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AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE AUDITOR GENERAL

**PD-AAA-410-A1**

# **REPORT OF AUDIT**

OF

EDUCATION DEVELOPMENT

(EDUCATION MATERIALS PRODUCTION)

PROJECT NO. 439-11-690-064-3

August 7, 1963 to December 31, 1970

(Laos Program)

**A.I.D.**  
**Reference Center**  
**Room 1856 NS**

Report No. 8-439-71-79  
March 4, 1971



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Department of State

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**TELEGRAM**

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SUBJECT: UPDATING AID RESPONSE TO GAO COMMENTS  
ON TEXTBOOK PROGRAM

REF: STATE 036599

PRESENT STATUS AND EXPECTATIONS OF PROGRAM ARE AS FOLLOWS:

1. MINISTRY OF EDUCATION WITH SUPPORT FROM USAID AND UNIVERSITY OF HAWAII CONTRACT TEAM NOW HAS STAFF WITH NEW TECHNICAL CAPABILITY TO UNDERTAKE PROJECTS IN CURRICULUM IMPROVEMENT AND TEXTBOOK WRITING AND REVISION. SIGNIFICANT PROFESSIONAL WORK IN THIS AREA HAS BEEN ACCOMPLISHED IN PAST THREE YEARS IN ELEMENTARY, SECONDARY, AND TEACHER TRAINING PROGRAMS.

2. MINISTRY CONTINUES TO INCREASE BUDGET FOR EDUCATIONAL MATERIALS. FY 71 BUDGET PROVIDES 13.5 MILLION KIP FOR PRINTING AND PURCHASE OF BOOKS AND OTHER PRINTED MATERIALS FOR CLASSROOM USE IN ALL LEVELS OF SCHOOL SYSTEM. IN ADDITION, 3.6 MILLION KIP BUDGETED FOR PERSONNEL OF MINISTRY'S MATERIALS PRODUCTION CENTER WHICH PRODUCES TEACHING AIDS, TEACHERS JOURNAL, TEXTBOOKS AND OTHER MATERIALS.

3. DEVELOPMENT OF ADMINISTRATIVE CAPABILITY ON PART OF MINISTRY OF EDUCATION TO ORGANIZE SYSTEM FOR LARGE SCALE REPRINTING AND DISTRIBUTION OF ELEMENTARY TEXTBOOKS FOR SALE HAS MOVED MORE SLOWLY: AS AN

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EXPERIMENT. MINISTRY HAS PRINTED 100,000 COPIES OF FOUR ELEMENTARY TEXTBOOKS FOR SALE AND IS NOW WORKING ON POLICIES AND PROCEDURES NEEDED TO PRINT MORE BOOKS IN GREATER QUANTITIES. MISSION IS USING ALL POSSIBLE MEANS TO ENCOURAGE RAPID PLG ACTION TO ESTABLISH REQUIRED SYSTEM. MISSION BELIEVES RLG POLICY TO PRINT BOOKS FOR SALE TO STUDENTS WHO CHO CAN AFFORD TO BUY IS NECESSARY BECAUSE OF LIMITED RLG RESOURCES AND THAT ESTABLISHMENT OF SUCH SYSTEM WILL HELP ASSURE ADEQUATE CONTINUING SUPPLY OF ELEMENTARY TEXTS.

4. IN ADDITION TO BOOKS FOR SALE, MINISTRY REQUIRES BOOKS FOR FREE DISTRIBUTION TO REFUGEE AND OTHER INDIGENT STUDENTS AND TEXTS AND MATERIALS FOR TEACHERS, TRAINING COURSES, AND DEMONSTRATION PROJECTS. FOR THESE PURPOSES, SINCE TERMINATION OF TEXTBOOK PROJECT IN FY 68 OTHER CONTINUING USAID EDUCATION PROJECTS HAVE REPRINTED 241,000 COPIES OF 15 LAO BOOKS FOR ELEMENTARY EDUCATION AND HAVE PRINTED 197,000 COPIES OF 21 NE LAO BOOKS FOR TEACHER TRAINING AND 78,000 COPIES OF 13 NE LAO BOOKS FOR SECONDARY EDUCATION.

5. ALL LAO BOOKS ARE NOW BEING PRINTED IN VIENTIANE IN SELF-SUPPORTING GOVERNMENT PRINTING PLANT OR IN LOCAL COMMERCIAL PLANTS. DEVELOPMENT OF LOCAL PRINTING CAPABILITY SINCE 9167 IS SIGNIFICANT ACHIEVEMENT.

6. IN GENERAL MINISTRY OF EDUCATION PERFORMANCE IN REGARD TO CONTINUATION OF PROGRAM HAS BEEN SATISFACTORY. IT IS RECOGNIZED THAT SOME WORK IS STILL REQUIRED TO COMPLETE SYSTEM FOR PRINTING AND DISTRIBUTING ELEMENTARY TEXTBOOKS FOR SALE. HOWEVER, DESPITE IMPLICATIONS IN GAO REPORT WE EMPHASIZE THIS IN AN ON-GOING PROGRAM.

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OFFICE OF THE AUDITOR GENERAL

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PROJECT NO. 439-11-690-064-3

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(Laos Program)

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East Asia Area Office  
c/o USAID/Manila

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# REPORT OF AUDIT

OF

## EDUCATION DEVELOPMENT (EDUCATION MATERIALS PRODUCTION) PROJECT NO. 439-11-690-064-3 August 7, 1963 to December 31, 1970 (Laos Program)

### I. SCOPE OF AUDIT

We have performed a "limited-purpose" review of Education Development (Education Materials Production), Project No. 439-11-690-064-3, in accordance with the provisions of AID M. O. 791.3 to determine if project problems (non-utilization, deterioration, etc.) are apparent and whether the project seemed financially and physically successful.

Our audit included an examination of accounting reports, project files and documents maintained at USAID/Laos, a limited end-use observation of equipment in Vientiane and discussions with responsible officials.

This was the initial audit of the project and covered the period August 7, 1963 (project inception) to December 31, 1970.

Significant matters disclosed by the audit are presented in Section IV, Findings and Recommendations. Major findings are summarized in Section III.

### II. BACKGROUND INFORMATION

The original Project Agreement (ProAg) dated August 7, 1963 was titled "National Education". A revision dated January 20, 1965 changed the sub-project title to "Education Materials Production". The purpose of the sub-activity was to assist the Royal Lao Government (RLG), to provide textbooks and supplementary instructional materials in the Lao language, and to support elementary, secondary, vocational education and teacher training activities in Laos. USAID

assistance was to be given the RLG Ministry of Education (MOE) in developing the capacity to provide the increased support services required.

Initial goals were (1) to provide each Lao elementary school child with one textbook in each subject in grades one through six, and (2) to provide for a continuing training program in materials development which would stimulate the MOE into a pattern of self-sufficiency.

A Materials Production Center (MPC), operated by the MOE, was established in 1964 to acquire required technicians for translating, writing, illustrating and printing textbooks and related educational materials. Participants were sent to Thailand for training during fiscal years 1964 through 1966. Due to inadequate facilities and lack of skilled services in Laos at the offset of the project, a decision was made to send final copies of textbook layout to Manila, Republic of the Philippines, for offset printing. The MPC evolved into a place of create, design and layout the materials preparatory to printing.

By the end of fiscal year 1968, a total of 2,665,887 copies of 66 elementary textbook titles and 98,000 teachers' handbooks were received from Manila at a total PIO/C cost of approximately \$322,000.

From inception of the project in fiscal year 1964 through December 31, 1970, dollar obligations and expenditures amounted to \$496,610. During the same period, local currency obligations and expenditures amounted to ~~₭~~112,367,797 or an equivalent amount of \$468,199 at the rate of ~~₭~~240 to \$1.00 (Exhibit 1).

Of the total dollar expenditures of \$496,610 made during the audit period, expenditures for commodities totaled \$374,594 or 75% of the total. Approximately \$322,000 or 86% of the total amount expended for commodities was used for the procurement of books. The balance of 14% was used for supplies, bulletins and publications, manuals, office furnitures, machines, etc.

### III. SUMMARY OF MAJOR FINDINGS

The MOE has not been, as yet, stimulated into a pattern of self-sufficiency in the production of education materials (Para. IV. A). There is currently a shortage of elementary school textbooks in

Laos. An offset printing press installation costing \$10,152, which was acquired for textbook production in August 1967, is not being utilized because a related piece of equipment was not purchased (Para. IV. B). The project was technically completed in July 1968; however, a project Completion Report has not been filed (Para. IV. C).

#### IV. FINDINGS AND RECOMMENDATIONS

##### A. Textbook Shortage

Although the initial project goal of supplying one textbook for each student for each subject was accomplished by September 1966, the MOE has not become self-sufficient in the production of textbooks as envisioned, either through reprints of previously acquired books or through the development of new textbooks.

The initial supply of textbooks printed in Manila was in paperback form. On the average, each book was expected to last three years, and one-third of the books in circulation was expected to be lost or destroyed each year. All of the books printed in Manila were distributed with the exception of 50 books for each title which are stored in a central warehouse. On the basis of the above assumptions, and the increase in student enrollment each year, we calculated that there would have been a probable shortage of over two million textbooks during the four-year period ended September 1970; however, we did not attempt to determine the correctness of this figure. Nevertheless, we were assured that there is a current shortage of considerable magnitude in textbooks printed in the Lao language.

Since 1968 an additional 349,500 textbooks were reprinted in Laos for the lower elementary grade students through funding provided by the USAID Community Development Project. We were advised that RLG funding has provided less than ten thousand reprints during this same period.

##### Recommendation No. 1

We recommend that USAID/Laos determine the need for further USAID assistance to the RLG to overcome the apparent shortage of textbooks and take whatever action is deemed

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appropriate to stimulate the MOE into a pattern of self-sufficiency as originally contemplated when the project was established.

B. Utilization of Equipment

A used Harris-Seybold, 2-color, offset printing press installed at the RLG Service Geographique printing house in August 1967 was not being utilized as disclosed by audit end-use check on January 7, 1971.

The press had been donated to USAID/Laos by the Michigan Lithographing Company. Costs of \$10,152 were incurred by the project to dismantle the machine, ship it from the United States, reinstall it in Laos and train RLG personnel in its use. The printing press and related equipment was to be used primarily for RLG textbook printing in the Lao language.

The machine is operable, according to the USAID Communications Branch Chief, but has not been used for production purposes since it was acquired. Our review disclosed that funding had not been provided for a related piece of equipment (vacuum frame) necessary to make plates to use in the press. The Asia Foundation advised the MOE that it was willing to provide the funding for purchase of the vacuum frame in Japan but, since the Foundation receives a general grant from AID, a waiver for off-shore procurement is required. According to the Foundation's representative in Vientiane, a waiver was requested of AID approximately nine months ago but approval had not, as yet, been received.

Recommendation No. 2

We recommend that USAID/Laos investigate the delay in receipt of the AID waiver for offshore purchase of the vacuum frame and take whatever action is necessary to enable the RLG to procure it.

(The USAID has advised that corrective action as recommended above has been completed).

C. Completion Report

A Completion Report was not prepared by appropriate representatives of AID and the Cooperating Agency.

USAID Education Division officials told the auditor that the project was technically completed in 1968. Final liquidation of obligations occurred in July 1970.

One of the provisions set forth in the ProAg Standard Provisions Annex states: "Upon completion of the project, a Completion Report shall be drawn up, signed by appropriate representatives of AID and the Cooperating Agency, and submitted to AID and the Cooperating Agency. The Completion Report shall include a summary of the actual contributions by both AID and the Cooperating Agency to the project, and shall provide a record of the activities carried out, the objective achieved and related basic data."

Recommendation No. 3

We recommend that USAID/Laos prepare a Completion Report in accordance with ProAg Standard Provisions Annex (Form AID 1330-1-B).

(The USAID has advised us that corrective action as recommended above has been initiated).

EDUCATION DEVELOPMENT IN LAOS  
(EDUCATION MATERIALS PRODUCTION)  
PROJECT NO. 439-11-690-064-3

EXHIBIT I

SUMMARY OF PROJECT OBLIGATIONS AND EXPENDITURES  
U. S. DOLLAR AND KIP FUNDING  
August 7, 1963 to December 31, 1970

	<u>Obligations and Expenditures</u>
<u>Dollar Assistance</u>	
Personal Services:	
Direct AID	\$ 75,260
Contract Services	21,024
Participants	9,047
Commodities	374,594
Other Costs	<u>16,685</u>
Total	<u>\$ 496,610</u>
 <u>Local Currency</u>	
U. S. - Owned	K 42,737,616
Trust Fund	57,903,515
Counterpart Releases <sup>1/</sup>	<u>11,726,666</u>
Total	<u>K112,367,797</u>
US Dollar Equivalent	<u>\$ 468,199</u>
Grand Total	<u>\$ 964,809</u>

Conversion Rate: K240 = \$1.00

<sup>1/</sup> Counterpart releases to RLG were discontinued in FY 1968.

REPORT DISTRIBUTION

	<u>No. of Copies</u>
<u>IGA</u>	1
<u>AID/W</u>	
AG/AUD	3
EA/PMCA	2
Laos Desk	1
<u>IIS/Bangkok</u>	1
<u>USAID/Laos</u>	15
<u>AG/EA</u>	
Area Audit Office	5
Vientiane Residency	5