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Fourth Annual RTAC-II Report

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EXECUTIVE SUMMARY

This report provides information about the fourth year of activities, calendar year 1990, of the Agency for International Development's Regional Technical Aid Center II (RTAC-II). The project, and the Aguirre International contract, began in September 1986. The contract is scheduled to complete its five year term in September 1991. Thus, eighty-five percent of the contract's life was completed by the end of this reporting period.

The original project goals of providing 500,000 affordable textbooks to university students has been exceeded by over 100%. The goal of providing 1.5 million pamphlets of topical subjects has been exceeded by 200,000 copies. And the goal of providing 14 person/months of training and technical assistance each year has been exceeded in 1990 by over 200%.

According both to external and internal assessments, other equally important but more difficult to quantify goals have been reached or exceeded. These include:

- a stronger private sector publishing industry with over \$6.5 million in sales thus far;
- an infrastructure in USAID Missions, universities, and regional Distribution Centers for managing instructional materials procurement, distribution, and sales;
- improved access to up-to-date U.S. books and technical data;
- a decrease in photocopying of copyrighted materials and the use of non-hemisphere sources;
- support to other USAID projects and access to the region's university community;
- an accessible computerized data base supporting the industry; and
- a replicable model that can be (and has been) expanded for related goals and to other countries.

The original design of RTAC-II ensures that the program will reinforce many of the underlying A.I.D. initiatives, as announced by Administrator Roskens (*Front Lines*, February 1991): (1) The Democracy Initiative -- strengthening democratic institutions; (2) The Partnership for Business and Development Initiative -- engaging private sector participation in sustaining free-market principles and broad-based economic growth; and (3) The Family and Development Initiatives -- using the family as a building block for social and economic development via pamphlets on family

values as a defense against drug use. The project's design also supports the related Strategic Management Plan for the Agency: to do fewer things, to do them well and to develop a corporate management system that emphasizes quality programs and services.

RTAC-II was designed to include a reflow component. The reflow component, written into Memoranda of Understanding (MOUs) between USAID and Distribution Centers, stipulates that the sale price of books to students should be established as the sum of (1) the cost of the book and (2) a 10% to 15% (negotiable) administrative charge. The Distribution Centers may use the proceeds from these administrative "mark-ups" for administrative purposes; however, the proceeds from the sale of books (which are equal to the cost of the books) must be deposited into a "reflow" account. These funds can only be used to purchase new books.

This element of the project fosters institutionalization and sustainability of project activities by ensuring capitalization and cost recovery to the Distribution Centers. The reflow system for reinvesting program funds into the project has increased dramatically during 1990 with almost 93% of the purchases being made with reflow funds. During the first four years of the project, reflow funds have purchased 43% of the over 1 million books sold. In addition, reflow funds soon will be invested in short-term interest bearing accounts with the interest adding to funds available for book purchases.

The RTAC-II project was expanded during the year with the incorporation of two new elements (1) the re-entry of Panama to the program and (2) the addition of a special primary/high-school book program for Nicaragua. Both of these new elements were incorporated very quickly and efficiently into the program due, in large part, to the experience gained over the first four years of operation. Much of the design and implementation plan for inclusion of the new elements was developed by other RTAC-II entities with only modest contractor oversight. The adaptability of the RTAC-II model, as well as its replicability in Nicaragua, was shown by:

- the capacity to add primary and secondary level textbooks to RTAC-II for the first time;
- the ability to adapt textbooks from neighboring countries to Nicaraguan needs, as well as the procurement of books authored in the host country;
- the ability to publish books in an additional language (Miskito);
- the ability to provide 7.5 million textbooks within a nine month period from agreement to distribution; and
- the ability to map the location of each of the over 4,000 primary and secondary schools and provide information about numbers of students, administrators, teachers, and facilities; and to transfer this technology to the Ministry of Education.

The focus of the remaining nine month period of the project is on continued sustainability and a transition to the "post-contract" phase of the project. Over the past 18 months, it has become very clear that RTAC-II is a very worthy project which deserves to become a regional institution. Considerable effort has gone into developing strategies towards ensuring institutionalization and sustainability of the project in the future. RTAC-II presents some unique challenges to institutionalization -- for example, the multinational constituency is atypical for A.I.D. projects -- and substantial effort will have to be expended in developing guidelines for strengthening the project constituents. We will pay special attention to the private enterprise, free market book industry model as an example worthy of emulation.

To successfully carry RTAC-II into the future, it is instructive to review some of the lessons learned over the first four years of the project.

Lessons Learned

Over the past 5 years we have learned many lessons from RTAC-II implementation activities. We expect these lessons to be useful in the further development of RTAC. General areas of lessons learned include the following:

- Accounting systems vary widely in terms of expertise, quality of personnel, and level of automation. To adequately monitor program finances, special attention must be paid to Distribution Center accounting functions (e.g., assess them for strengths and weaknesses, develop training plans to upgrade them, and evaluate progress towards adequacy).
- Distribution Centers are very interested in setting up U.S. dollar interest bearing accounts in the U.S. for their reflow funds to protect them from domestic inflation and devaluation.
- It is extremely important to involve all relevant parties in the development of RTAC-II. The most effective method is to include all players and derives from constant networking of the RTAC-II interested parties. Besides working closely with the first line of project managers, Aguirre International personnel visit and establish personal relationships with all players including: university rectors, university professors, Mission Directors and staff, Distribution Center managers and boards of directors, USAID National Coordinators, local bookstore owners, donor agency executives (e.g., U.S.I.S. staff), etc. Without this personal involvement, RTAC-II would not attain sufficient status to "take off." "Aguirre International took the time and energy to involve everyone from the very beginning: orientation to the purpose, goals, and procedures for the project - and most importantly, to gain their cooperation; this has made it possible to achieve the desired results." RTAC-II Evaluation, Development Associates, Prepared for LAC/DR/EHR, Nov. 1989, p. 64.

It is vital to obtain continuous feedback from these primary players in order to forecast potential problems as well as to take advantage of potential successes.

- The level of professional attainment in the book industry in the region varies greatly. Promoters, Distribution Center staff and managers, and bookstore managers require considerable training to achieve adequate levels of professionalism in such areas as inventory control, purchasing strategies, determination of profit, management and control of books, planning, evaluation, and cost-benefit analysis.
- Local bookstore owners must be briefed on the project and how it works from day one to gain their support. Rumors travel quickly and the project can be misinterpreted. It is important that they hear directly from the RTAC-II staff how the project is to be implemented. Their concerns must be addressed.
- Formal systems of reporting from Distribution Centers are required and essential to establish good business habits and to monitor program activities.
- Agreements between bookstores and Distribution Centers must be formalized as a first step to ensure that complete understanding exists on such matters as margins of profit, etc.
- There is a tendency amongst bookstore owners and Distribution Center managers to want to increase their profit margin on the sale of books. Book margins must be monitored closely to ensure that they are within the acceptable range specified in the MOU and its amendments. We have been able to demonstrate that they can make higher profits with high volume sales at lower margins than by selling fewer books at higher prices.
- Book fairs and visits by authors are very successful methods for publicizing the project and elevating respect for RTAC-II books and the project.
- Efforts towards increased professionalism in the industry and formalization of RTAC-II procedures, timelines, and objectives encourage the institutionalization of the project from the participants' standpoint. These participants are continuously developing good suggestions and presenting accurate insights into improvements which, when implemented, add to RTAC-II's strength.
- To ensure appropriate use of the RTAC-II MIS, care must be taken to instill good habits early in the program for each Distribution Center so they can see the value of proper system maintenance.

- Most of the entities which comprise the RTAC-II family (Distribution Centers, A.I.D./W, Missions, bookstores, publishers, etc.) are not RTAC-II creations. They are institutions in their own right. RTAC-II counterparts in these institutions sometimes lose sight of RTAC-II needs, goals, objectives, and requirements from time to time as they focus on more immediate needs of their own organizations. This fact requires that the project staff monitor RTAC-II activities closely to ensure that program objectives are being met in a timely manner.
- We must provide a continuation and a follow-on to RTAC-II "graduates" (i.e., those graduate students who became familiar with textbooks via the program). We are encouraging Distribution Centers to address the needs of this group of "graduates" by providing them with technical and professional journals and other reading materials.
- To ensure that Distribution Center and university boards of directors and CEOs are informed of program developments, there must be on-going communication.
- Attention must be paid to the accounting requirements of RTAC-II in the field as an initial step in implementation.
- Credit notes (credit from publishers to Distribution Centers for unmet orders) must be applied as soon as possible, including sharing of credit notes among Distribution Centers.
- We must extend the RTAC-II MIS to participating bookstores and publishers to ensure a comprehensive system.
- We must find mechanisms to transfer responsibility for Distribution Center - publisher interaction to the Distribution Center staffs early in program implementation as an important step towards institutionalization.

The above lessons learned are general; however, they provide the basis for development of responsive project activities.

INTRODUCTION

This Fourth Annual Report, covering calendar year 1990, highlights important quantitative and qualitative advances made toward the achievement of project goals. Many original targets were reached and exceeded during the first three years of project activities. Principal objectives during this fourth operational year have been to sustain momentum and to expand the project to ensure that it will survive as a viable method for providing books at reasonable costs to students of the region.

Expansion has occurred in the numbers and subject areas (e.g., the social sciences, including economics, sociology, and anthropology) of books available, the re-entry of Panama into the program in time to order textbooks for the first semester of 1991, the primary and secondary grades textbook component for Nicaragua, and the school mapping and needs assessment in Nicaragua. The institution building process has continued and has been accelerated by:

- continuing Technical Assistance and Training provided to the book industry;
- continuity and dedication of project personnel (in A.I.D./W, USAIDs and participating Distribution Centers);
- the transfer of authority and responsibility (when appropriate) closer to the service delivery points of the system; and
- the maturing of the reflow system to include, in the near future, short-term investment in interest bearing accounts.

Institutionalization has evolved to the stage where operational definitions are required, and these, as well as an Action Plan for further progress, are included in this report. Institutionalization for this project differs from the traditional concept of either "turnkey" or total transfer of functions to host country institutions due to the essential requirement for foreign exchange as the linchpin for acquiring books and negotiating prices. The report includes, therefore, a section on institutionalization that contains sub-sections on infrastructure and reflow accounts.

This report differs slightly from those submitted previously by 1) including a retrospective look at the project's original goals; 2) excluding much of the background information that was considered necessary when the project was new; and 3) focusing upon the next nine months as the RTAC-II contract concludes.

I. GOALS AND OBJECTIVES

A. Goals

The original goal of RTAC-II was to increase the availability and use of U.S. technical books and materials in Spanish at reasonable prices to university students and professionals as well as to provide pamphlets of immediate interest to the general population in Central America and Panama. The original goal was expanded to include Nicaragua for school mapping, the provision of primary and secondary school level textbooks and a feasibility study for the university level.

In addition to the stated goals of the project, RTAC-II supports over-arching A.I.D. goals such as strengthening of democratic institutions, using the family as a building block for development, and involving the private sector in RTAC-II implementation.

The RTAC-II program reinforces the underlying A.I.D. initiatives as announced by Administrator Roskens (*Front Lines*, February 1991): (1) The Democracy Initiative -- strengthening democratic institutions; (2) The Partnership for Business and Development Initiative -- engaging private sector participation in sustaining free-market principles and broad-based economic growth; (3) The Family and Development Initiatives -- using the family as a building block for social and economic development; as well as the related Strategic Management Plan for the Agency to do fewer things, to do them well and to develop a corporate management system that emphasizes quality programs and services. Many sections in the report that follows stress the RTAC-II contribution to the above initiatives.

B. Objectives

The three main objectives of RTAC-II are:

1. co-publishing U.S. textbooks in the Spanish language (when appropriate) and distributing textbooks/technical materials at affordable prices to university students through bookstores (approximately 500,000 books from October 1986 to September 1991);
2. translating and printing of U.S. government and other public domain materials on technical and development topics, and their distribution to grass roots organizations and ministry extension services in each country (approximately 1.5 million pamphlets/booklets over the 1986-91 project period); and
3. providing technical assistance and services to university bookstores and USAID (fourteen person-months of technical assistance and training to be provided each year) as follows:
 - a) providing a book procurement service for Missions and other approved development organizations in the region;

- b) strengthening the infrastructure for publishing/distributing technical materials in Spanish in each country; and
- c) the expanding on-line access to U.S. educational and technical information in each country.

II. IMPLEMENTATION STRATEGY

The project's implementation strategy includes the following key elements:

- A. selection of textbooks and materials based upon demand by professors and students through needs assessments and personal contact marketing techniques;
- B. development of professional standards in the industry for book promotion, sales, and distribution;
- C. book price negotiation based upon volume and aggregate book orders;
- D. foreign exchange of host country currencies through the offices of USAID, thus making book purchases possible without having the program depend upon scarce or rarely available foreign exchange funds in each host country;
- E. development of a book sales and distribution capability within each participating country that can strengthen existing host country infrastructure;
- F. providing Missions with a buy-in vehicle to procure books and other materials for a variety of projects;
- G. providing technical assistance and training in a collegial environment;
- H. systematic institutionalization of the project by transferring or delegating authority, responsibility, and control of resources to host country institutions as fast as is prudently possible, without inhibiting achievement of other project goals;
- I. assurance of modest but fair profit margins for sales outlets that impact positively upon the private sector, as well as providing a viable model for privatization;
- J. design and implementation of a flexible system of pamphlet and booklet production and distribution on technical topics of immediate need and interest, thus filling a vacuum for knowledge that exists because of the time required to translate and publish textbooks;

- K. development of a Management Information System (MIS) that includes a data base for the book industry, Distribution Centers and the eventual RTAC Council; and that produces data needed by decision-makers in A.I.D./W and the field Missions;
- L. implementation of a reflow system, including interest bearing accounts and surcharges that contribute to cost recovery, program sustainability, and sound financial management;
- M. development of a proven, replicable model that A.I.D. can adapt to other regions, nations, or languages; and
- N. publication and distribution of a set of easy to read pamphlets developed to address the needs of Central America and Panama.

III. PROGRAM EXPANSION

The RTAC-II contract was modified to include a number of program expansions for 1990. The most significant modification brought Nicaragua into the program.

A. Nicaragua

Nicaragua was included in the RTAC-II project with four major components:

- the design and implementation of a school mapping activity that assisted with the distribution/tracking of RTAC-II textbooks;
- the selection, printing, publishing, and distribution of primary level textbooks;
- the selection and the initiation of publishing secondary level textbooks; and
- the conducting of a feasibility study for the inclusion of university level textbooks.

A total of \$12.2 million was allocated by the Agency for International Development for the production, purchase and distribution of updated, pedagogically sound, depoliticized textbooks. The initial targets were 3.3 million textbooks for primary schools, 1.3 million secondary school level textbooks, and, having been tested positive, inclusion of the university textbook program with an RTAC-II sales and distribution infrastructure beginning in early 1991.

The contract modifications affecting Nicaragua include the RTAC-II objectives for pamphlets/booklets, training/technical assistance, and institutionalization. Nicaragua's successful and highly efficient inclusion has demonstrated the RTAC-II model's replicability as well as its applicability for primary and secondary school levels, book publication in additional languages

(such as Miskito), supportive corollary services (such as school mapping), and cooperation with host country Ministries. Adapting the model to include full participation and cooperation with the Ministry of Education was accomplished as the first step of that process.

B. Panama

Memoranda of Understanding between two universities and USAID/Panama were completed enabling Panama to place orders for the first semester, 1991. After three years of inactivity, concerted efforts were required to install the Management Information System (MIS), establish infrastructure, and provide technical assistance. This was possible largely because of cooperation from the IGA (*Instituto Guatemalteco-Americano*), the Guatemalan Distribution Center, which was able to send its director to Panama to provide technical assistance. The contributions of IGA greatly enhanced the efficiency of Panama's RTAC-II system redevelopment and expansion. This inter-country cooperation (Panama-Guatemala) is continuing as Panama's program grows and is evidence of the growing institutional strength and viability of the program.

C. South America/Caribbean

AID/Washington completed a feasibility study on expanding the RTAC-II project to other nations in the region. USAIDs have stated in various fora their belief that the model has evolved to the stage where replicability is both possible and desirable, not only for the book component but also for the provision of multiple services.

D. Reflow Fund Investment

The number, fluctuations, and complexity of reflow fund accounts has increased during the four year life of the project. The Distribution Centers deposit receipts from in-country book sales into six reflow accounts where national currencies are converted by A.I.D. to one U.S. dollar suspense account in the USAID/ROCAP for each institution. The resources required to perform this transaction have overloaded the A.I.D. system and the Agency resource cost of managing these funds continues to increase.

Aguirre International, through its office in San Mateo, has established and is managing the reflow funds from participating countries by investing the funds in interest bearing insured accounts in the U.S., reinvesting the earned interest in the accounts, and holding the funds from these accounts in trust as an agent for the participating institutions' book purchases. Transactions are to be reported upon monthly. (Contract Modification Number 14).

IV. ACCOMPLISHMENTS

A. Textbooks

1. University Level (excluding Nicaragua)

The textbook component, after four-fifths of project life, has exceeded its target (500,000) by over 100%, providing over 1 million books in more than twenty technical fields. (These data include orders for the first semester of 1991.) As seen in Figure 1, there has been steady and strong growth despite Panama's non-participation for over two of the four years and El Salvador's late start because of the 1986 earthquake. Ordering cycles for the second semester of '91 will occur before the end of the contract in September 1991. The total number of books purchased during the life of the contract is expected to exceed 1.2 million.

Participation of the five countries by numbers of textbooks ordered remain highly variable. Figure 2 shows total book orders by country over life of project. Booksellers expect that first semester orders typically would exceed second semester orders, and that numbers ordered would consistently increase as more titles are made available. However, no discernible trend occurs except in Guatemala (see the graphs in Figure 3 for individual country book order profiles).

For the period of this report, covering the second semester, 1990 and the first semester of 1991, orders total almost 270,000 textbooks at a value of just under \$2 million. Table 1 shows the number, value, and regional percentage of each country's 1990 purchases. Ordering levels have remained constant, except in El Salvador, despite increasing economic hardships.

TABLE 1

Number, Value, and Regional Share of 1990 Book Orders

Country	Number of Books Ordered	Purchase in U.S. Dollars	Percentage of Regional Order
Costa Rica	53,578	\$389,102	20%
Guatemala	86,470	\$674,868	34%
Honduras	81,183	\$556,968	28%
El Salvador	27,479	\$206,043	11%
Panama	18,907	\$133,599	7%
TOTALS	267,617	\$1,960,580	100%

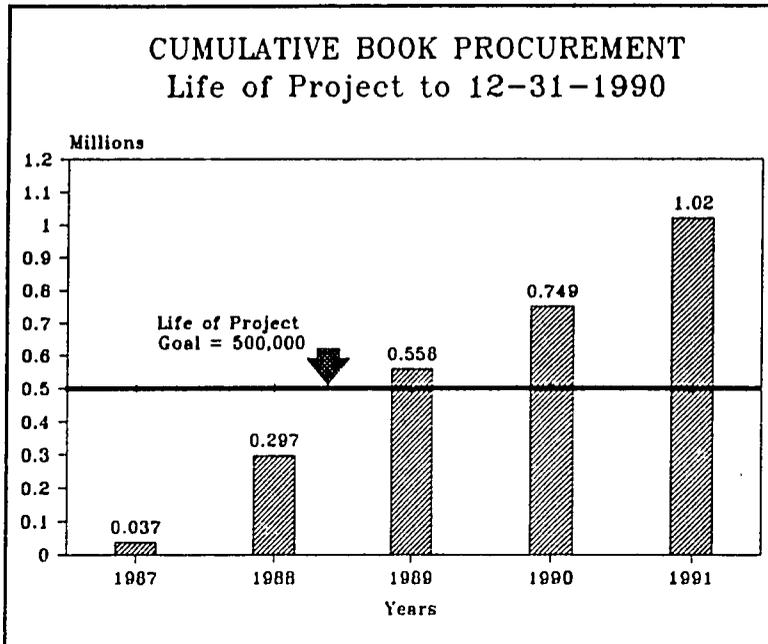


Figure 1 shows that RTAC-II has exceeded its original goals by a factor of 100%.

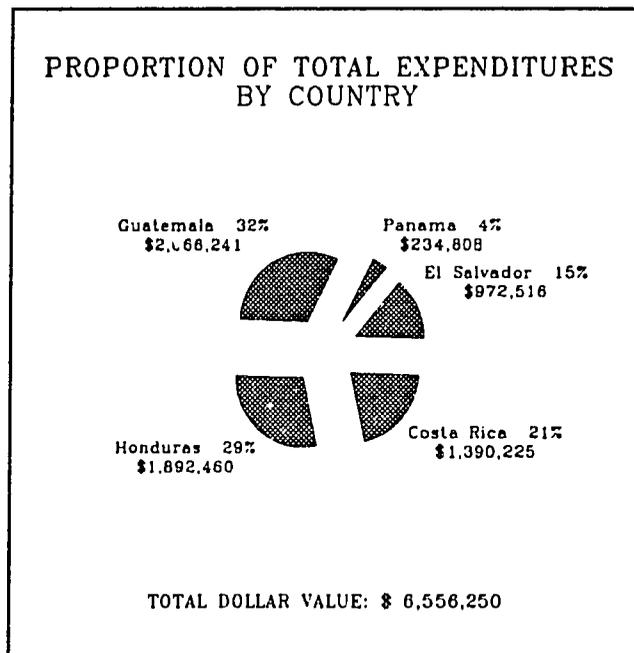


Figure 2 shows total expenditures through 12-31-90 for all countries. Panama was inactive for 2 years. El Salvador began late due to the earthquake.

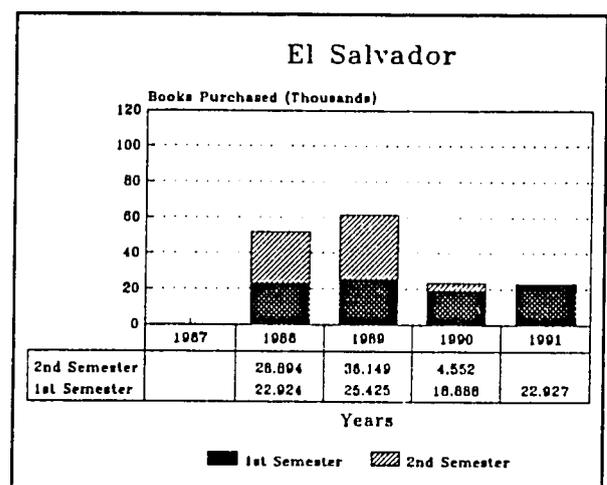
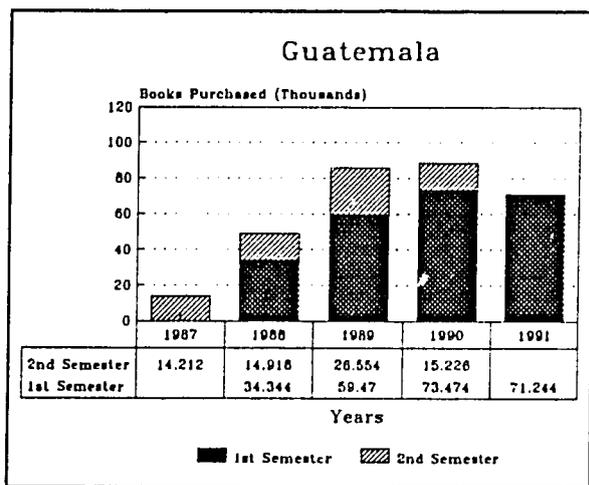
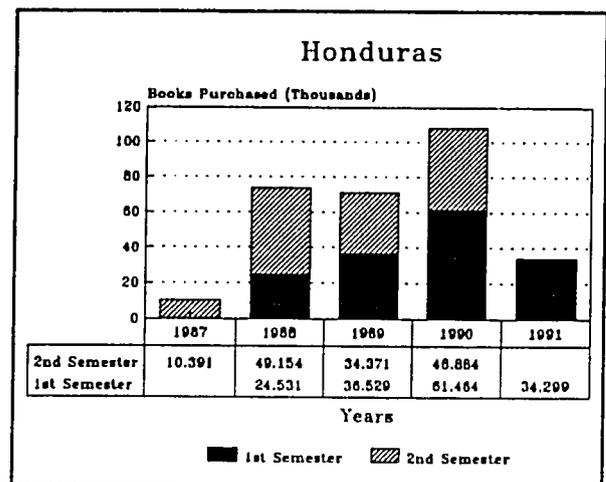
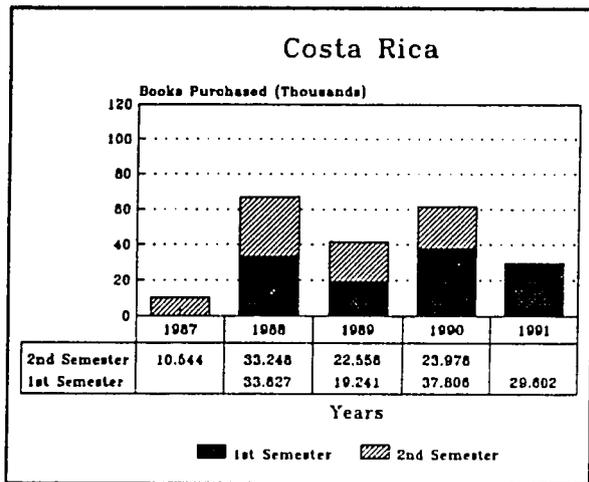
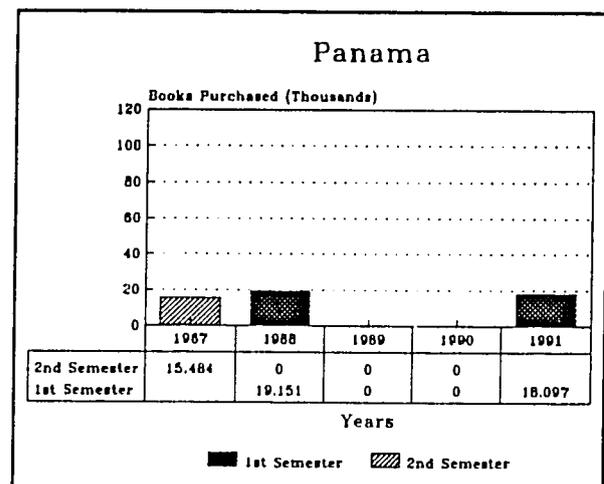


FIGURE 3

Figure 3 shows the total numbers of books purchased by each RTAC-II country over the life of project.

Note that Panama was not actively participating in the program during two years. El Salvador began its participation later than other countries due to an earthquake which prevented program start-up.



2. Program/Reflow Funds Status

Reflow funds used to purchase books through 1990 totalled \$2,823,925, an increase of 270% over 1989. This dramatic increase in the use of reflow versus program funds for purchases can be seen in Figures 4 and 5 and in the related Table 2.

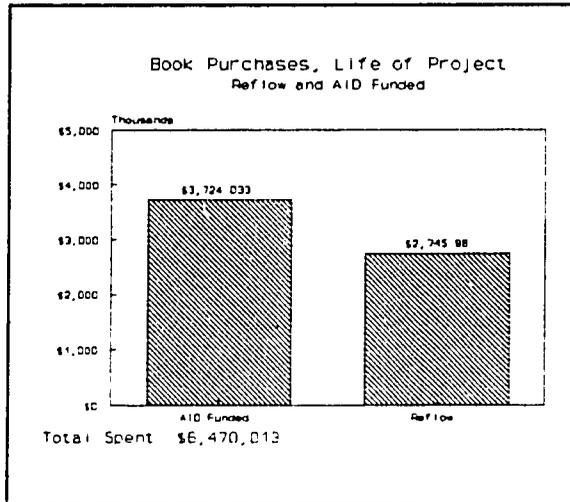


Figure 4 shows that over the life of project, reflow funds have played a very important role in financing project book purchases compared to AID funds.

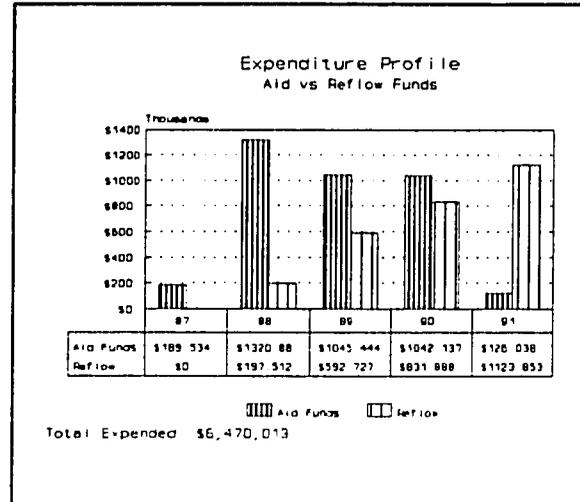


Figure 5 shows that the proportion of book funding which comes from AID has declined significantly for the first orders of 1991.

Cost recovery of program funds thus far is 74%, or, an investment of \$3.7 million of program funds has resulted in over \$6.5 million worth of books purchased. The use of reflow funds substantially reduces the administrative cost per book for the project. The original project budget estimated that the administrative cost per textbook would be \$7. Currently, the administrative cost is at \$3.68.

The Nicaragua primary and secondary textbook component of the project is separate from the overall university textbook program; however, the Nicaragua component is administered under the same budget as the university component. When the Nicaragua primary/secondary textbooks are included in the calculation of overall administrative costs per textbook, the figure is \$0.58 per book.

See Appendix C for an up-to-date (through February 1991) financial statement by country.

Table 2

Reflow and Program Expenditures

Semester	Program	Reflow	Total
2nd 1987	\$189,534	\$0	\$189,534
1st 1988	\$673,163	\$0	\$673,163
2nd 1988	\$647,717	\$197,512	\$845,229
1st 1989	\$453,989	\$447,660	\$901,649
2nd 1989	\$591,455	\$145,067	\$736,521
1st 1990	\$1,037,270	\$195,688	\$1,232,958
2nd 1990	\$4,867	\$636,200	\$641,067
1st 1991	\$126,038	\$1,123,853	\$1,249,891
TOTALS	\$3,724,033	\$2,745,980	\$6,470,013

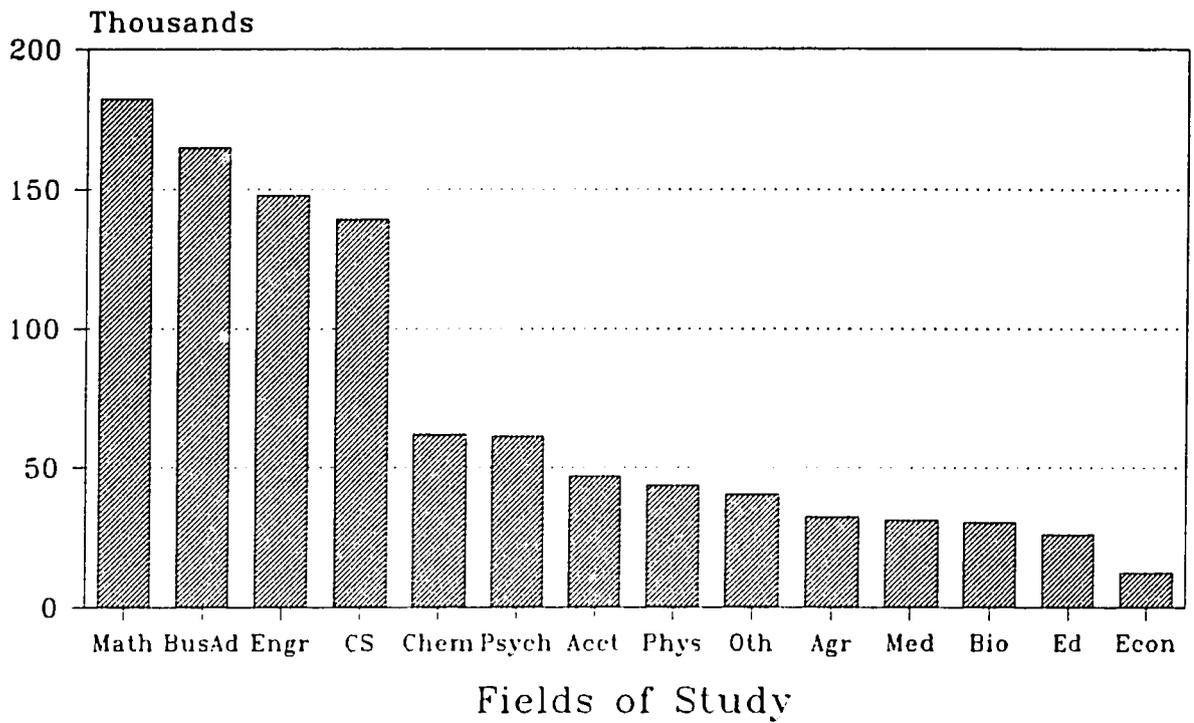
3. Participation

Participation in the program during 1990 continued to increase and eight institutions have Memoranda of Understanding with Missions. These include one in Costa Rica, one in Guatemala, one in El Salvador, three in Honduras and two in Panama. Two additional institutions are expected to participate in 1991: one in Panama and one in Nicaragua. These institutions have written agreements which establish formal regulations with sales outlets that have elected to participate in the program.

A list of the participating universities and Distribution Centers is included in Appendix A. Books by subject area during 1990 indicate a continuing high demand for books in business administration, mathematics, engineering, and computer sciences.

The number of textbooks ordered through 1990 by subject area is shown in Figure 6. The technical field of economics was added in time for ordering for the second semester of 1990, and accounted for about 7% of the entire semester's order. Two additional fields were added: sociology and political science. An increasing demand for texts in computer training has caused publishers to expedite the translation of new U.S. texts in this field. Exhibit 1 lists the 22 fields of study with their sub-fields.

Book Volume by Field of Study Life of Project



Other includes: P. Adm., Dentistry,
Architecture, Pharm, Nutrition,
Veterinary Medicine, Nursing.

Figure 6 indicates that the majority of RTAC-II books were sold in areas which promote private sector development.

Exhibit 1
RTAC-II TEXTBOOK FIELDS OF STUDY

ACCOUNTING

- Administrative
- Auditing
- Finance
- Taxes
- General

AGRONOMY

- Aquaculture
- Aviculture
- Crops
- Livestock
- Pests
- Soil
- General

ARCHITECTURE

- Design
- Engineering
- Structural
- General

BIOLOGY

- Botany
- Cellular
- Ecology
- Genetics
- Microbiology
- Molecular
- Physiology
- Zoology
- General

BUSINESS

ADMINISTRATION

- Administration
- Finance
- Marketing
- Personnel Management
- Small Business
- General

CHEMISTRY

- Analytical
- Inorganic
- Organic
- Physical, General

COMPUTER SCIENCE

- Computer Security
- Hardware
- Languages
- Programming
- Software
- Systems
- General

DENTISTRY

- Diseases/Pathology
- Endodontics
- Orthodontics
- Pedodontics
- Preventive
- Surgery
- General

ECONOMICS

- Agricultural
- Banks and Banking
- Development and Growth
- Information Systems
- International
- Macroeconomics
- Microeconomics
- General

EDUCATION

- Adult Education
- Educational Psychology
- Elementary Education
- Guidance and Counseling
- Higher Education
- Methods of Instruction
- Reading
- School Administration
- Secondary Education
- Special Education
- Vocational Education
- General

ENGINEERING

- Chemical
- Civil
- Electrical
- Electronics
- Industrial
- Mechanical
- Mining
- Nuclear
- General

HISTORY

- Historical Geography
- Latin American History
- Research
- U.S. History
- World History
- General

JOURNALISM

- Editing
- News Gathering
- Print
- Publishing
- Radio
- Television
- General

MATHEMATICS

- Algebra
- Arithmetic
- Calculus
- Geometry
- Philosophy and Theory
- Statistical
- General

MEDICINE

- Anatomy
- Cardiology
- Family Planning
- Gynecology
- Internal
- Pediatric
- Physical Fitness
- Physiology
- Substance Abuse
- Surgery
- General

NURSING

- Administration
- Anatomy
- Geriatric
- Obstetric
- Pediatric
- Physiology
- Psychiatric
- Public Health
- Surgical
- General

NUTRITION

- Dietetics
- Diseases

PHARMACOLOGY

- Chemistry
- Drugs
- Geriatric
- Pediatric
- Toxicology
- General

PHYSICS

- Applied
- Electro-Magnetic
- Hydraulic
- Mechanical
- Nuclear
- General

POLITICAL SCIENCE

- Civil and Political Rights
- Comparative Government
- Elections Systems and Procedures
- Ideologies
- International Relations
- Legislative Process
- Local Government
- Political Process
- Systems of Governments and States
- General

PSYCHOLOGY

- Abnormal and Clinical
- Applied
- Clinical
- Developmental
- Educational
- Environmental
- Industrial
- Philosophy and Theory
- Social
- Testing
- General

PUBLIC

ADMINISTRATION

- Central Governments
- Law
- Local
- Political Ethics
- General

SOCIAL SCIENCES

- Change
- Conflict
- Culture and Institutions
- Public Opinion
- Racial, Ethnic, National Groups
- Social Interaction
- Sociology and Anthropology
- General

VETERINARY SCIENCES

- Husbandry
- Cattle
- Medicine
- Poultry
- General

4. Demand for Books

Demand has risen steadily during the life of the project. The ratio between titles requested and those able to be supplied by publishers also has continued to improve, from just under 70% at the project's beginning to over 94% by the end of 1990. Publishers have responded well to increasing demand by reprinting out of stock books to assure adequate inventory. The RTAC-II MIS facilitates this process by providing to each publisher a demand/supply printout enabling publishers to correlate the demand from students with sales records. Thus, a publisher can easily detect missed sales opportunities. The supply process has been made more difficult by the non-emergence of discernible demand patterns.

5. Average Cost Per Book

Average cost per book over the life of the project is \$6.32, ranging from a high of \$7.56 in the first semester of 1991 to a low of \$5.00 in the first semester of 1988. As shown in Figure 7, the average cost during 1990 was \$6.59. However, all books have not risen in price and 58% of the books purchased in late 1990 actually cost less than they did in early 1990. This is due in part to cost reductions from publishers resulting from aggregated orders and negotiation by program managers.

The rising average over time has been caused in large part by the strengthening of the Mexican Peso, as well as inflation. The rise in price has remained minimal over the life of the project, particularly when considering the average currency devaluations of 20% per annum and the concomitant inflationary cost increases of all services and materials.

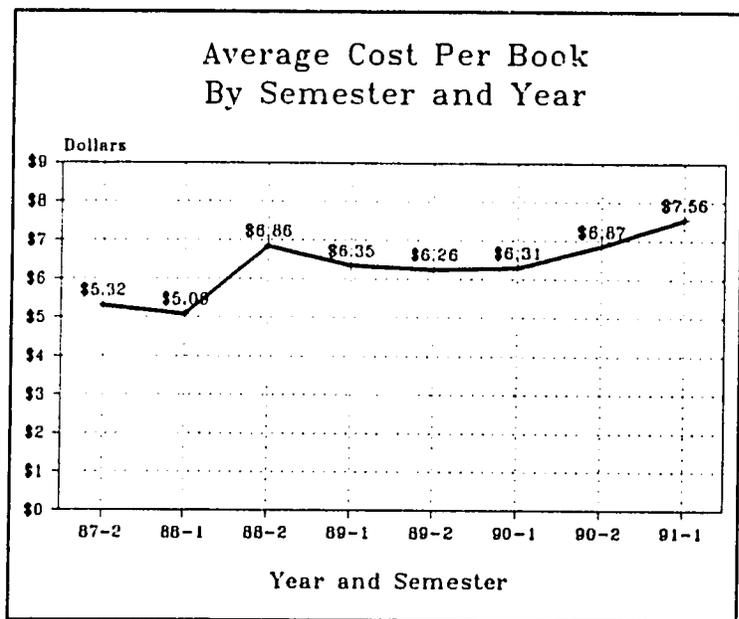


Figure 7 indicates that the average cost per book has remained relatively stable. Almost all variance in the cost can be attributed to fluctuations in the exchange rate of the Mexican Peso.

6. Administrative Cost per Book of RTAC-II University Textbook Program

The design of the RTAC-II University Textbook program complicates the calculation of the administrative cost per book. An essential component of the project is the reinvestment of reflow funds (funds recovered from the sale of books by book Distribution Centers) into the program for the sole purpose of capitalization of future purchases. Additional investment by A.I.D. of

administrative funds in RTAC-II will decline rapidly during the following years in Guatemala, Costa Rica, Honduras, and El Salvador; however, because of the requirement that the Distribution Centers continue to recycle the funds, the purchase of books will continue at approximately the same funding level. Thus, the calculation of the administrative cost per textbook depends on the dates the calculation encompasses.

As an illustration, Figure 8 shows A.I.D.'s cumulative investment per book sold through RTAC-II project start-up through the current period and projected through the year 1996 for the four countries mentioned above. Note that in 1989, reflow funding contributed to the substantial reduction of A.I.D.'s investment in that year's purchase. In subsequent years, A.I.D.'s contribution declines more significantly. By 1992, no A.I.D. funds are used to purchase books in the four countries shown; thus, the graph shows only the residual cumulative cost to A.I.D. from prior years.

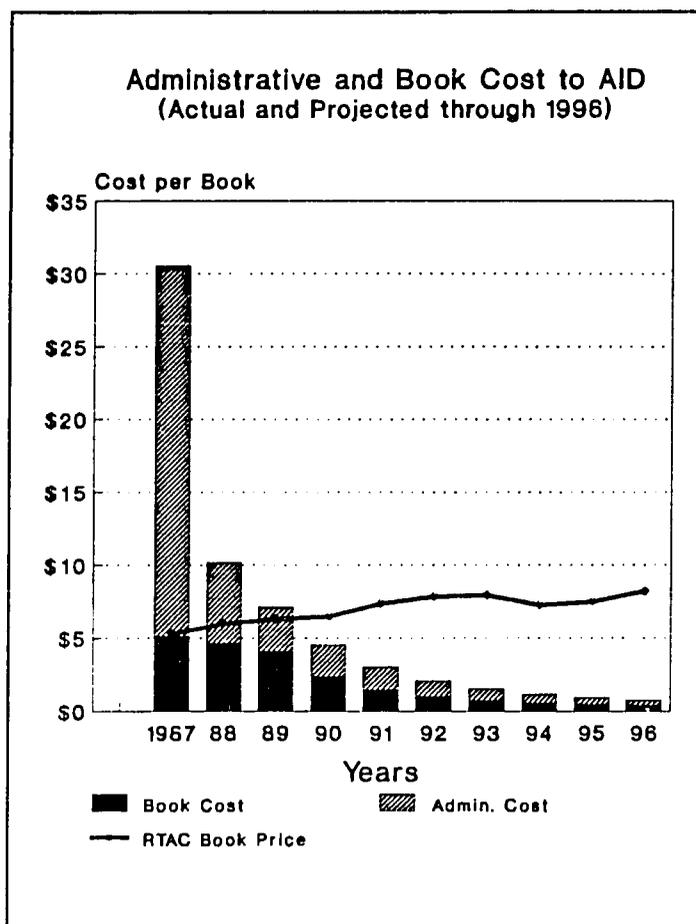


Figure 8 shows the declining administrative and book cost to AID over a 10 year period as Missions begin using reflow.

Thus, in 1992 the total A.I.D. investment in the program would be the equivalent of about \$3 per book sold over life of project to that point; however, by 1996 this figure decreases to about \$1 per book.

Also shown for reference are lines indicating the average and projected price to students of the typical RTAC-II book and the same book if the RTAC-II program did not exist.

The calculations in Figure 8 are based on real numbers; however, they don't take into consideration such factors as explanation of project start-up costs (contributing to the high cost per book in 1987) or the fact that the book purchasing cycle may span calendar years. In addition, the costs reported here are only A.I.D. expenditures. The graph shows only the A.I.D. investment, not the investment of reflow funds by Distribution Centers.

7. Expansion of Textbook Fields of Study

Additional fields of study were included in 1990 to include the social sciences: economics, political science, anthropology, and sociology. Over 10,000 economics textbooks with 60 titles

were ordered for the second semester of 1990 and first semester of 1991. The RTAC-II Catalog has developed and improved throughout the life of the project. Currently, there are 15,000 catalogs, listing almost 3,100 titles, circulating in universities, bookstores, libraries and with department chairpersons. Other developments include the following:

- Publishers are sharing the cost for the catalog's publication;
- 249 new titles were added in 1990;
- The annual catalog is supplemented with MIS updates on new titles available.

8. Books in Inventory

Overstock was reduced in 1990 to under 6%, which improved both cash flow and purchasing power. The RTAC-II inventory at 6% is minimal when compared to the regional norms for non-RTAC-II book inventories. Publishers in the region report their satisfaction if the books unsold are at 20%. The project consistently has bettered this 20% figure for long-term inventory.

Table 4 shows the book purchases compared to those unsold by country during the life of the project.

TABLE 4

Total Textbook Purchases by Country Compared to Inventory

Country	Total Purchases	Long Term Inventory	% of Total Long Term	Sales Rate
Guatemala	309,442	9,677	3.13%	96.87%
El Salvador	159,759	4,661	2.92%	97.08%
Costa Rica	210,600	15,567	7.39%	92.61%
Panama	42,442	0	0.00%	100.00%
Honduras	300,396	23,227	7.73%	92.27%
TOTALS	1,022,639	53,132	5.20%	94.80%

Reasons for these successful results include the following:

- Distribution Center managers continued to improve their skills in market analysis and marketing strategies.
- Cooperative problem resolution increased between publishers and distributors.

- A guaranteed return/credit policy was negotiated with the six publishers who supply approximately 75% of annual sales. Negotiations are in process with the other publishers.
- RTAC-II coordinated sales between countries.
- Improved inventory and accounting procedures were implemented.
- A demand driven ordering system was installed.

9. University Level, Nicaragua

An extensive needs assessment and a market analysis were completed in 1990 to determine the feasibility of implementing the RTAC-II program in Nicaragua at the university level. Both indicated a positive need and broad support for the program. University textbook orders are expected to be placed early in 1991 and distribution completed before the start of the second semester. The results of this study will be presented to USAID/Nicaragua in early 1991.

10. Primary School Level, Nicaragua

The primary school level program will provide 5.5 million textbooks to approximately 620,000 school children in grades 1-6. A total of 45 titles will be provided. An additional six titles in the language of the Miskito population of Nicaragua's Atlantic Coast will be published for a bilingual education program aimed at grades 1-3.

RTAC-II provided substantial technical assistance to Nicaraguan Ministry of Education (MED) officials in the areas of:

- Textbook title selection,
- Textbook adaptation,
- Printing,
- Editing, and
- Distribution.

Regional experts in textbook design were used to upgrade MED capabilities in all areas of book development. A significant and permanent transfer of technology has taken place which has equipped the MED to select, order, produce, and distribute textbooks in an efficient and effective manner.

The initial phase of the program began in May 1990. The initial delivery of textbooks, replacing all 2nd and 3rd grade reading textbooks, took place in July and August 1990. Titles were selected and adapted by Ministry of Education technical staff. Illustrations and content were adapted to reflect the Nicaraguan reality.

Following the initial delivery, the remaining primary school textbooks will be delivered by March 1991. Subjects to be provided are reading, handwriting, mathematics, natural sciences, civics, general history and geography, and a history of Nicaragua. Accomplishments in 1990 include:

- Textbook committees were formed comprised of Nicaraguan teachers and officials from the MED to review and select from the over 1,500 titles.
- Nicaraguan authors were selected and commissioned for new textbooks in the history of Nicaragua, mathematics, and civics.
- reading and penmanship textbooks (for grades 1-3) in the Miskito language are under development for the MED's Bilingual Education program.
- The first 284,000 books (Reading texts for grades 2 and 3) were printed and distributed to all Nicaraguan primary schools by August 1990. The books were edited and adapted to Nicaragua's needs and cultural context.
- Plans were completed to distribute all primary level texts and teachers' guides to the more than 4,000 primary and secondary schools before the start of their first semester in March 1991.
- Curriculum was changed to include civics and penmanship. The new civics books and curriculum stress family values, democratic values and citizenship.

11. Secondary Level, Nicaragua

Based on the success of the primary education program, the Ministry of Education requested assistance to purchase 1.7 million secondary textbooks in mathematics (including algebra and trigonometry), physics, chemistry, biology, geography, history, economics, Spanish, literature (including a work on Ruben Dario), civics, and English as a Second Language. These titles represent the first textbooks in over 10 years for most of the 118,000 students at the secondary level.

The textbooks were selected, edited, and adapted by Nicaraguan teacher committees from titles published in the hemisphere. In addition, new titles will be published specifically for the program in Nicaraguan History and Spanish for grades 10 and 11, and a Civics series. All texts are to be distributed in 1991 in time for the first semester. Teachers' guides will be included.

12. School Mapping, Nicaragua

At the beginning of the program, very few, if any, records existed on the number and locations of schools and the number of students in Nicaragua. Records at the Ministry of Education were virtually non-existent. In order to determine the number of textbooks to purchase and the location

and number of schools to receive the books, funds were allocated to collect this data and develop a national database. The database is the only existing source of information on total number of children per grade and location of every school in the country. The system will be turned over to the MED as a dynamic system which can be updated as new schools open or as enrollments change. The system will become a central management and administrative tool of the Ministry, providing up-to-date and accurate information on school demographics.

13. Teacher Training, Nicaragua

Teacher training in the use of the new textbooks will begin in January 1991. Seminars for teachers will be held at the national level, who will then train other teachers at the regional level. Instruction will be provided by the authors of the new textbooks and publishing houses will provide on-going assistance in the use of the books over the next year. Approximately 25,000 teachers are expected to participate in this program, an excellent example of how the public and private sectors can cooperate in provision of basic education.

B. Pamphlets

Pamphlets published, reprinted and distributed during 1990 included one new title completed and three in process. A total of 828,000 were printed, bringing the project total since inception to 1,708,430. This is over 200,000 copies more than the project goal of 1.5 million.

Like the textbook program, the RTAC-II pamphlet program is demand oriented. The National Coordinators survey A.I.D. technical divisions to determine Mission need for pamphlets, based on Mission developmental priorities. Using this information, RTAC/Mexico, working with a Central American PVO who is specialized in pamphlet production, identifies common priorities, develops content, and designs the prototype. Drafts are sent to all Missions for review and validation. Missions specify numbers of pamphlets they want.

The Guatemalan private voluntary organization (PVO), *Asociación de los Amigos del País*, developed the pamphlet, *The Family, the Best Defense Against Drugs*, which was published in Mexico by RTAC-II and almost 660,000 copies distributed by USAID Missions. This pamphlet stresses the importance of strong family values as the best defence against drug abuse.

New titles to be printed and distributed before the end of the project include pamphlets covering drug abuse (aimed at users), reforestation, AIDS awareness, hog husbandry, vegetable gardening, and cholera. Pamphlets have been distributed to the following:

- USAID Technical Offices, and through them to:
 - Ministries of Education
 - Ministries of Health

- Ministries of Agriculture
- Disaster Prevention and Emergency Committees or Institutions
- Government Institutions for Drug Prevention
- Ex-CLASP Student Associations
- PVO, NGO Organizations, and private sector organizations, including:

- Health organizations
- Education Programs
- Social Work programs
- Agriculture programs
- Drug Prevention programs
- Micro-enterprise programs

- Other U.S. agencies, including:

- USIS
- Peace Corps
- Bi-National Centers

Spillover benefits of the pamphlet component have been the accompanying opportunities for workshops and seminars when the pamphlets are distributed, and providing instructional materials support to other USAID projects such as health and agriculture. The titles, primary focus, and numbers distributed over the life of the project are shown in Table 5 below.

TABLE 5
Number and Titles of Pamphlets Distributed

Title	Primary Focus	Number Distributed
1. Hoof and Mouth Disease	Economic	31,000
2. How to Make Organic Fertilizer	Economic	178,880
3. Pre- and Post-Partum Maternal Care	Social	161,000
4. How to Prepare for a Flood	Social/Economic	172,600
5. Citizen Preparedness for Earthquakes	Social/Economic	390,650
6. Care and Raising of Chickens	Economic	108,350
7. The Family, The Best Defense Against Drugs	Social	665,950
TOTALS		1,708,430

C. Training and Technical Assistance

Training and technical assistance form the most important fundamental element in the maturation of RTAC-II. As noted in previous sections, RTAC-II has attempted to transfer technology from the "center" to the regions in order to increase the sustainability of the program in the future. Specific areas where technology has been transferred include: MIS administration, accounting, procurement directly from publishers for non-purchasing season buys, program promotional activities, warehousing, inventory control, and sales between countries.

The training and technical assistance component is to include fourteen person-months each year. The implementation strategy has emphasized collegiality and informal consultation more than the traditional approach of formal training. Seminars, committee meetings, workshops, book fairs and one-on-one sessions contain all of the ingredients associated commonly with training and technical assistance, such as: information giving and receiving, problem and conflict resolution, and how-to deliberations. Despite the difficulty of quantifying this component, the kinds of training and technical assistance completed this year can be seen in Tables 6 and 7.

Table 7 details T.A./Training provided via the contract staff during 1990. Information on number of training hours is supplied.

TABLE 6
Technical Assistance/Training Provided

TYPE OF ACTIVITY	Learning Phase	Growth Phase	Maturity Phase	Institut. Phase
o TRAINING IN THE MANAGEMENT INFORMATION SYSTEM (MIS)	o	o	o	
o TRAINING IN THE IMPLEMENTATION OF ADMINISTRATIVE AND FINANCIAL SYSTEMS	o	o	o	
o TRAINING IN RECEPTION AND PROCESSING OF BOOKS	o			
o NEEDS ASSESSMENT FOR RTAC-II IMPLEMENTATION	o			
o ASSISTANCE IN THE DESIGN OF PUBLICITY CAMPAIGNS	o	o	o	o
o ASSISTANCE IN PROMOTING RTAC-II THROUGH A.I.D., USIS, ETC.	o	o	o	o
o TRAINING OF MIS TECHNICIANS		o	o	o
o TRAINING FOR WAREHOUSE PERSONNEL		o	o	
1. NEEDS ASSESSMENT IMPLEMENTATION Establish needs and conditions for the implementation of the RTAC-II; establish financial and administrative capability for the program.	o			
2. TRAINING				
Management Information System (MIS) One-country and regional seminar and workshop for technicians and Distribution Center managers.	o	o	o	o

<p>Administrative and Financial Systems Annual seminars; Technical Assistance designed for each Distribution Center; training seminars for managers in the use of managerial tools in decision-making; training for accounts.</p>	○	○	○	○
<p>Operating Systems Assistance and training in the reception and processing of books; training for warehouse personnel.</p>	○			
<p>Marketing Training for Distribution Center promoters; seminars for Distribution Center managers on planning and implementation of marketing strategy and publicity.</p>		○	○	○
<p>3. INSTITUTIONAL PROMOTION</p>				
<p>Publicity Technical assistance in the design of publicity campaigns.</p>	○	○	○	
<p>Promotional Activities Logistic support for promotional activities between USAID and university officials.</p>	○	○	○	
<p>4. TECHNICAL ASSISTANCE</p>				
<p>Administration and Finances Studies on the administrative and financial situation of Distribution Centers; propose actions. Companies in Central America have been contacted to carry out consultations.</p>			○	○
<p>Marketing An international book expert and consultant visited Central America to provide advice to Distribution Centers; professional assistance has been provided in the design and implementation of publicity campaigns.</p>		○	○	
<p>MIS Design new modules, such as historic data base and graphics; MIS developers/consultants are contracted for Central American workshops; convert MIS for faster execution and processing.</p>		○	○	○

5. SYSTEM DESIGN AND IMPLEMENTATION				
MIS Design modules, reports and applications with the help of MIS technicians, national coordinators and Distribution Center managers.		O	O	O
Manuals Together with accountants in Distribution Centers, design and implement accounting manuals; together with national coordinators and Distribution Center managers, design and implement operating manuals.		O	O	O
6. INSTITUTIONAL DEVELOPMENT				
Conferences Together with publishers, conferences have been organized for authors of program books for professors and students in Central America.		O	O	O
Seminars and Workshops Seminars for bookstore managers and employees; regional seminars for the review of policies, procedures, and the future of RTAC-II in Central America. Distribution Centers participate in the decision-making process. The first RTAC-II convention in Central America was held in San Jose with four simultaneous seminars for national coordinators and Distribution Center managers, accountants and promoters.			O	O
Book Fairs and Exhibitions Mini-fairs have been organized in the principal cities of each Central American country; exhibitions of program books at professional events, such as congress, conferences, seminars, etc. Distribution Center managers participated in the International Book Fair of Guadalajara, one of the most important events of its kind in Latin America.		O	O	O
Organization of Committees Organization of committees made up of Distribution Centers in countries with more than one Center; organization of committees made up of bookstore managers to develop training programs; organization of committees of Distribution Center managers and organization of publishing groups and committees.			O	O

<p>Meeting Meeting of representatives of RTAC-II, Distribution Centers and publishers to review publishing policies; meeting for the establishment of a policy on book returns between representatives of RTAC-II, Distribution Center managers and publishing executives; meeting for the negotiation of publishing and commercial policies between RTAC-II, Distribution Center managers and publishers.</p>			○	○
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Table 7 illustrates examples of T.A./Training provided by RTAC-II staff. Although it is difficult to quantify trainer numbers and time, information is given on T.A./Training hours received and numbers of Distribution Center personnel attending these sessions.

TABLE 7

Technical Assistance/Training Provided via Prime Contractor by Country and Subject

TYPE OF PRIME CONTRACTOR T.A./TRAINING (Location/Date)	SUBJECTS	NUMBER PERSONS TRAINED	TRAINING HOURS PER PERSON	TOTAL TRAINING HOURS RECEIVED
1. Seminar Mexico City, February 1990	Review of Publishing Procedures	1	24	24
2. Seminar Guatemala, May 1990	Creation of Surcharges, Review of Profit Margins, Inventories, Reflow	4	16	64
3. Seminar Costa Rica, July 1990	Strategies to Eliminate Overstock and Establish Return Policy	4	40	160
4. Book Fair Guadalajara, November 1990	Marketing, Sales, Distribution	7	40	280
5. Seminar Mexico City, November 1990	Evaluation of Previous Publishing Season	7	16	112

The result of the above training has been an increase in the professionalism of the RTAC-II constituents. This directly supports sustainability of the program by ensuring that the basic tasks which must be accomplished can be performed in a professional manner.

D. Fourth Annual RTAC-II Regional Seminar

The Fourth Annual RTAC-II Regional Seminar was held at the Panamerican Agricultural School in El Zamorano, Honduras, in January 1990. Participants in the seminar included coordinators and officers assigned to USAID Missions and managers and directors of Distribution Centers from around Central America. Other participants included representatives from A.I.D./Washington, Aguirre International (San Mateo and Washington, D.C.) and RTAC-II Mexico. The purpose of this seminar was to set out a vision of the future, review regional policies and define specific actions to promote the institutionalization of the project.

Much of the discussions during the seminar focused on steps needed to move towards increased institution building during the remainder of the RTAC-II project. Specific recommendations to achieve this included forming regional committees comprised of national coordinators, formation of local national committees, and a commitment to greater decision-making to be shared among the field institutions, RTAC-II/Mexico, and A.I.D./Washington.

Other substantive areas discussed included the need to develop a book returns policy with publishers, a review of the profit margin percentage, a conversion of the MIS system for better historical reporting, the potential for interest bearing reflow accounts, and additional training required in financial management and accounting issues. These issues have been addressed and resolved during the remainder of 1990 and early 1991.

E. Strengthening the Private Sector

The impact of RTAC-II on the private sector is comprised of two distinct components: (1) the provision of knowledge via textbook availability to students who work, or will work, in the private sectors of their countries, and (2) the direct expenditure (transfer) of funds to the book publishing industries of Mexico, South America, and Central America.

1. Strengthening the Private Sector via Knowledge Contained in Textbooks

The most important effect on the private sector of RTAC-II is (and will be) that of students who have learned how the private sector operates by using the textbooks provided by RTAC-II. Textbooks are critical to the transfer of knowledge and know-how to the growing private sectors in RTAC-II countries. It is clear that in many universities, students had no textbooks prior to RTAC-II; and textbooks which were sold were of poor quality and content. RTAC-II has provided a wide and growing selection of textbooks to professors, libraries, and students.

As seen in Figure 6 on page 17, the four largest textbook sales categories were Math, Business Administration, Engineering, and Computer Science. These categories have accounted for almost 60% of all book sales for the past 4 years. In addition to the books in these four areas, books from many other areas are private sector related (e.g., agriculture, economics, chemistry). While students using books in these areas may also work in public sector, it is clear that the main focus will be private sector. Equally clear, private sector development would not progress as quickly or perhaps not at all without textbooks instructing in the methods of the private sector. The content of these textbooks is an absolute requirement for private sector development at the most fundamental level. In addition, the information in these four areas grows very rapidly, and the ability to upgrade and change textbooks is vital. RTAC-II allows for the continuous upgrade of textbooks to ensure that the latest state-of-the-art information is available to Latin American university students.

2. Strengthening of the Private Sector Book Publishing Industry

RTAC-II has played an important role not only in strengthening the private sector book publishing industry in Mexico and Central America, but also in the achievement of broad-based, sustainable growth for the industry. The term *industry* denotes publishers, suppliers to the publishers, translators, shippers, bookstores, graphic designers, authors, insurance providers, and book promoters. The underlying method for the implementation of the RTAC-II book program has been to remove the barriers to the functioning of free(er) markets between Mexico and the various Central American countries participating in the program: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. This activity has ensured the meeting of the project goal of providing low cost textbooks to university students throughout the region.

The RTAC-II program supports the free market model by relying on student/professor demand for books. It counts on individual initiative of professors, students, and book promoters to define the program in each institution. In addition, it represents a joint private-public sector effort in reaching mutual developmental objectives.

Prior to the inception of RTAC-II, barriers to free market operations included:

- difficulties in exchanging currencies into U.S. dollars,
- monopolies in each country for the sale of books of certain publishers,
- lack of credit from publishers to bookstores in Central America and Panama,
- no economies of scale from purchasing countries,
- a strong piracy constituency which benefitted from high legitimate book prices, and
- a poorly trained promotion and marketing presence of publishers.

RTAC-II effectively reduced these barriers. The program has worked systematically with local bookstores, shippers, Distribution Centers in each country, university professors and rectors, and local book promoters and publishers to strengthen all phases of university book procurement activities to help ensure a sustainable and lasting continuance of the program with very little

residual contribution from A.I.D.. An important side benefit to the process has been the start of a resilient and effective process of regional cooperation among the participating countries.

An observer of the RTAC-II program at work in Central America and Panama would see a process which is very similar to the U.S. university book market. Publishers dispatch promoters throughout Central America and Panama. Publisher promoters show a vast array of book titles to university professors who adopt texts which meet their needs. Orders for the books are placed through central bookstores and Distribution Centers. The books are packaged and shipped from Mexico and other publishing sites to the appropriate national Centers where they are sold to students.

Direct Expenditure of Funds: A significant impact of RTAC-II on the private sector is the expenditure of \$14 million on books purchased from publishers in Mexico, Colombia, and Peru. This is an important investment in its own right. The largest publisher participating in RTAC-II, Limusa, reports that in 1990, 3% of their entire domestic and export sales were RTAC-II books. An estimate of the backward linkages of the direct expenditures of RTAC-II is described below. Estimating about \$11 million of total textbook expenditures to date, the breakout of how these funds were expended by publishers and distributed to subsidiary or secondary activities follows:

• Paper industry	\$1,320,000
• Printing industry	\$ 880,000
• Binding industry	\$ 550,000
• Royalties	\$1,650,000
• Sales/marketing activities	\$ 220,000
• Promotion/advertising	\$ 220,000
• Distribution	\$1,100,000
• General & Administrative	\$1,320,000
• Editorial costs	\$ 550,000
• Profit	\$1,100,000

The above listing shows how the RTAC-II fund expenditures have been directly expended within the publishing country (except for a portion of royalties which return to the U.S.).

Indirect Impact (spillover benefits): Prior to RTAC-II, publishers rarely promoted their books in Central America or Panama for several reasons:

- the markets are small;
- book reading habits among students and professionals were underdeveloped, reducing demand;
- frequent fluctuations in currency exchange rates forced publishers to require payment up front for any book order; and
- logistics such as shipping, customs, credit, etc. were not in place.

These barriers to market forces effectively stymied commerce in university textbooks. After the appearance of RTAC-II, many of these barriers were reduced. Promoters visiting potential clients

for RTAC-II books also market other books and services creating a generation of readers. Once "bitten by the book worm" they will continue to read and thus continue to purchase books.

Key publishers were recently asked to provide information on how their businesses have benefitted financially through the RTAC-II program. The publishers vary greatly in size, ranging from the Latin American giants - Limusa, Prentice-Hall, and McGraw-Hill to the mid-size Harla and Iberoamérica. All agree that the total benefit to their organizations is substantially greater than the sales of RTAC-II books alone. For example, Limusa estimates that its pre-RTAC-II sales to Central America and Panama were \$140,000 per year. In the most recent year, total sales were \$600,000 for RTAC-II and non-RTAC-II books (about \$200,000 were non-RTAC-II sales). Thus, a very general estimate is that for every 3 RTAC-II books sold, publishers sell one non-RTAC-II book, a considerable improvement over pre-RTAC-II conditions.

Deposits of Reflow Funds in the US: RTAC-II ensures that about 85% of the proceeds from book sales in each country are re-deposited into a reflow fund which can only be used for additional purchases of books. The deposits will be kept in U.S. banks which will benefit from the funds as well as provide interest to Central American RTAC-II Distribution Centers.

Sales of Translation Rights (royalties): It is estimated that approximately 10% of the income from university book sales has been paid to U.S. authors, publishers and translators. This amounts to a total of approximately \$1 million. The effect of receipt of these funds by U.S. publishers is to raise the reputation of Latin America as a market for U.S. textbooks, thereby ensuring that Latin American customers will receive the attention of U.S. authors and publishers to develop more textbooks and research.

Training of Local Distribution Centers: RTAC-II has spent over \$100,000 in the provision of training to local Distribution Center staff in such areas as promotional activities, inventory control, MIS operations, pricing, advertising, customer relations, distribution, management, financial control, and accounting. This training ensures that the local members of the book industry are able to manage effectively not only RTAC, but any book business, emphasizing quality and service to the client.

Training of Local Publishers Promoters: Local book promoters are the individuals who most often visit university professors and bookstores to determine future needs. Considerable effort has been expended to ensure that these individuals learn the appropriate promotional behavior. They have become professional private sector representatives not only for RTAC-II books, but for any textbooks.

Elimination or Reduction of Book Piracy: Prior to RTAC, books were routinely photocopied or printed throughout the region to avoid paying the high costs of the books. RTAC-II has reduced the prices of the books to the point where piracy is not cost-effective.

Providing a Continuing Fund (Capitalization) for Books: As mentioned earlier, RTAC-II ensures that about 85% of the proceeds from book sales in each country are re-deposited into a reflow fund which can only be used for purchases of additional books. This promotes the

sustainability of the program over the next years through capitalization. The funds will be deposited in U.S. banks, thus creating the groundwork for a relationship between the banks and the Central American Distribution Centers.

Establishing Possibilities for Future Credit Mechanisms: RTAC-II guarantees publishers of payment for books ordered by Central American participants. The good will established from this arrangement can provide a base for establishing a post-RTAC system to guarantee payments. For example, publishers may be able to use letters of credit based on the above mentioned reflow accounts in the U.S. as guarantees.

RTAC-II is assisting the development of a mature textbook industry. The primary implementation mode of the project has been to remove barriers to free market operations. Even if the long awaited integration of the Central American (and possibly Mexican) economies does not occur, very little A.I.D. or other donor agency funding would be needed to ensure that the private market in university textbooks survives and flourishes.

F. Strengthening Family Values

RTAC-II has published a number of books and pamphlets which are aimed specifically at strengthening family values. The A.I.D. world-wide initiative and focus on the family as a fundamental building block in social and economic development supports many RTAC-II activities. Books, training, pamphlets, and institutionalization of the means to continue to provide low-cost books -- all contribute toward development of the individual, the family, the group, the university and society as a whole.

Technical university books: These books are the heart of RTAC-II and are now within reach of most students in the region. Books, and the knowledge they impart, lead the individual toward self-sufficiency and awareness. The individual, with a chance for a better standard of living, can escape the cycle of poverty and the consequent breakdown of family ties related to the inability of individuals to support other persons both economically and morally.

Not all RTAC-II books are limited to university demand. Orders for certain technical books are regularly increased to meet the demand of walk-in students from, for example, technical institutes and high schools. Those students realize that even if university training is out of their reach, they can improve their standard of living through knowledge and training.

Pamphlets: RTAC-II assists self-help organizations to confront family problems. One pamphlet, "The Family - the Best Defense Against Drugs," developed by the community non-profit group *Amigos del País* in Guatemala, is the most highly demanded RTAC-II publication in the history of the project. More than 665,000 copies of the pamphlet were distributed in Central America and there have been requests for reprints. The pamphlet is often used in anti-drug seminars held in urban and rural areas. Schools, churches, government organizations, police departments, social workers, and self-help organizations use the pamphlet to develop a heightened awareness of the debilitating effects of drugs on families.

Primary/secondary school books: In Nicaragua, at the request of A.I.D. and the government of Nicaragua (GON), RTAC-II provided civics textbooks for elementary and secondary schools. For ten years, the previous government produced textbooks which instructed children in certain standards for the family - the family that joined the "correct" political organizations was good. Primary textbooks urged children to join party organizations and praised those parents who belonged to *Committees in Defense of the Revolution* and other politically-inspired committees and paramilitary groups.

The new government set its highest priorities on primary civic and family values. In a country where the majority of people are under 25, it was deeply believed that development of family and social values - free of religious or political connotations - was one of the most important and immediate tasks of government. RTAC-II will deliver over 500,000 civics books which were designed, developed, and written by Nicaraguan educators from all national political parties and interest groups.

The new government effectively used the family as the instrument of review of all new textbooks for primary and secondary students. Each new textbook contained a letter to the students' families asking them to review the textbooks to ensure that they were not politically biased, and that the new books were of the highest pedagogical quality. This example illustrates how the family can be used as an important building block for development.

A Guatemalan university rector recently pointed out the obvious, that young students are the leaders of tomorrow. However, he perceptively observed that, in general, students in private universities were destined to be leaders of the private sector while students in national or state universities would probably become political and government leaders. RTAC-II, with its program of promotion and outreach to all Central American institutions of higher learning, effectively covers the needs and aspirations of both groups.

G. Strengthening Democratic Institutions

An essential element to the functioning of democracy in any nation is an educated population. Recent history in Eastern Europe, China, and the Soviet Union show how strong educational institutions produce individuals who lead their societies towards democracy. A fundamental weakness in educational institutions in RTAC-II countries was the serious lack of textbooks. Studies have shown that the upgrading or introduction of textbooks is the most effective method for improving education in developing countries ("Textbooks, What We Know," World Book Working Paper - Yellow Series). In Central America, pre-RTAC-II textbooks were often out of date, of poor quality, and of leftist content. The implementation of RTAC-II throughout the region has strengthened the university and educational systems in a variety of ways which reinforce democratic concepts:

- Professors have access to a very wide range of books in their disciplines;

- Books can be changed from term to term or as more relevant books are published, thus enabling regional universities to incorporate state-of-the-art technology in their curricula;
- Students can purchase books at reasonable prices;
- Libraries are better stocked; and
- Graduates have access to new textbooks as they are imported.

In addition to the above direct effects of RTAC-II on local educational institutions, the existence of this A.I.D. program on many campuses throughout the region has enabled A.I.D. to initiate discussions and dialogue with many universities and faculties for the first time in years. This dialogue may lead to many other programs and projects aimed at strengthening the educational and democratic systems.

- American presence and assistance are more accepted than any time over the past decades.
- Democratic and free-market approach to economics, business administration, management, psychology, education and other areas have become acceptable in many national or central universities for the first time in thirty years.
- There is an effort to meet the needs of the university masses, many of them poor and disadvantaged. For the first time, these students from lower economic levels are having positive and helpful contact with democratic ideas, values and technology.
- The A.I.D. book program complements other U.S. Government efforts, including exchange programs, helping ex-grantees maintain academic levels found in their U.S. institutions.
- University and professional libraries have received over 12,000 RTAC-II books, extending the influence of democratic ideas.
- A wide range of choice in books is available. Students are no longer forced to buy teachers' notes. They increasingly are able to question their professors and form their own opinions based on a variety of sources.

RTAC-II books with the A.I.D. clasped hands symbol are sold with success. Few criticisms or accusations of "American imperialism" are heard. When some students protest American policies, they may do so while carrying RTAC-II books which teach democratic precepts. Four years ago, when the A.I.D. program began, Central American universities had great numbers of books from the Soviet bloc and Cuba. Today, one is hard put to find many books from these countries even though they offer competitive prices.

Democratic values are transmitted through books. Even in a field such as Business Administration, books evoke ideas based on democracy and freedom of choice. As students graduate in the '90s (in 1991 the first students who had access to RTAC-II books for their entire university education will graduate), they will take with them ideas that were generally closed to them heretofore. The United States is becoming identified more clearly, as a strong democratic, cultural, intellectual leader.

Another very important way in which RTAC-II has strengthened democratic institutions is the impact of the primary and secondary school textbook program in Nicaragua. As described elsewhere in this report, this element of RTAC-II will provide over 7.2 million textbooks to Nicaraguan Primary and Secondary schools across all subject areas. The primary purpose of this program is to replace previous textbooks provided by, or derived from, Cuban and Eastern Bloc texts. These former books did not provide education in democratic values and traditions. In many cases, no books existed in high schools in Nicaragua. For example, the new civics series for primary and secondary students stresses the role of the family in social development.

V. PROJECT SUPPORT ELEMENTS

A. Management Information System (MIS)

The MIS was modified and improved during 1990 as follows:

- The field (Distribution Center) component of the Management Information System (MIS/CEN) was converted from dBase to FoxPro for field trials in Costa Rica, Honduras and Panama.
- Modules were added for graphics, historic data base and for updating International Standard Book Number (ISBN).
- The rounding procedure for currency conversion was standardized.
- A column was added to the reception report that indicates whether a book was purchased with program or reflow funds.
- The central office component of the Management Information System (MIS/MEX) added a price history application.
- In February, a committee was convened to address the organization and implementation of the Management Information System (MIS). The committee reviewed the different processes of the MIS and suggested needed modifications and new modules. Improvements in MIS procedures were submitted and timetables were set for

development of new modules for historical inventory and the dynamic production of graphs.

The MIS has become a key management tool for the Distribution Centers, RTAC-II staff in Mexico and the National Coordinators. Appendix B contains additional information about the RTAC-II MIS.

B. Accounting

Accounting procedures were strengthened during this reporting period in the following ways:

- The monthly report format has been upgraded to include perpetual inventories, sales reports, RTAC-II accounts, and supporting data such as bank account statements, client accounts, inventory, and RTAC-II deposits.
- Distribution Centers are to submit their monthly reports no later than the tenth of each month.
- All accounts will be reconciled semi-annually.
- Increased technical assistance was provided on accounting practices and procedures, particularly to Distribution Centers (see also Table 6 on page 28 and Table 7 on page 31).
- Deposits to reflow accounts were made more frequently.
- An accounting manual was completed and in-service training for its use is in progress.

C. Newsletter

A Newsletter was issued during 1990 and 14,000 copies have been distributed. The newsletter will be issued quarterly and was launched to provide up-to-date information on all aspects of the project. In addition to information dissemination, the newsletter is designed to assist institutionalization by providing a forum for divergent points of view, issue identification, problem resolution, and issue-specific technical assistance and training.

D. Institution Building

Since the mid-term Evaluation of RTAC-II, the institutionalization of RTAC has been a major priority of LAC/DR/EHR and Aguirre International. The project implementation strategy has been focused on the transfer of authority and responsibility to host country institutions as rapidly

as feasible. Many constraints exist (for example, our budget contains no funding for specific RTAC Council expenditures); however, we have begun to develop strategies and plans which will be carried out during the amendment of RTAC-II.

Over the past year, the RTAC-II approach has been to assist participating countries to develop their book procurement, sales, and distribution sub-systems by providing training and organizational support to local implementers. Important ingredients of institutionalization are the givens that A.I.D./Washington is the project policy arm, Missions in each country assist implementing agencies, and that foreign exchange from country currencies are crucial for the program to function. These elements are the foundation upon which institutionalization can continue to evolve under the current project and are discussed below under "Infrastructure".

In addition, we have included a complete section on Institutionalization in this report on page 43.

E. Infrastructure

The elements of institutional competencies that have enabled the more quantifiable project goals to be reached and exceeded include:

- Publishers state that dramatic sales increases have been accompanied by professional cooperation and respect between distributors and professors; and, they predict, this mutually beneficial relationship will continue after the project's end. They cite as evidence the "spillover" sales increase of non-program books as well as the frequency and quality of their interaction with host country professionals. Other indicators include Centers and publishers working together for:
 - a) inventory reduction;
 - b) credits for defective books;
 - c) return procedures;
 - d) mutually acceptable accounting elements;
 - e) direct lines of communication; and
 - f) strengthening book industry in every category.
- The origin of technical assistance and training has begun to shift from RTAC/Mexico to institutions in each country, and between countries.
- Professional seminars and workshops on all aspects of the book sector have evolved from RTAC-II/Mexico mandated to participant initiated and organized.

- Marketing and sales between the project countries has been initiated. For example, for the first semester of 1991, almost 13,000 books valued at US \$90,000 were sold between participating institutions among host countries.
- All (100%) purchases for first semester 1991, except in Panama, were made with the Distribution Centers' own reflow funds.
- The MIS, developed by RTAC/Mexico as its major instrument for project administration, has now been adopted and adapted by the users for their operational use. In addition, they are beginning to suggest improvements in the system.
- An RTAC-II logo was designed and adopted to promote project identification and sense of ownership.
- The role of the RTAC-II Mexico has continued to evolve from a project management center to one of a service center.
- Permanent and temporary committees composed of host country members have been formed to participate more actively in studying and recommending the sharing of policy making, project programming and operations to their own institutions.
- In May, the first meeting of Central American National Coordinators was held in Honduras to review policies and procedures on a regional basis. Strategies were developed to further the cause of institution building.

F. Reflow

The reflow system is as basic to institutionalization as organization and structure is. RTAC-II was designed to include a reflow component. The reflow component, written into Memoranda of Understanding between USAIDs and Distribution Centers, stipulates that the sale price of books to students should be established as the sum of (1) the cost of the book and (2) a 10% to 15% (negotiable) administrative charge. The Distribution Centers may use the proceeds from the administrative "mark-ups" for administrative purposes; however, the proceeds from the sale of books (which are equal to the cost of the books) must be deposited into a "reflow" account which can only be used to purchase additional books.

An exhaustive study was completed in 1990 (Orellana Sanchez & Associates, *Analysis of RTAC-II Reflow Account*, October 26, 1990) that included an economic analysis in each country, a study of organizational roles, and a study of the economic feasibility of continuing the project. Their analysis of reflow indicating organizational responsibilities and activities with accompanying flow chart is basic to deliberations about institutionalization. The study's conclusions (pp 160-163) based upon their analysis includes recommendations that:

- The program should be continued another five years.
- Despite irregular growth in book sales, a minimum 10% annual increase is expected.
- The cost of book acquisition from Mexico will increase at a 5% annual rate, and this should be transferred to prices early on so as not to lose students' future purchasing power.
- Devaluations of local currencies in relation to the U.S. dollar will be at least 20% per annum. If program fund subsidies decrease or cease there will be a concomitant rise in the cost of books to students resulting in a decrease in student purchasing power.
- *The exchange of local currencies for dollars through USAID has been and will be central to the success of the Program. Without this possibility, the program is virtually unmanageable. This is largely due to the fact that there is hardly any foreign currency in Central American countries and that local currencies are not accepted abroad. Mexico is an example of a country which does not accept Central American currencies, and it is here that 95% of the books are purchased. The support from USAID in exchanging currencies is such a necessary benefit that, as we said before, without it the program would virtually cease to exist. (emphasis added)*

VI. INSTITUTIONALIZATION

A. Introduction

In this section we will discuss the need to move the RTAC-II project away from its dependence on A.I.D. resources and toward a self-sustaining system of enterprises with minimal A.I.D. involvement.

We recommend that the RTAC-II project:

- Assist participating institutions in developing a regional structure (Council) that is a legal entity which will provide oversight for book procurement and distribution operations with minimal A.I.D. involvement;
- Gradually transfer to the Council the role of providing training and technical assistance to participating institutions in areas central to the success of the program as required;
- Gradually enable the transfer of selected financial operations and selected policy making functions to the Council; and

- Continue to transfer to participating national institutions, such as Distribution Centers, bookstores, and publishers, appropriate program operational responsibilities.

This process is known in A.I.D. literature and experience as "institutionalization" and "sustainability." Although these two terms are not strictly interchangeable, both have been used broadly enough to cover the need to build a capacity within and among institutions in the book industry in Latin America that allows for the benefits of RTAC-II to be sustained.

As a result of this process, the policies and operations of RTAC-II will become an essential part of how things are done in the textbook industry in participating Latin American countries. Participating institutions will inherit the values, expectations, procedures, and decision-making ability they need to operate independently. They will form a regional governance structure (Council) to adopt policy, budget, and personnel commitments needed to sustain the project's operations, and maintain the contractual obligations and other formal and informal agreements required to overcome any future challenges to its long-term endurance.

B. The Genesis of the Conceptual Framework

We have studied A.I.D. and other documentation on institutionalization and sustainability, and have used A.I.D.'s guidance in thinking about conceptual frameworks for institutionalization. Searching through A.I.D. reports on sustainability, we have studied the conclusions of these groups:

- The DAC evaluation group's factors of sustainability;
- The FVA/PVC study group's conditions of sustainability;
- PPC/CDIE's issues of sustainability;
- The University of Maryland IDMC's elements of sustainability;
- S&T/HR/RD's guidelines for sustainability evaluation.

From these various documents, as well as from discussions with RTAC-II participating institutions and from Aguirre International's own experience in institutionalizing projects, we have identified seven distinct but *interrelated functions* of a conceptual framework that apply to RTAC-II:

- Policy making in consonance with the host-country and regional political environment;
- The institutional bases;
- Mechanisms for setting professional standards and quality control;
- Management of operations;
- Financing (internal and external) of capital and operations;
- Selection, adaptation, and use of technology;
- Technical assistance and training to develop and maintain skills; and
- Evaluation.

C. RTAC-II's Relationship to Concepts of Institutionalization and Self-sustainability

RTAC-II's relationship to the general concepts of "institutionalization" and "self-sustainability" is, as it would be with any particular project, determined by the unique characteristics of the project. Our review of these two concepts has helped to clarify the points at which the concepts coincide with the case of RTAC-II and the aspects in which the concepts are less applicable.

RTAC-II differs from many of the A.I.D. projects that formed the basis of generalizations about institutionalization and sustainability in four ways:

- RTAC-II is well beyond the design phase. While important aspects of project sustainability depend on considerations made during the initial project design, guidelines and consideration of alternatives related to design are of limited use here.
- RTAC-II spans international boundaries. Institution-building is often conceived of on a national level.
- RTAC-II is building new capacities of institutions that exist in their own right and building the links between these institutions. In addition, it is also creating a new regional institution (Council). In contrast, many A.I.D. projects take place within a single existing institution, such as a ministry of health, whose mandate is clearly in line with the project objectives.
- RTAC-II's strategy is to normalize procedures once the benefits of the project have been demonstrated. In other words, now that the books are reaching an international market, the project will work with governments and other institutions to allow books to move through normal market channels.

Therefore, the conceptual framework of institutionalization must acknowledge the important points of divergence from conceptual models that are inherent to this project.

D. A Framework for Institutionalizing RTAC-II: A Private Enterprise Free Market Book Industry

The primary objective of the project is to supply textbooks to university students in selected Latin American countries, which will provide them with information concerning U.S. ideas and technology. The dramatic success of the project quickly suggested to A.I.D. that the project be institutionalized so that its benefits would be long term. The mid-term evaluation of the project recommended institutionalization, and the planned five year project amendment offers an excellent opportunity to formalize the institutionalization process.

If the project is to become self-sustaining, the fundamental question to answer is, "can the book industry in Latin America continue to offer textbooks of U.S. origin at affordable prices without

significant external support?" Our experience with RTAC-II has convinced us that, over time, this can happen. Due to the volatile economies in Latin America, there may be occasions when infusions of foreign capital are needed. We believe that the book industry--its publishing, financing, marketing, and sales functions--can thrive, as long as it has support from a regional structure.

A supply of 1.2 million textbooks to students in selected Central American countries has been provided by RTAC-II. The project has shown that the impediments to their supply by publishers in Mexico can be substantially reduced. These impediments are caused by:

- international barriers such as customs and currency exchange;
- inadequately skilled personnel in the Distribution Centers and bookstores;
- insufficient capital to prime the pump and continue the flow of publishing and purchasing textbooks;
- the high price of textbooks due to inadequate volume in any one country's market and the high mark up by bookstores; and
- obstacles in shipping, delivery, and distribution.

During the first years of the project, these impediments were overcome by the seed money provided by A.I.D. and by use of an artificial delivery system that relied substantially on A.I.D.'s channels to cross international borders. In the past year, we have begun to normalize the delivery system so that it uses regular export-import channels and related government agencies.

E. Rationale for a Private Enterprise Model

Based on the *demand* for textbooks, RTAC-II is building the institutions of the textbook industry within five Central American countries and Panama. Each of these national entities would operate independently. But the *supply* of textbooks to each country is facilitated by cooperation among the countries for purchasing books in volume. For this purpose of cooperation, RTAC-II has a regional structure that serves the book industry in each country. In institutionalizing the project, we aim to create a system that promotes the development of strong national book industries with an effective regional governance and support structure.

Our rationale for a private enterprise, free market model that includes a regional structure has three bases:

- A private Enterprise model is more efficient, cost-effective, and responsive.
- In developing the capacity of Distribution Centers and bookstores to sell textbooks, RTAC-II is likely to lead to a broader development of those institutions, allowing them

to increase sales of other lines of books and other products and thus add to economic growth in each nation.

- The independence of national book industries in Central America and Panama notwithstanding, a regional structure is needed to provide the benefits of volume purchasing and distribution and to ensure high-quality operations in each country.

F. Institutionalization Objectives

Before proceeding to illustrate how each of these functions relate to the framework of the institutionalization of RTAC-II, we want to stress that the functions are closely interrelated, that they are the basic building blocks of any conceptual model of institutionalization, and that they are derived from A.I.D.'s previous experience with efforts in institution-building and sustainability. Although we present these objectives as if they preceded any implementation, they are derived in part from experiences with the implementation of RTAC-II that persuade us that they can be achieved.

The actual activities and associated tasks will have to be developed and carried out over the next several years by the follow-on contract to the current one. These ideas are presented as lessons learned and guidance for the future of RTAC.

We recommend that plans for the following major institutionalization objectives be considered by LAC/DR/EHR:

- Create an effective *regional structure* (Council) that is a legal entity comprised of stakeholders. This Council would be based upon a decentralized model which would assume only those functions that cannot be performed by participating national institutions.
 - The Council would be comprised of representatives of each participating institution: Distribution Centers, bookstores, publishers, creditors, and financiers. These organizations are the stakeholders in the success of RTAC-II. Precisely which organizations constitute the Council's membership would be determined during the first year of the follow-on phase of the project. Also to be determined would be the role, responsibilities, and functions of the Council. (These would include negotiating with publishers for volume discounts, insuring, through the provision of technical assistance and training, the existence of well managed Distribution Centers and bookstores in each participating country, and acting as a trustworthy legal entity that can do business with international donors and national financial institutions.)

- RTAC should develop with these stakeholders a plan which details how Council members are selected, what their terms will be, and precisely what the roles and responsibilities of the Council members will be.
 - The Council could, for example, set and monitor compliance with standards, serve as a professional network, and advise on policy matters where necessary.
 - National advisory boards that advise and support Distribution Centers and bookstores in each country would help to link the Council to those Centers and bookstores.
- Transform the appropriate functions of the RTAC-II office in Mexico into the *operational arm* of the Council with minimal continued A.I.D. involvement. These functions could include:
 - Providing customer service,
 - Maintaining good public relations,
 - Obtaining credit notes,
 - Administering volume purchasing and shipping,
 - Adapting existing accounting procedures,
 - Developing new lines of books for sale,
 - Producing a newsletter and other means of regular communication among participating institutions,
 - Conducting professional development activities, and
 - Providing technical assistance and training to participating institutions.
- Continue shifting appropriate project functions to the major national participants with minimal A.I.D. involvement:
 - Help Distribution Centers take full responsibility for purchasing books from publishers, distributing them to bookstores, collecting and returning defective books, and managing accounts;
 - Help publishers become more effective in marketing and promoting books to RTAC affiliates, responding to demand for new lines of books, adopting a code of ethics, and developing a professional association;
 - Help bookstores become more proficient at managing the RTAC-II account, displaying and selling books, and implementing good principles of marketing and sales; and
 - Facilitate the exchange between countries of Distribution Center inventories in order to reduce the costs of overstocking.

- *Normalize* procurement, export, and shipping procedures, increasing the use of regular channels rather than utilizing, for the most part, project channels:
 - Encourage national banks to institute policies that give Distribution Centers and bookstores viable amounts and rates of currency exchange;
 - Encourage national governments to eliminate tariffs on books and to facilitate the shipping of books across national borders; and
 - Help Distribution Centers and bookstores continue to develop direct links with publishers in negotiating discount rates and procedures, in purchasing, and in working together to maximize sales and efficiencies in their operations.

- Enable Distribution Centers and bookstores to *manage* their operations effectively and independently:
 - Help Distribution Centers and bookstores become the key institutions in the book network by providing them with professional management and administration practices through training and technical assistance.

- Diversify external *financing*:
 - Strengthen the return on the reflow system so that it finances 100% of the purchases of existing lines of books in all participating countries;
 - Create a mechanism for occasional infusion of external capital by international donors when needed to bring new countries or new lines of books into the project; and
 - Create mechanisms for the regular flow of funds needed to maintain the central operations office of the Council. These might include annual dues from participants (publishers and Distribution Centers), fees for services, such as training and technical assistance, surcharges paid by Distribution Centers on each book, and fund raising events typical of universities in Latin America.

- Adapt appropriate *technology* to serve the various participants:
 - Transform the MIS into an on-line system that serves all participants;
 - Further develop on-line administrative and accounting applications for Distribution Center and bookstore staffs;
 - Produce on-line bibliographies of publishers holdings that can be used by Distribution Centers for direct and frequent ordering;

- Install upgraded MIS software and hardware as a foundation for the Council; and
 - Finalize the on-line management of the reflow account.
- Help the role of USAID Missions evolve from one primarily of control and service to one of coordination between RTAC-II activities and other Mission projects. As Distribution Centers and bookstores demonstrate fiscal and administrative responsibility and the ability to function effectively, wean them from Mission support.

G. Assumptions Concerning Institutionalization

As we have stated above, our experience with RTAC-II over the past five years has convinced us that, over time, the benefits of the project can be institutionalized and the provision of affordable textbooks to students in selected Latin American countries can be self-sustaining with support from a regional Council. Our conclusions are based on the following assumptions:

- That participating national institutions will support and actively participate in the formation and effective operation of a Council;
- That a regional Council, composed of national institutions, can be legally constituted;
- That those national institutions which are public entities can legally transfer funds to the Council to effect volume purchases of textbooks; and
- That a climate of reasonable economic and political stability will exist in Latin America and that severe currency devaluations will not seriously effect the purchasing power of Distribution Centers and bookstores.

H. Role of USAID Missions

We recognize that some functions will need support from USAID Missions for an indefinite period of time and these will be discussed below. USAID Missions also provide institutional integrity, stability and leverage to help Distribution Centers deal with bookstores, publishers, banks, and other affiliates in the system.

To borrow a phrase from the AID/PPC/CDIE document, *Sustainability of Development Programs: A Compendium of Donor Experience*, the project will become "self-reliant" though not necessarily "self-sufficient" vis-a-vis USAID Missions: it may continue to involve USAID Missions as active participants with circumscribed roles in monitoring and support of Distribution Centers, such as

- Assistance with the reverse accommodation exchange;
- An occasional infusion of new A.I.D. funds as the situation merits (currency devaluations, inflation, in-country program expansion, etc.);
- Provide advice and occasional technical assistance for specific problem areas; and
- Monitoring procedures and potential abuses in monetary exchanges and book pricing, as well as making sure that goals and objectives are being met.

In South America, where new countries are to be brought into the project, the RTAC-II Country Coordinator in each Mission should work during the first year to facilitate activities required for project start-up.

Thereafter, the Coordinator's role will diminish, as it has in Central American Missions, to one of primarily tracking funds and reporting. Coordinators in Missions will help facilitate the institutionalization process, with national institutions gradually taking full responsibility for buying books from publishers, distributing them to bookstores, and managing inventories and the reflow account.

Because RTAC-II has become a notable asset to USAID Missions, providing them with constructive entrees into universities, during its next phase, the project can help Missions develop buy-ins through which they can continue to purchase books and pamphlets related to key developmental areas and the interests of other institutions served by A.I.D. projects.

I. The Institutionalization Process

Table 8 illustrates how RTAC could build a framework for continuing the supply of textbooks to university students in Latin America. The functions of the project are listed in the left-hand column. In the next column appear the names of the institutions that were the initial loci of responsibility for each function. The third column indicates the extent to which institutionalization has begun. The cells in the column are designated as "initial" if the function is still in the initial locus of responsibility or "shared" if it has begun to be transferred to Central American institutions.

This process was initiated at the beginning of 1990, as RTAC-II began to decentralize the functions of its Mexico City office, turning over appropriate responsibilities to the Distribution Centers as they became capable of taking them on. Each Distribution Center develops at its own pace, depending on the resources it has and the political and economic climate of its national government. The stages of progress will differ dramatically between countries. The organizational capacity of bookstores also varies from country to country and within each country.

J. Institutionalization in Central America

RTAC-II has already begun to implement its institutionalization strategy in participating Central American countries. Because that strategy entails the concurrent strengthening of the various

Table 8: Institutionalization the Functions of RTAC-II

FUNCTION	INITIAL LOCUS	CURRENT STATUS	FINAL LOCUS
Policy making	AID	Initial	Council of participants
Institutional base	AID, Missions, Distribution Centers, bookstores, publishers.	Shared	Distribution Centers, publishers, bookstores, booksellers, creditors, custom agencies, EUROCOM
Standard setting Auditing Evaluating	AID	Shared	Distribution Centers, bookstores, banks, custom agencies, Participant Council
Management of operations	AID, Missions	Shared	Each participant
Financing	AID	Shared	Distribution Centers, publishers, Council, international donors
Technology development	AID, publishers	Initial	Each participant, Council
Skills development	AID	Shared	Each participant, Council

institutions that participate in the project, it is difficult to describe in a linear fashion. Moreover, two countries, Panama and Nicaragua, are still in earlier growth stages than the other four.

The following list of institutionalization measures is presented in reference to the components of the institutionalization framework and the specific objectives listed above.

To bring participants into policy making, RTAC-II has begun to:

- Bring Distribution Center and bookstore managers to Mexico City to participate directly in negotiations for book prices; and
- Have Distribution Center and bookstore managers set the agenda for annual seminars.

To strengthen the project's institutional base, we have begun to:

- Promote project personnel through the ranks, thus building the institutionalized store of knowledge about the project;

- Initiate contacts with EUROCOM to encourage it to supply, on a pilot basis, credit to publishers, as well as facilitating shipping and payments to publishers through this organization;
- Move the reflow account management out of the Missions to the central operation; and
- Negotiate with publishers return policies that allow Distribution Centers to return unsold books.

To set standards, RTAC-II has begun to:

- Encourage publishers to work together in a professional association; and
- Publish a newsletter in which participants share ideas, needs, and interests, moving toward common practices when they are appropriate.

To improve management, we have begun to:

- Train Distribution Center and bookstore managers to use the MIS; and
- Help booksellers offer formal courses in administration and accounting to appropriate staff.

To ensure long-term financing of operations, we have begun to:

- Obtain agreements from publishers to pay the costs of the book catalog through advertising;
- Allow Distribution Centers to impose fixed-term surcharges of up to \$.25 per book to create financing for capital improvement projects, such as modernization and expansion;
- Sell excess books between countries; and
- Set up the mechanisms for buy-ins by Missions.

To provide long-term training and technical assistance to project participants, RTAC-II has begun to:

- Use competent and experienced Distribution Center managers trained under the project to provide technical assistance to their less skilled counterparts in other countries; and
- Help publishers find ways to accept returned books from oversupplies to Distribution Centers.

K. Conclusion

Now in the fifth year of RTAC-II, we can look back and summarize the stages of the project's development.

- Years 1 and 2 were a period of *learning*.
- Year 3 was a period of *growth*.
- Years 4 and 5 are a period of *maturity*.
- Year 6 through 10 will be a period of *institutionalization* and *self-sustainability*.

L. Action Plan for 1991

Our Action Plan for 1991 consists of three principal elements aimed at short-term accomplishments in light of the September 28, 1991 termination date of this contract. This plan consists of:

1. Maintaining momentum of on-going project activities, including implementation of Nicaragua's University program and the strengthening of the accounting sub-systems.
2. Developing a Transition Plan from RTAC-II to the post project period to be developed over the remaining months of the current contract; and
3. Providing additional training and capacity building.

The following sections contain information on each country's RTAC-II activities during 1990.

COUNTRY UPDATES

1. Costa Rica

USAID National Coordinator:	Mario Carvajal
Distribution Center:	Coalición Costarricense de Iniciativas de Desarrollo (CINDE)
Participating Bookstores:	11 private and university bookstores
Participating Universities:	26, including branches
University Student Population:	40,000 in RTAC-II fields

- During first and second semesters of 1990, CINDE ordered 61,782 books, valued at US\$400,000. All books for the second semester -- 23,976 copies valued at US\$160,000 -- were purchased with reflow funds.
- In February, a committee was convened to address the organization and implementation of the Management Information System (MIS). The committee reviewed the different processes of the MIS and suggested needed modifications and new modules. Improvements in MIS procedures were submitted and timetables were set for development of new modules for historical inventory and the dynamic production of graphs.
- In July, heads of Mexican publishing houses met with Distribution Center managers, Coordinator Carvajal, and the RTAC-II Director to address problems created when Center managers decrease book orders from quantities adopted by professors and promoters, and to review the adoption process:
 - a) A returns policy was agreed upon and participating publishers were divided into two groups. Group A publishers will suggest quantities to be ordered by Distribution Centers. Centers will discontinue adjusting orders and Group A publishers will then accept returns of all unsold books below their specified number. Group B publishers will continue not accepting returns and Centers will continue to adjust orders to quantities they consider commercially viable.
 - b) Agreements also were reached on book adoptions and the generation of orders.

- A study of the CINDE book operation's overhead costs and profit margin was completed. A report was presented to the RTAC-II Director and the USAID Project Coordinator recommending that the profit margin be raised from 15% to 20%. The report was sent to A.I.D./Washington for analysis.
- The RTAC-II coordinator made an outstanding contribution by gathering bibliographic information on secondary level textbook titles. This data may be utilized for the RTAC-II Nicaraguan secondary school project.
- CINDE developed a series of innovative reports that provide timely information for managerial decision-making, utilizing data provided by the MIS. One report describes the relative efficacy of sales, measuring sales by title and publisher. This permits the Distribution Center manager to flag slow selling titles.
- A picture of a local high school student holding an RTAC-II math book after winning a bronze medal in an international math competition among Spain and all the countries of Latin America appeared on the front pages of Costa Rican newspapers. The student credited the RTAC-II book for his success in preparing for and winning the competition. He praised RTAC-II for offering invaluable assistance to Costa Rica's future scientists.
- Because of concerns about slow-moving books, CINDE proposed that the Distribution Center transfer its profit margins to participating bookstores. The bookstores' margins would increase and the books would continue to be available. The measure produced immediate results: in one month, 427 books were sold.
- In yet another effort to reduce the inventory of slow selling books, overstocked titles were sold (at cost) to promoters to use in their contacts with professors.
- USAID/Costa Rica bought 1,865 books through the RTAC-II buy-in mechanism and donated them to science high schools in Costa Rica.
- The Manager of the CINDE book operation participated in the Guadalajara International Book Fair. He met with publishers on book orders and slow-moving books in inventory, and obtained the cooperation of publishers in finding new ways to lower inventories and increase sales.

2. Guatemala

USAID National Coordinator:	Gilberto Méndez
Distribution Center:	Instituto Guatemalteco Americano (IGA)
Participating Bookstores:	30, including departments (states)
University Student Population:	55,000 in RTAC-II fields

- During the past year, 88,700 books (the largest purchase to date), valued at US\$650,000, were purchased. Approximately 15,000 books, ordered for the second semester, were purchased with reflow funds.
- Due to strong devaluations during the year, the Mission and the Distribution Center opted to change the book pricing system to ensure that the Center kept losses to a minimum. A pilot project was carried out, substituting price tags with posters listing prices of books. This allowed the Center to adjust prices based on the dollar exchange rate. The posters were then placed in universities and bookstores and steps were taken to assure that bookstores were selling at established prices. A publicity campaign announced the changes in the system and encouraged students to continue buying books. The new system was successful and no price alterations were uncovered. The Distribution Center is thus able to protect reflow funds from future devaluations.
- Several workshops were held during the past year by participating publishers. Three of the conferences were led by speakers from Editorial Iberoamérica in the area of mathematics. Two other conferences were sponsored by Editorial Limusa in the area of educational techniques. Some 200 to 300 university professors attended the conferences.
- The manager of the Salvadoran Distribution Center visited IGA to study the administration of the book program.
- As a part of the process of institution building, the Distribution Center assumed responsibility for the receiving and processing of book shipments, including: the contracting and management of temporary personnel, inventory control, placement of A.I.D. handclasp stickers in each book, and the generation of reports. Naturally, the Center continued to count on the support of the National Coordinator.
- Using administrative funds generated through the sale of RTAC-II books, the Distribution Center rented a warehouse measuring approximately 300 square meters. IGA also contracted a warehouseman and two assistants to work exclusively for their RTAC-II program.

- IGA also invested in the construction of storage shelves for the warehouse. With the assistance of RTAC-II/Guatemala, IGA sponsored a training workshop on inventories and warehousing for the warehouse manager.
- The Director and the Chief of Human Resources Division of USAID/Guatemala visited the Distribution Center this year to view first-hand the book distribution activities.
- Some 60% of book orders were sold through credit arrangements. There was an increase in payment of outstanding credit accounts, with approximately 95% of outstanding debt recovered.
- Four publishers' representatives and Distribution Center promoters improved their coverage of regional university extensions. This year, sales increased by 40% in the outlying departments.
- With the support of RTAC-II Mexico, the adoption process for the second semester was extended by another three weeks for verification of book adoptions. In cases of multiple adoptions for the same course, Distribution Center promoters now visit professors so he or she can decide which title is preferred. Much of the confusion that existed because of multiple adoptions was resolved.
- Editorial Alfaomega contracted a local representative to cover the textbook market in Guatemala. There are now five local publishers' representatives in Guatemala.
- As part of follow-up to the regional RTAC-II seminar which took place in el Zamorano, Honduras, the managers of the Panamerican Agricultural School and FEPADE met with the Director of RTAC-II, the National Coordinator and the Chief of Human Resources Division of USAID/Guatemala to review profit margins allowed by RTAC-II and each MOU. The results are included in a report which was submitted to RTAC-II/Mexico for further study. At this meeting, the members looked also at surcharges and the depositing of reflow funds in interest bearing accounts in the U.S. thus preserving funds which were being eroded by inflation and exchange rate losses.
- An annual sales meeting took place in August with the training of personnel involved in bookstores, sales and promotion, and warehouse and personnel management. Training focused on customer service and sales techniques, promotion, and publicity. Representatives of McGraw-Hill, Harper Collins, Prentice-Hall, and Limusa, as well as the National Coordinator, participated.
- In July and August, IGA negotiated with Alfaomega for the promotion and sales of the Center's overstocked books. In two months, the publisher's promoter succeeded in reducing the inventory by more than 35%, from 19,000 to 12,000. Sales between countries reduced the inventory by another 4,500 books. In November, IGA negotiated again with Alfaomega for the return of an additional 4,500 books worth US\$25,000, from the IGA inventory, thus eliminating all overstocked books.

- A publicity campaign for 1991 was designed and developed. The Distribution Center will invest the equivalent of US\$30,000 on what will be the largest, most extensive promotional campaign in the history of RTAC-II. Publicity will be carried out through various media, including movie theaters, radio, posters and fliers. All ads were designed by a publicity agency contracted by IGA.
- Ambassador Thomas Strook, officers from USAID, USIS Guatemala, and the Director of RTAC-II/Mexico took part in the donation of 200,000 copies of the pamphlet, *The Family: The Best Defense Against Drugs*. The pamphlets were distributed to 6 institutions with drug prevention programs, including the Chamber of Industry, the National Police, Foundation for the Prevention of Drug Addiction, Association of Friends of the Country (Amigos del País), and other religious and public organizations.

3. El Salvador

USAID National Coordinator:	Rafael Retana
Distribution Center:	Fundación Empresarial para el Desarrollo Educativo (FEPADE)
Participating Bookstores:	29 private and university bookstores
Participating Universities:	23, including branches
University Student Population:	47,000 students

- During 1990, 23,440 books, with an approximate value of US\$150,000, were ordered. All books for the second semester were purchased with reflow funds.
- FEPADE divided universities and bookstores into seven different groups for better management of sales and marketing of books. FEPADE representatives and publishers' promoters made more than 1,000 visits to these outlets.
- FEPADE, using its new mobile bookstore, organized book exhibitions in the National Agricultural School (ENA), the Evangelical University, and the Education University.
- In Mexico City, during May and June, the FEPADE manager negotiated with McGraw-Hill, Alfaomega, Iberoamérica, and Limusa on inventory reduction strategies for approximately 6,000 overstocked titles in its inventory. Negotiations resulted in agreements to reduce FEPADE's inventory.
- From October to December, FEPADE succeeded in reducing its inventory by approximately 60%, from 31,767 to 19,000 copies using strategies worked out with publishers.
- In October, FEPADE organized the first seminar for booksellers in Central America. FEPADE provided technical training to personnel from 28 university and private bookstores. As a result of this seminar, a joint committee of booksellers and FEPADE representatives was organized to improve communication, study needs and problems, design and implement training activities for bookstore personnel, and seek activities to promote and increase book sales.
- RTAC-II sponsored the participation of the FEPADE Chief of Book Operations, Carlos Borrromeo Flores, at the Guadalajara International Book Fair. While at the Fair, Mr. Flores contacted 36 publishers' representatives and distributors of children's books, as well as distributors of English as a Second Language, management, law, and secondary education titles, to explore the possibility of FEPADE becoming their representative in El Salvador.

- Of all participating countries, El Salvador has the smallest number of overstocked books in its inventory. Only 4,600 copies (2.9%), out of more than 160,000 books purchased throughout the life of the project, are considered to have marginal or no sales potential. This high rate of efficiency has been achieved because of the Distribution Center's ability to deal directly and decisively with publishers in resolving issues and problems connected with slow-selling titles.

4. Honduras

USAID National Coordinator:	Paul Schifftan
Distribution Centers:	Universidad Nacional de Honduras (UNAH) Universidad Pedagógica Nacional (UPN) Escuela Agrícola Panamericana (EAP)
Participating Bookstores:	6 university bookstores
Participating Universities:	8, including branches
University Student Population:	40,000 in RTAC-II fields

- The Fourth Annual RTAC-II Regional Seminar was held at the Panamerican Agricultural School in El Zamorano, Honduras, in January 1990. Participants in the seminar included coordinators and officers assigned to USAID Missions and managers and directors of Distribution Centers from around Central America. Other participants included representatives from A.I.D./Washington, Aguirre International (Washington and San Mateo) and RTAC-II Mexico. The purpose of this seminar was to set out a vision of the future, review regional policies and define specific actions to promote the institutionalization of the project.
- During 1990, the three Distribution Centers ordered 108,348 books, valued at US\$650,000. Approximately 2.7 books were ordered for each of the more than 40,000 students participating in the fields of study covered by RTAC-II.
- During the past year, there was an increase of 40% in the number of titles ordered over the previous year's total (955 titles ordered in 1990 versus 576 in 1989). This is a sign that the program is increasingly meeting the needs of students and professors.
- The National Autonomous University of Honduras (UNAH) authorized the building of an extension to its bookstore. Construction began in November 1990 and completion is estimated for the first quarter in February 1991. The UNAH investment will be approximately US\$30,000 and will come exclusively from funds generated by the sale of RTAC-II books.

The margin of profit for the UNAH is 10% over the price of a book delivered by RTAC-II in Honduras. This is, without doubt, one of the greatest achievements of the project. Aside from providing improved services to students and professors, the expanded facilities demonstrate the extent of interest and commitment by the university community to RTAC-II and the project's goals.

- During October, RTAC-II was selected, along with several other A.I.D. projects, for a presentation to the Honorable Crescencio Arcos, U.S. Ambassador to Honduras.

- The Panamerican Agricultural School (EAP) was selected to have the FoxPro version of the Management Information System (MIS) installed for a pilot test. The facility is one of two sites where the new MIS will be tested.
- Economics books were introduced during the second semester of 1990. A total of 1,716 books were ordered. With an enrollment of more than 8,000 students, Economics is one of the UNAH's largest departments and this field of study promises to generate continued increases in book adoptions.
- The three Distribution Centers have invested in purchases of computer equipment, book display stands, cash registers, and computer furniture.
- The National Normal School (ESP) was elevated to university status and is now known as the National Pedagogical University (UPN). The USAID Mission has signed an amendment to the MOU recognizing the change of status.
- The three Distribution Centers formed a group to coordinate national policies and procedures in the management of the RTAC-II project.
- In May, the first meeting of Central American coordinators was held in Honduras to review policies and procedures on a regional basis. Strategies were developed to further the cause of institution building.

5. Panama

USAID National Coordinator:	Patricia de Rodríguez
Distribution Centers:	Universidad Tecnológica de Panamá Universidad Santa María la Antigua
Participating Bookstores:	2 university bookstores
Participating Universities:	11, including branches
University Student Population:	35,000 in RTAC-II fields

- In October, with the cooperation of regional publishers, RTAC-II/Mexico and the Instituto Guatemalteco Americano, the RTAC-II program was re-initiated in Panama at the following institutions: the Universidad Tecnológica de Panama, extension Tocumen (UTP) and the Universidad Santa Maria la Antigua (USMA). The participation of the national University of Panama in 1991 will be considered by USAID/Panama.
- Between October and November, Memoranda of Understanding (MOUs) were signed with the UTP and USMA. It was also agreed that funds generated through sales of RTAC-II books before the program was suspended in 1989 will be deposited to current reflow accounts. These funds will be used by RTAC-II for the purchase of additional technical low-cost books.
- The order for the first semester of 1991 was processed at the end of October. A total of 18,907 books (valued at US\$133,599) were purchased on behalf of the participating Panamanian universities. In spite of having far less time than usual to process adoptions, orders were highly accurate and the procedure went very smoothly.
- In December, a two-day workshop was organized for MIS operators at the two participating universities.
- In December, the Mission and universities received the shipment of books for first semester, 1991. The shipment was processed in just seven days. All confirmation reports and receipts were processed within two days.
- The UTP was selected as one of the three centers in Central American and Panama to have the pilot FoxPro version of the Management Information System (MIS) installed and tested because of their excellent computer technicians and administrative personnel.

6. Nicaragua Primary and Secondary School Books and University Feasibility Study

In September 1990, the USAID Mission requested that RTAC-II undertake a needs assessment to determine whether the necessary conditions existed for implementation of the RTAC-II low-cost university textbook program.

In October, the assessment was conducted in five universities, covering the following four areas:

- Students,
- Professors,
- Bookstores, and
- Distribution of family income.

A sample comprised of 1,000 of the 17,305 students was selected. Just under one-third of the 939 professors were queried. Twelve people were included in the bookstore sampling, and 200 families were surveyed for a study on distribution of family income. Overall, the studies reached 95% reliability.

During November and December, survey personnel tabulated and analyzed the information. At the end of December, RTAC-II received the first draft of information and some preliminary data. The results bore out many of the observations made during previous visits to universities:

- Students are able to obtain only about 10% of the books they require, if they are available (which they rarely are).
- The cost of available books is high.
- The majority of professors said they had not been visited by any publishers' representatives during the previous year.
- Bookstore managers agreed that they would be agreeable to participation in the program and with the type and amount of operating margin used in other countries.
- Family finances were found to be critical: monthly per capita income is only about US\$50, or approximately US\$314 per family. This amount must cover all basic needs (i.e., food, health, education, clothing, transportation, etc.).

Several distribution models were studied, including the use of single or multiple Distribution Centers, to identify the best way to establish Distribution Centers. It was decided that one non-profit institution would serve as a Distribution Center for all Nicaraguan universities. Several organizations are under consideration.

It appears that all the necessary conditions exist for implementation of the program in Nicaragua. In January 1991, the results of the study will be presented to USAID/Nicaragua, with the

expectation that, once approved, the textbook program will begin in early 1991 and that the initial delivery will be made in June.

Many American media organizations took notice of the plan by the Nicaraguan Ministry of Education (MED) to replace politically biased textbooks in primary and secondary schools. UPI reported that the textbook exchange was a major cultural change. UPI noted that the old textbooks used illustrations of hand grenades and AK-47 rifles to teach arithmetic, and crude comic-book caricatures of American Marines and bloated capitalists to teach Nicaraguan history.

During the first two stages of the program, RTAC-II will provide 7.2 million primary and secondary school books by March 1991. The books, selected by Nicaraguan teachers and education experts, were chosen from the best titles available in the hemisphere. Extensive modifications were made by joint teacher/editorial committees to adapt the books to the Nicaraguan context. The new books were specifically designed to be highly professional, pedagogically sound, and politically neutral.

Miskito children will begin learning reading and writing in their native language as part of the bilingual education program supported by the MED. The basic reading texts for first, second, and fourth grades are being translated into the Miskito language. In the third grade, Miskito children become part of the mainstream educational system.

In support of the book distribution to primary and secondary schools, RTAC-II developed a computerized mapping system to track the location of Nicaragua's 4,000 schools, as well as the system's principals, teachers, students, and other vital information. The system provides information of use not only to RTAC-II, but also to the MED in their normal operations. Prior to RTAC-II, the MED had no information on the location of schools, the number of students, teachers, etc. Computer equipment and software were donated to the MED to keep track of this information. The mapping activity provides the only existing database in the country on numbers of school children in pre-school grades through high school. The data also pointed up alarming patterns in the dropout rate.

Training of teachers in the use of the new textbooks is planned for January 1991. Seminars will be held at the national level and will be replicated at the regional level by the teachers. Instruction will be provided by MED curriculum experts and the authors of the new textbooks. Approximately 25,000 teachers will receive training prior to the start of the school year in March 1991.

APPENDICES

APPENDIX A

List of Participating Universities and Distribution Centers

COSTA RICA

Universidad de Costa Rica, San José
 Centro Regional San Ramón/Sede de Occidente
 San Ramón
 Punta Arenas
 Grecia
 Centro Regional del Atlántico/Turrialba
 Centro Regional de Limón
 Centro Regional de Guanacaste, Librería
Universidad Nacional, Heredia
 Centro Regional de San Isidro de Pérez Zeledón
Universidad Autónoma de Centro América, San José
Instituto Tecnológico de Costa Rica, Cartago
 Centro Academico, San Carlos
 Centro Academico, San José
Universidad Latinoamericana de Ciencias y Tecnología
Escuela Agrícola de la Región del Trópico Húmedo
Centro Agronómico Tropical de Investigación y Enseñanza
Instituto Centroamericano de Administración de Empresas
Universidad Interamericana de Puerto Rico, San Pedro
Universidad Internacional Americas, San José y Pérez Zeledón

DISTRIBUTION CENTER

Coalición Costarricense de Iniciativas de Desarrollo (CINDE)

GUATEMALA

Universidad de San Carlos
 Regional Branches in Quetzaltenango and 10 other cities
Universidad Rafael Landívar
Universidad del Valle
Universidad Francisco Marroquín
Universidad M. Galvez

DISTRIBUTION CENTER

Instituto Guatemalteco Americano (IGA)

HONDURAS

Universidad Nacional Autónoma de Honduras, Tegucigalpa
 Centro Universitario Regional del Norte, San Pedro Sula
 Centro Universitario Regional Litoral Atlántico, La Ceiba
Universidad Pedagógica Nacional
 Regional Branch - San Pedro Sula
Escuela Agrícola Panamericana "Zamorano"
Universidad Tecnológica Centroamericana, Tegucigalpa
Escuela Nacional de Agricultura, Olancho (for Library Books Only)

DISTRIBUTION CENTERS

Universidad Nacional de Honduras (UNH)
Universidad Pedagógica Nacional (UPN)
Escuela Agrícola Panamericana (EAP)

EL SALVADOR

Universidad de El Salvador
Universidad Católica de Occidente
Universidad Centroamericana José Simeón Cañas
Universidad Albert Einstein
Universidad de Américas
Universidad Don Bosco
Universidad José Matías Delgado
Universidad Nueva San Salvador
Universidad Tecnológica

DISTRIBUTION CENTER

Fundación Empresarial para el Desarrollo Educativo (FEPADE)

PANAMA

Universidad Tecnológica de Panama, Extensión Tocumén (UTP)
Universidad Santa María la Antigua (USMA)
Universidad de Panama - *Planned for 1991*

DISTRIBUTION CENTER

Universidad Tecnológica de Panama, Extensión Tocumén (UTP)
Universidad Santa María la Antigua (USMA)

APPENDIX B

MIS, The RTAC-II Workhorse

The Management Information System (MIS) v. 2.0 is a computer system developed exclusively by RTAC-II to control purchases and shipments of books, and to track sales, inventories and funds for Mexico and Distribution Centers and bookstores in the field.

The MIS is actually two sets of interfacing programs. One set, called MISCEN for MIS Central America, incorporates modules for system security, catalogs, adoptions of titles, receiving and distribution of books, production of price tags, inventory controls, financial information, billing and dynamic production of graphs based on MIS statistical information.

A second set of programs, called MISMEX for MIS Mexico, includes the use of ISBN numbers to compile Missions' book requests, catalogs and packing lists which sets prices in the field, invoicing information for processing of payments to publishers, and determine which books are purchased with program funds and which books are purchased with Central American institutions' reflow funds. The MIS v. 2.0 is a vital tool in the management of RTAC-II, both in Central America and in Mexico.

The MIS was developed through close collaboration between Mexican computer specialists, end users in Central America, RTAC-II/Mexico, and field coordinators. Numerous meetings are held each year to evaluate the MIS and to suggest future development.

Book operation managers agree that the MIS is an excellent, logical, and comprehensive system. Users are led step-by-step through the process.

In mid-1991, MISCEN will be converted into FoxPro, followed by the conversion of MISMEX. The FoxPro versions of the MIS will result in faster processing of orders as well as stricter control of the program itself.

MISMEX

MISMEX is divided into two general categories: RTAC-II catalog and Ordering Processes:

The RTAC-II catalog lists titles by publisher, area and ISBN. It is based on the latest RTAC-II order and includes all publishers' changes. Each semester, the entire catalog is updated and sent on diskette to Central America where it is loaded into computers.

A title can be located by ISBN, author or title. Books by publisher and areas can be identified (i.e., all books in education published by Limusa, all books by a given author). Academic areas and subareas are included for reference.

The other main MISMEX module, Ordering Processes, is the heart of the management of the entire RTAC-II purchasing operation in Mexico. Diskettes from the field are received and loaded into the MIS computer. Titles are combined into one global list.

The orders (some 1500 titles were processed for first semester, 1991) are arranged by publisher and total copies ordered so publishers can indicate prices and the discount offered to RTAC-II. Institutions confirm or adjust their orders based on publishers' prices.

Once all prices and quantities have been correctly entered, RTAC-II determines how much reflow money is available for each institution and distributes funds.

The MIS diskettes which are sent to Central America where shipments are automatically loaded into the inventories of Distribution Centers and university bookstores.

The MIS also automatically tracks defective books and credit notes to each institution.

Price history for books is produced to be used in negotiations with publishers.

MISCEN

MISCEN is also divided into three major areas: Catalog, Ordering Processes, and Operations. The catalog is the same as the MISMEX catalog except the Center cannot modify data.

The adoption process is the key to the demand-driven nature of the project. Only those books specifically requested by professors, verified by university officials, and approved by Distribution Center/university bookstores will be ordered. The MIS organizes adoptions and produces a variety of reports to insure that duplicate orders are eliminated and that only verified adoptions are accepted. The orders are transmitted to Mexico on diskette and on paper.

The MIS is used when new shipments are received and new inventory figures are produced. Receipts by Distribution Centers/university bookstore are produced for submission to the Mission and RTAC-II Mexico. Inventories are automatically adjusted by quantities of books and value of stock. Price tags are printed using data found in the MIS.

Invoices are printed for sales to participating bookstores and balance statements are produced to show clients' accounts, Distribution Center balances, and deposits into RTAC-II accounts.

Defective books are tracked by the MIS for the issuing of credit notes by publishers.

A statistical/graphics module is being tested for inclusion in MISCEN. The module will dynamically produce graphs based on figures found in MIS databases. This will make decision making by managers easier and more effective.

Substantial staff training was provided by RTAC/Mexico to the Distribution Centers to ensure that the above modifications and improvements are well understood and useful to decision-makers.

An integral part of system development is growth. RTAC/Mexico continuously collects data from Distribution Centers, National Coordinators, publishers, bookstores and others to identify improvements needed in the MIS. Our current list consists of the following:

- Continue updating the Center systems to allow them to run on Foxpro and to use the graphics capability;
- Survey the condition of the equipment, most of which is now about 5 years old;
- Review the ability of the current equipment to support expected RTAC-II activity in the next few years (bearing in mind that the current system design was developed for a project with half as many textbook procurements as actual numbers exist);
- Perform an assessment of the RTAC/Mexico system needs to enable it to adequately meet the requirements of a much expanded program; and
- Work with LAC/DR/EHR to identify methods for upgrading systems.

Finally, it is expected that the new FoxPro version of MISCEN, now being tested in pilot versions in three Centers, will be installed in all countries by mid-1991, resulting in a faster, more agile and more secure system.

APPENDIX C

RTAC-II Summary Financial Report by Country

The chart on the following page presents up-to-date information on the financial status of the various RTAC-II programs operational during the past year.

**APPENDIX C: RTAC-II SUMMARY FINANCIAL REPORT BY COUNTRY
AND BY INSTITUTION AS OF FEBRUARY 28, 1991**

	COSTA RICA CINDE	EL SALVADOR FEPADE	GUATEMALA IGA	HONDURAS			TOTAL HONDURAS
				EAP	UPN	UNAH	
PROJECT FUNDS PURCHASES	\$800,769	\$632,574	\$1,095,669	\$114,022	\$267,085	\$646,631	\$1,027,738
REFLOW PURCHASES	\$593,568	\$361,000	\$982,626	\$108,318	\$212,894	\$530,652	\$851,864
GRAND TOTAL	\$1,394,337	\$993,574	\$2,078,295	\$222,340	\$479,979	\$1,177,283	\$1,879,602
TOTAL DEPOSITED IN REFLOW ACCOUNT	\$989,631	\$612,503	\$1,054,657	\$152,864	\$242,328	\$697,689	\$1,092,881
BALANCE IN REFLOW ACCOUNT 02/28/91 (INCLUDING CREDIT NOTES)	\$406,408	\$267,590	\$87,501	\$45,286	\$32,506	\$172,414	\$250,206
PROJECT FUNDS VS DEPOSITS	124% +\$188,862	97% -\$20,071	96% -\$41,012	134% +\$38,842	91% -\$24,757	108% +\$51,058	106% +\$65,143

TOTAL PROJECT FUNDS PURCHASES	\$3,556,750
TOTAL REFLOW PURCHASES	\$2,789,058
GRAND TOTAL	\$6,345,808
TOTAL REFLOW DEPOSITS	\$3,749,672
BALANCE REFLOW 02/28/91	\$1,011,705

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