened. By far, Sani was the most popular radio station in the region. People, however, did listen to other stations. From group interviews and signal texts, we learned that signal strength and clarity of Sani was not always good in all areas. Hence, people tuned into other stations. They also listened to other stations because Sani was not on the air all day.

Undoubtedly, the great strength of Sani Radio is its use as a two-way communication tool -- a telephone, really -- for the people in La Mosquitia. Our 1988 survey found that 417 letters came to the station during the week of the study, representing individuals in 33 communities sending messages to individuals in 127 communities, including places in Nicaragua and towns in Honduras outside Gracias a Dios. That service continues. Jacinto told us they receive more than 1,200 letters a week. Another study would have to confirm this.

The station also serves as an instrument for various religious organizations to hold services and information programs on the air on Sundays.

In 1988, Sani was in the process of creating a series of 10 audionovela-type programs to address the issue of the bends, which is a major health problem of young men who dive for lobsters in the sea. That program has been finished and aired. As far as I know, no one has attempted to study the effectiveness of the program.

Further, in 1988 Sani was running the popular Kisi Nani program, a program of Miskito folk tales created by one of the Sani staff, Natan. Sani also provided news: In 1988 they rebroadcast a morning Voice of America international news program they taped early in the morning and ran a half-hour national and local newscast prepared and delivered by the director. The VOA program has been dropped, but Molina continues with a 45-minute news and commentary program each afternoon.

In short, Sani Radio continues to air seven days a week on the tropical band (4755) with a mix of programs that is heavy on entertainment and local information and light on educational content. Neither are there Miskito-Spanish programs nor adult literacy programs. Because of funding cuts, the staff has been reduced; one result is that no new educational programs have been produced. Apparently some of the local organizations are using the radio to transmit notices in the region. We do not, however, have a good grasp of how much of this occurs or by which organizations.

### c. Problems Sani faces

The key problem Sani faces is the same problem it has always faced, that of funding. It's clear that the local economy cannot support the cost of the station. Efforts to sell advertising have not been successful. (The only ad we heard during two hours of listening was one for SAMI, the regional airline.) The station now collects 50 centavos for certain messages it sends, but the net is only a few hundred lempira a week.

The funding cut last year meant that more than half the staff of Sani was let go. As a result, all the in-house educational programming has stopped. The two locutores spend most of their time on the air and now never get beyond the bounds of Puerto Lempira to collect news.

Our time on the coast didn't allow for a thorough look at the local support for the station, but my observation is that Sani staff does not get much in the way of ideas from the community. (We will get a better sense of this with the

establishment the new board, as mandated by the Inter-American Foundation grant. See below.)

Finally, Sani, like any radio station, has equipment needs that must to be tended to. Ing. Gomez, from San Pedro Sula, has been on contract since Sani's inception to come once a month for a check of equipment. He is also on call for emergencies. As we learned on this trip, an emergency means that the radio may be off the air for two days or more while Gomez makes flight connections to come to La Mosquitia. Gomez also spoke of problems he sees in the equipment, apparently not chosen for its suitability to salty coastal air.

#### **d. The future**

AVANCE and the Inter-American Foundation signed a grant in May 1989. The grant provides \$68,000 for one year. The terms include three mandates: 1) to add AM transmission capacity to that of shortwave, 2) the creation of a regional advisory board to oversee the station (members include representatives of the indigenous groups and development groups) and 3) the creation of 52 agricultural programs. Each will be 15 minutes in Spanish and 15 minutes in Miskito, and will be written and produced with the help of MOPAWI.

While this grant provides a financial shot in the arm for Sani, it also reinforces the reality that once the year is up, Sani will need another dose to stay alive. This issue will be addressed in section V. Recommendations.

### **IV. Conclusions**

#### **A. SEI, Interactive Radio**

Of the three projects reviewed in this report, SEI is certainly the program that shows the most progress toward reaching its mandated goals. With the background of Radio Math in other countries, with the assistance of one of the originators of the original Radio Mathematics in Nicaragua and with a capable staff, SEI has produced a good product that has been improved through continual systematic evaluation.

The problems with the math program have been in the pace of production (at least as measured against the original timetable), the promotion and distribution of accompanying materials and the collection of money from teachers for the packets. As noted in this paper, teachers in both Cortes and Gracias a Dios said they had not received the packets of teaching material this year.

SEI has fallen short of its mandate in terms of production of the Spanish language lessons. To date, no plans have been made to produce those programs. Nor has SEI finished with the second

grade program in math nor begun third grade. It appears they will have to speed up their production program if they are to meet the end-of-project deadline.

Finally, it seems SEI has been sidetracked with the production of the English tapes for the Bay Islands and for export to Belize and with the production of the songs from the math programs to be sold on tapes (see Rose's report on the *cancioneras*). How much work time is being diverted to these activities is not clear. What is clear is that, so far as we can tell from project documents, neither English language nor music tapes are a part of the original grant agreement.

### **B. El Agricultor**

The newspaper El Agricultor has been publishing since March 1985. Since that time the quality of copy and the look of the paper have improved. Unfortunately, with the mandated shift in focus from the agricultural sector to include teachers and primary students, the paper has become a product without a clearly defined audience. There's something for almost everyone, but those "somethings" come at the expense of something substantial (and probably salable) for someone.

The copy quality is spotty. Some is quite good; much is not, for a variety of reasons mentioned above. Distribution to the rural areas has been curtailed for reasons of expense. The figures detailing how many copies are sold to specific audiences are not available; hence, it's impossible to tell how close to reaching the 5,000 teacher goal El Ag has come. Indications are that the paper is probably not reaching more than one-fifth of that number. Finally, the aim that primary school children read the paper is unlikely ever to be met, given the level of language used in the stories. Again, no figures are available concerning precisely who is reading El Ag.

Probably the gravest problem at the paper, in my view, is the combined issue of a lack of defined audience and a lack of research on who that audience is, what they want to read and a host of affiliated questions. Since the 1986 Torrey survey, no systematic look at the audience has been conducted. This would be significant under any circumstances; it's particularly significant given the changes in management at the paper this year and the plans to change the focus to reach an expanded -- and different -- audience.

Talk we heard of 1) changing the name of the paper (to Semana) and the focus (to a more urban better-educated population) and 2) expanding the paper to be a pan-Central American general-interest weekly seemed out of place, given both the original mandate of El Agricultor and the lack of knowledge about the current audience.

### **C. Sani Radio**

Sani Radio has been operating from its base in Puerto Lempira since August 1986. Since Sani became a part of the management of AVANCE in 1988, it has continued to be plagued with financial problems. Even at full staff, Sani was not able to produce the kind of educational programming it was asked to produce (Spanish/Miskito; adult literacy; non-formal educational programs for adults in nutrition, agriculture and health). Now, however, with the 1988 budget cut and the skeleton staff, Sani cannot hope to fulfill its original educational goals. There are no reporters to gather information from villages; there are no specialists to prepare quality programs in language.

Still, the radio station serves an important function in the media-poor Mosquitia. Few newspapers of any sort arrive in the department. Likewise, literacy is not widespread. Villages are widely separated by savannah and rivers. Hence, radio, with its capability of reaching many people at one time, can fill an important information function. And Sani Radio does. Villagers use the radio to communicate with family and friends in other villages. They use the radio to send emergency messages, as well. Further, people in the region receive national and local news on the daily newscast prepared and delivered by the director.

Though Sani Radio is enormously popular, problems with its frequency -- the tropical wave band not available on the radios of many people -- have made it not readily available to all. (Data from the 1988 survey indicated that only 36 percent of the population had radios able to capture the signal.)

The signing in May of an Inter-American Foundation grant will give Sani at least another year of financial support. The grant may also help build a local management structure that can help truly institutionalize the station. Further, the grant will change the frequency so that those with AM stations can receive Sani's signal. A new set of educational programs are also mandated in the grant agreement.

The long-term financing problem, however, remains.

### **V. Recommendations**

#### **A. SEI, Interactive Radio**

SEI has a capable staff and is producing a quality product. While recognizing the need to work toward self-sufficiency and thus the urge to create salable products and to sell beyond the border of Honduras, I'm drawn back to the original mandate. It seems to me that SEI should continue to produce the math programs (ever with an eye to more efficient production and evaluation;

see Rose's report) and forget about trying to sell the programs elsewhere. Once grades 1 through 3 are complete, AVANCE should then consider the wisdom of producing the Spanish language tapes.

To me, the notion that they should try to sell the unfinished math programs elsewhere (with a contract that promises 10 percent revisions, a concept not clearly explained to us) is sheer folly. We were told that the reason Honduras had to recreate the original Radio Math program (hence putting them a year behind schedule) was that Hondurans wanted a program that was uniquely theirs. I'm left wondering what makes the AVANCE management assume that such will not be the case in countries where they try to sell the Honduran radio math. To expect the Honduran staff to tailor an unfinished program to but another cultural setting seems, simply, unwise.

None of us is sure where the idea for English language programs originated. Since the Cooperative Agreement makes no mention of it and since so much is left to be done to complete the math and Spanish programs, I recommend that this program be dropped. (I may be speaking from ignorance, I realize. Obviously, I do not know the nature of the long-term consulting contracts of the individuals involved in the English program. My point is merely that full-time SEI people should be spending their time on the project they were set up to do.)

#### **B. El Agricultor**

In terms of content, the folks at El Agricultor need first to take a hard look at what they are trying to be, who they are trying to reach. **A publication without a defined audience is doomed to fail.**

Once that decision is made, they then need to find out some things about that audience. Who are they? What do they now read? What other media do they use? What issues are they interested in? At what level do they read? What sorts of products do they buy? Once a solid audience profile is established, the El Ag staff can then begin to focus its content and, more importantly for its financial future, target potential advertisers.

(Without having had a lot of time to reflect on this, I don't think the agricultural and school audiences are necessarily incompatible. If, for example, the paper were to focus on junior high and high school students and their teachers, the staff could still devote a part of the paper to matters of agriculture. The material could be written in a way that would be useful in the classroom as well as for the neo-literate farmer. [Exactly who these neo-literates are is open to question. No one in our weeks here was able to define who and where these people are. The readership study, however, would answer this lingering question.]

For example, an idea might be to tie a lamina on the agricultural products of the departments in with a series of articles on specific farmers and the products they produce. Interviews with individual farmers and with agricultural specialists could be written into a two-page spread on beans, for instance, that would include a main article that tells about the kinds of beans grown in the region and issues the farmer and the ag experts deem important. Sidebars, which would be useful to both farmers and students, might include such things as a definition of terms used in the articles, a breakdown of nutrient quality of beans and a recipe or two using beans.

The point here really is that the staff has to know its audience, to interact with its audience and to write for that audience or audiences.)

One further suggestion is that no matter what direction El Ag takes, the staff should be encouraged to continue to build ties with the widest possible range of information sources. It's certainly easier to reproduce already printed materials. But a newspaper of quality relies on real sources and fresh information. The only way to obtain that is to get out and interview people. The secondary benefit, of course, is wider acceptance of the paper in the community at large.

El Ag could work to build a regional staff of correspondents who were paid a small fee to produce a given amount of local copy each week. If the focus of the paper turns to the classroom, teachers and/or their students could be enlisted. Several pages could be devoted to "the regions." (See USAToday as an example, albeit a mediocre example, of this concept of gathering news "from around the USA.")

We learned that people do indeed write letters to the editor of El Agricultor. Why those letters don't appear in the paper is not clear. For people to believe a paper is theirs, they need a sense of input. I'd therefore encourage the editor to encourage her readers to write and then to publish those letters.

Finally, the quality of El Ag can only improve with a sufficient and a capable staff. Two reporters and one editor simply are not enough people to produce the kind of paper that El Ag could be.

### C. Sani Radio

It's my view that the need for educational and informational activities is probably greater in La Mosquitia than it is anywhere else in the country. Through my long association with East Coast people in both Nicaragua and Honduras, I have become aware of many of the problems these people face and of some of the resources.

Their great problem derives from their cultural and physical isolation from the power center of the nation. These indigenous people have never been considered particularly important by those with the means to lend assistance. As the rest of the country progresses, life remains much the same on the East Coast.

This lack of genuine interest manifests itself in AVANCE, as well. Without going into what are probably well-known reasons for the lack of support, the fact is that Sani Radio cannot support itself. Nor could AVANCE, with its ongoing financial crisis, support the radio, even if it chose to. Therefore, if the radio station is to remain viable, outside sources of funding need to be found.

I suspect the suggestion of our group will be to separate Sani from AVANCE. I suppose that's the wisest move. Beyond that, I'd suggest that AID make every effort to encourage the new advisory board (as created under the IAF grant) to think about ways to build a foundation to seek continuing support. Our meeting with Wilmer Dagan of Mopawi (see appendix for some literature on Mopawi) encouraged us to think that Mopawi might have some interest in providing support if not taking over the management.

I'm not happy with the idea of outsiders continually scrambling to keep a project afloat. If the people of the region truly want Sani Radio -- and the survey indicates it is important to them -- then I think the next step is to make it clear that the fountain is not endlessly filled. The only way to keep the station alive is for the local people to work together to do what they can to gather resources locally and to seek grants for which they can show output (as they should be able to do by producing the 52 agricultural tapes mandated in the IAF grant and by forming a viable governing board). My suggestion to AID, then, is to help them work toward that end.