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PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO. 596-0034	2. PAR FCR PERIOD Jan. 1974 TO Nov. 1976	3. COUNTRY ROCAP	4. PAR SERIAL NO. 77-1
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5. PROJECT TITLE

REGIONAL TOURISM EXPANSION

9p.

6. PROJECT DURATION: Began FY <u>70</u> Ends FY <u>75</u>	7. DATE LATEST PROP 12/31/70	8. DATE LATEST PIP	9. DATE PRIOR PAR December 1973
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$400,000	b. Current FY Estimated Budget: \$ none	c. Estimated Budget to completion After Current FY: \$ none
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Stanford Research Institute (SRI)	SITCA Contract
Sea Pines	SITCA Contract

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		

D. REPLANNING REQUIRES

REVISED OR NEW:  PROP  PIP  PRO AG  PIO/T  PIO/C  PIO/P

E. DATE OF MISSION REVIEW

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE

MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE

Evaluator: H.L. Bradlock

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**II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS**

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUTSTANDING		LOW	MEDIUM			HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. Stanford Research Institute					X								X
2. Sea Pines			X										X
3.													

Comment on key factors determining rating

Both SRI's Marketing Action Plan and Sea Pines' Investment Promotion activity are principal inputs to the achievement of the project's purpose. In November, 1976, Sea Pines satisfactorily completed its work in identifying potential financing for investment projects. SRI submitted an acceptable Marketing Action Plan which has been approved by the CTC and for whose implementation increased funding has been requested from participating countries.

4. PARTICIPANT TRAINING	None	1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

5. COMMODITIES	None	1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

6. COOPERATING COUNTRY		1	2	3	4	5	6	7	1	2	3	4	5
		a. <del>XXXXXXXXXX</del> SITCA					X						
b. <del>XXXXXX</del> CTC					X								X

Comment on key factors determining rating

a. SITCA. The Secretariat for the Regional Tourism Council is key to the success of project activities and achievement of purpose. While SITCA has not yet evolved into the dynamic action body needed to maximize potential in regional tourism promotion, during the period evaluated it made real improvements in its working relationships with the national tourist institutes and upgraded the quality of its coordinating functions to a satisfactory level.

b. CTC. The national tourism institutes composing the Central American Tourist Council increased their levels of payments for SITCA's administrative support during the evaluated period.

7. OTHER DONORS	OAS IDB	1	2	3	4	5	6	7	1	2	3	4	5
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II. 7. Continued: Comment on key factors determining rating of Other Donors

The OAS provided technical advisory assistance to SITCA and the IDB funded a \$235,000 contract, through SITCA, to study the Central American tourism circuit. Both these activities supplemented SITCA's ROCAP-supported activities.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	
			TO DATE	TO END			
Marketing Action Plan (SRI)	PLANNED		1				1
	ACTUAL PERFORMANCE		1				
	REPLANNED						
CA/P rural area facilities investment promotion prospectuses (Sea Pines)	PLANNED		8				8
	ACTUAL PERFORMANCE		8				
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT: In August 1976, SITCA presented the new Marketing Action plan to the CTC whose member nations' delegates approved the plan and agreed to request from their governments increased financial contributions to support implementation of the plan					
1. Marketing Action Plan adopted.							
2. Investment prospectuses used.		COMMENT: Although it is too early for a comprehensive assessment, SITCA has accepted the prospectuses and some project developers have expressed satisfaction with them.					
3.		COMMENT:					

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP?  YES  NO

To assist SITCA in achieving the institutional capability to improve coordination of regional tourism activities and to promote tourism in Central America and Panama.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<ol style="list-style-type: none"> <li>1. Favorable tourism incentive laws in participating countries.</li> <li>2. Trend of increasing tourism revenues established in participating countries.</li> <li>3. Package tour approach being applied.</li> <li>4. Increasing level of tourism investment in the region.</li> <li>5. Increased capacity of SITCA to coordinate regional tourism development efforts.</li> <li>6. Intraregional tourism facilitated.</li> <li>7. Linkages established thru SITCA between U.S. tourism industry and regional tourism development institutions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Favorable legislation has been passed in Guatemala, Honduras and Panama. In May 1976 Honduras augmented its tourism incentive legislation with a provision for government financial support of private tourist industry investment.</li> <li>2. Although trend rate and stability vary from country to country, a generally strong trend of increasing tourism revenues has been established for the region.</li> <li>3. While current statistics are not available indications are that promotion of package tours throughout Central America has enjoyed substantial support and success since its inception in 1972.</li> <li>4. The trend toward increasing levels of investment noted earlier appears to have continued through the period evaluated.</li> </ol>

(Cont. p. 5)

V. PROGRAMMING GOAL

A. Statement of Programming Goal

Improved balance of payments in Central American countries and Panama through attraction from outside the region of more tourists staying longer in the region.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

As this project terminates it can be seen that increased extra-regional tourism has in turn increased revenues in the region. Project activities toward achievement of project purpose have contributed to this trend and thus to the programming goal.

Continuation from page 4

B.2 (Cont'd)

5. SITCA's capacity is largely a function of the operational budget support from the participating countries. In August, 1976, the participating countries' members on the CTC agreed to seek increases in their combined contributions from some \$100,000 annually to \$ 400,000 in order to support SITCA's new Marketing Action Plan. The improved relationships between SITCA and CTC during the period evaluated suggests the possibility for continued improvement in support from the C.A. countries.

6. While no major progress has been made in facilitating intraregional tourism, several countries have established full-time (24 hour) operations of immigration and customs offices at border crossings and have abolished requirements for vaccination certificates.

7. SITCA has not pursued this specific activity beyond efforts made prior to this evaluation period (see PAR 74-7). However, it has undertaken related efforts such as the establishment of a Central American Tourism Office in the United States (New York).

PROJECT APPRAISAL REPORT

Country: ROCAP - Central America Regional

Serial Number: 77-1

Project: 596-0034 - Regional Tourism Expansion

Initial FY of Obligations: FY 1970

Final FY of Obligations : FY 1975

Total Funds Obligated : \$400,000

Project Managers: Robert Fullmer RGF.  
James B. Riley (Substance)

Evaluator Henry L. Braddock B

Evaluation Officer: Robert Hechtman RH

Director: Lawrence Harrison LH

SUMMARY APPRAISAL

The attached terminal PAR evaluates the final period of the project (CY 1974/76). This summary provides a total project overview and perspective.

This project, initiated as a discrete activity in 1970, was preceded by related activities dating back to 1967. Over the decade since then, tourism (both intra - and extra regional) has grown substantially and has become a basic industry and foreign exchange earner for the region. Visitors to the countries of the region had increased from 531,000 in 1967 to 1,382,000 by 1974. Of these, the number of extra-regional tourists more than doubled from 233,000 to 560,000. Over the same period regional earnings from tourism grew steadily from \$ 44 million to \$ 138 million representing 2.3% of the countries' gross domestic products (up from 1% in 1967). Investment in tourist facilities has increased to keep pace with the rising demand, fueling an expansion of facilities which continues.

No direct correlation between project activities and tourism growth can be made. Nevertheless, the project clearly played a part in the expansion of the industry within the region. Specific project accomplishments, carried out by the Secretariat of the Central American Tourism Institutes (SITCA), includes:

- Production and dissemination of tourism promotion films viewed by millions in the United States.
- Preparation of tourist guide manuals which are used in all countries in training tour guides.
- Coordinated participation of Central American countries in international tourism conventions.

- Training for hundreds of people throughout the region in tourism promotion, service delivery, and local training for tour guides.
- Successful promotion of package tours into the region.
- Production of a series of basic plans and studies including a marketing action plan, a study of tours and tour operators, a survey of the Mexican tourism market and promotion of tourism from Mexico to Central America, a tourist survey and development plan for the Pan American Highway in Central America and Panama, a study of a Central American tourism organization, a special interest tourism guide and marketing plan (for special interest groups such as birdwatchers, hikers, etc.), and a study for promotion of investment in tourist facilities in rural areas.

Not all the studies and other achievements have been of equal quality or utility, but all have contributed in some measure to increasing the region's potential for organized promotion of tourism.

There are also some weaknesses which the project did not completely overcome. Central among these is the sometime reluctance of the member countries to cooperate as fully as they might in joint activities through the Central American Tourism Council (CTC) and its Secretariat (SITCA). Still, the countries continue to support the existence of the CTC and SITCA, and these institutions remain available vehicles for ongoing regional tourism coordination and promotion. An encouraging note was the CTC's approval in August, 1976, of the Marketing Action Plan developed by Stanford Research Institute and the recommendation of CTC representatives to their respective governments for substantially increased member contributions to SITCA to support the plan. Additionally, private industry participates actively in tourism promotion and maintains informal ties to public sector efforts. SITCA continues to foster public-private sector cooperation as in the preparation of a series of investment prospectuses

developed by Sea Pines in 1976 under contract with SITCA.

On balance, then, project activities have injected innovation and organization into the developing process of regional tourism promotion and have been accompanied by a satisfying growth in tourism as a component of total regional integration and development.