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# MID-TERM EVALUATION CONSEJO HONDURENO DE LA EMPRESA PRIVADA

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## FINAL REPORT

*Bureau for Private Enterprise  
U.S. Agency for International Development*

*Prepared for: USAID/Honduras*

*Prepared by: Ernst & Young*

*Sponsored by: Private Enterprise Development Support Project II  
Project Number: PDC-2028-Z-00-7186-00  
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*Prepared by: Wesley D. Boles, Chief of Party  
Kathleen Vickland  
Jaime Alvarez*

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## I. EXECUTIVE SUMMARY

AID and Consejo Hondureño de la Empresa Privada (COHEP) entered into a five year cooperative agreement in September 1987. The agreement called for COHEP, as the umbrella organization of the Honduran private sector, to develop a capacity to conduct economic policy analysis, carry out a public dialogue and an educational campaign all designed to promote policy changes in favor of economic growth and development. COHEP was also to strengthen its government relations ability as well as its own internal organization and that of its member organizations. Finally, COHEP was to undertake a fund raising program which would lead to financial self-sufficiency by the end of the agreement period.

The conditions precedent which were to establish satisfactory accounting systems, operational plans and personnel standards were fulfilled on schedule. Special covenants calling for reform of the by-laws, if necessary, structural reorganization to carry out the agreement objectives and development of a financial plan have not been satisfied in full. Possible reform of the by-laws is still at issue. COHEP's staff was expanded and organized to handle the increased activities, but a financial plan has yet to be fully approved or put into operation.

COHEP's Economic and Policy Analysis division has more than met Agreement goals in terms of economic studies. Using outside consultants, some 18 studies were carried out and from the data a series of 10 position papers prepared. Areas studied included agricultural, credit, trade and constraints to investment. A major effort was centered on the need for macroeconomic reform, the key product of which was a proposal by Drs. Harberger and Wisecarver for restructuring the Honduran economy.

The impact of these studies included bringing to full public attention a number of key economic issues and, most importantly, in supplying the analytical framework for the Government's current economic program.

COHEP's positions, however, have not necessarily reflected the views of its membership. No economic policy strategy has been developed and at present it lacks the capacity to develop a data base or price index.

COHEP's communications program goal was to enhance its reputation as the lead private sector organization, to seek changes in government policy, to improve the image of the private sector and to promote understanding of free enterprise. Its program, based on a Gallup poll, included public relations, conferences and publications and was well designed and carried out.

The public relations campaign raised COHEP's visibility and that

of many economic issues, but at times resulted in negative responses. The program needs to be improved. An impressive number of conferences and meetings were held which served to carry COHEP's message. In publications, "Empresarios", a monthly has developed into an effective communications tool for opinion leaders.

As to government relations, member associations still go directly to government to resolve problems. Key private sector leaders are not active in COHEP and have direct and close relationships with senior levels of government. COHEP is recognized as the private sector's lead institution for representing broad issues, which it carries out as member of government boards and commissions. COHEP maintains access with the Congress and executive branches, but needs to increase its professionalism in this area.

COHEP has underspent its overall budget and with the change in exchange rate will probably not use the full amount of grant funds by September 1992. Its expenditures have been heavily weighted towards economic analysis and public dialogue with little spent on institutional consolidation or government relations.

Although thought has been given to issuance of special bonds, there is no agreed financial plan in place through which to achieve financial self-sufficiency and collection of a capital fund has barely started. Current income from non-grant sources covers around 13% of budgeted levels of spending.

Membership relations have recently been improved. There is a basic problem of balanced representation with most COHEP members representing merchant interests located in Tegucigalpa and San Pedro Sula. Services to the membership have been weak. Further outreach programs and mechanisms to include members in the policy formation process are recognized and steps are underway to improve in this area.

Reform of the by-laws has not taken place but remains under study. COHEP has been reorganized and expanded to carry out the terms of the Agreement, but the initial set-up was ineffective and further reorganization took place in late 1988 and again is in process at present.

AID involvement has been limited. Administrative back-up has been good, but provisions in the Agreement for an institutional contract and/or a long term advisor have not been implemented. Short term technical assistance is now being provided in areas of organizational and economic policy development.

The public perception of COHEP has been heightened. COHEP receives substantial press coverage but its basic image as a group of well to do merchants, based in Tegucigalpa and in support of the Nationalist Party has not changed substantially.

The evaluation team's recommendations include:

**Economic Policy** - to develop a strategy and mechanisms to build in membership support. Studies to consist of one major and the rest minor. Efforts to be made to develop data base, price index and more translation of economic research into form usable by public.

**Communications** - to develop a strategy which targets key groups. Develop new products for use in outreach program to non-members, work to improve press relations and improve internal communications.

**Government Relations** - create a department of government relations and strengthen efforts to affect legislation.

**Institutional Consolidation** - reform by-laws to strengthen representative nature of COHEP. Look for new members outside Tegucigalpa and improve level of services.

**Organizational** - Complete planned reorganization and make every effort to fill current vacancies with qualified professionals. In close consultation with membership, develop financial plan to build capital fund.

## II. INTRODUCTION AND BACKGROUND

### A. BRIEF DESCRIPTION OF PROVISIONS OF COOPERATIVE AGREEMENT

USAID/Honduras entered into a five-year cooperative agreement on September 10, 1987 with the Consejo Hondureno de la Empresa Privada (COHEP). The purpose of the Agreement was to strengthen the capacity of the private sector in Honduras; to analyze economic policies affecting the private sector; to develop a more effective policy dialogue with government; and to increase awareness by the Honduran public of the importance of private enterprise to economic and social development through COHEP.

To carry out its objectives, COHEP was expected to recruit a small, but highly skilled, staff to carry out functions of economic policy analysis, communications and public education, government relations and membership development. Set forth in the Agreement as initial requirements were: a condition precedent requiring the development of an accounting system, operational plan and staff meeting AID standards, and three special covenants. The covenants required that within one year of signing, COHEP would reform its bylaws, reorganize itself and initiate a fund raising campaign. The Agreement also had a provision related to COHEP's achievement of financial self-sufficiency by committing AID to provide a grant to COHEP of two million lempiras at the end of the five year agreement period, but only on condition that in the meanwhile COHEP had itself raised the equivalent of a million dollars, or two million lempiras at the exchange rate then in effect.

The Cooperative Agreement also contained an understanding that AID would be involved substantially in its implementation. Funds were budgeted for an institutional contract for technical assistance, including a long term technical advisor.

### B. PURPOSE OF MID-TERM EVALUATION

Under the terms of the Cooperative Agreement, COHEP agreed to submit to an evaluation (informal) of project progress every year, beginning with year two. The current evaluation is the first of these. The tasks for the evaluation team were to review progress achieved by COHEP as compared to the objectives of the Cooperative Agreement, to comment on the rate of progress or lack thereof, and to develop conclusions and recommendations which will assist COHEP and USAID/Honduras to make any adjustments necessary in project implementation to fulfill the requirements of the Agreement by the end of 1992.

### C. COMPOSITION OF EVALUATION TEAM

The evaluation team brought to Honduras under the Private Enterprise Development Support (PEDS) Contract between AID and Ernst & Young comprises:

**Wesley Boles, Chief of Party** - Mr. Boles's background includes service with the U.S. Department of State, with a major transnational corporation and several years as an independent business consultant. He has substantial experience in Honduras beginning in 1984 and including residence in country from early 1987 to mid-1988 during which he worked in the Private Sector Programs Division of AID/Honduras and with the Central American Bank for Economic Integration. Previous consulting assignments include service as Chief of Party for the mid-term evaluation of AVANCE, an AID-supported Honduran educational organization. Mr. Boles holds a BA in International Relations from U.C.L.A., an MA in Foreign Affairs and an MBA in International Business, both from the George Washington University.

**Kathleen Vickland, Marketing/Advertising/Promotion Specialist** Mrs. Vickland is a senior staff member of SRI International in Arlington, Virginia. She has extensive experience in economic and organizational development in Latin America. She has been heavily involved since 1986 in an investment promotion project for the Dominican Republic for which she has provided technical assistance and program management in the areas of promotion, advertising and public relations, activities carried out in the U.S. by the contractor (SRI) rather than by the Dominican institution. Mrs. Vickland holds a BA in Economics from Carleton College and an Masters in Public Administration from Harvard University's Kennedy School of Government.

**Jaime Alvarez, Economist** - Mr. Alvarez has extensive experience in the areas of economic policy analysis and economic regulation obtained through five years' service with the Central Bank of the Dominican Republic and one year with SRI in the U.S. With the Central Bank he was actively involved in economic adjustment policies including fiscal and monetary reform, the trade regime and investment environment. His tasks included working with members of the legislature and developing public relations programs in support of free enterprise. Mr. Alvarez holds a BA degree in Economics from the Instituto Tecnico in Santo Domingo and a Masters Degree from Georgetown University in Public Policy with specialization in economic regulation.

#### D. METHODOLOGY USED

Starting with a review of such basic documentation as the Project Paper and the Cooperative Agreement, the evaluation team has based its findings on review of a wide range of documents available at COHEP including its annual reports, work plans, financial reports, publications and audio-visual presentations. A major source of information has been personal interviews with individuals inside COHEP, with AID and within the Honduran business community in general, including some located in Honduras' north coast area. The team has also benefited from an exchange of views with consultants involved in the project design stage as well as in current efforts to provide technical assistance. One team member attended the policy and organizational strategy meeting for COHEP held from May 16-18, 1990, at which professional staff from COHEP's member organizations were also present. A bibliography and a list of persons contacted are appended to this evaluation.

### III. FINDINGS

#### A. COMPLIANCE WITH CONDITIONS PRECEDENT

The Cooperative Agreement established four conditions precedent before funding could become available to COHEP. These were:

1. Establishment of appropriate accounting and financial management systems.
2. Preparation of a detailed first year budget and operational plan.
3. Establishment of an appropriate personnel policy system in written form.
4. Provision of financial audits and reports for the previous three years.

These conditions precedent were met by January 1988, some three months after signing the Agreement, at which time the first disbursement of AID funds was made. USAID/Honduras' Financial Analysis Section completed a financial review of COHEP as of June 30, 1989 which found COHEP in general compliance with AID regulations, procedures and with the provisions of the Cooperative Agreement. In the view of the Controller's Office, COHEP had put into place an excellent system of control over the use of funds and of financial administration. With regard to COHEP's personnel system, it was noted that full evaluations of staff to justify salary increases were not done in all cases. COHEP agreed to rectify this situation.

#### B. COMPLIANCE WITH SPECIAL COVENANTS

The Cooperative Agreement established three special covenants which COHEP undertook to fulfill, two of them within one year of the Agreements' signing, by September 9, 1988. These were:

1. Review and modify, as necessary, the by-laws to further its representative nature with the Honduran private sector and to strengthen member organizations; and
2. Undertake an organizational reform deemed necessary to improve operational efficiency.

The third covenant requires COHEP to undertake a major fund-raising drive, put in place a significant increase in membership dues, and raise a capital fund of approximately one million dollars in local currency equivalent (calculated at a rate of two lempiras to one dollar) by the end of the Agreement period, September 9, 1992.

The review and possible modification of COHEP's by-laws is still

in process. COHEP's executive leadership has agreed that modification of the by-laws is desirable, but no agreement has yet been reached as to what specific changes should be made. A committee has just been appointed to develop recommendations for amendment of the by-laws.

COHEP was reorganized and expanded in early 1988 in order to carry out the objectives of the Agreement. Prior to 1988, COHEP's Executive Secretary was the only full time professional staff member. The new organization established a co-equal position, that of Technical Director, to whom was assigned responsibilities for operations, policy analysis and communications/public relations. Government and membership relations were assigned to the Executive Secretary. Full time professional staff was hired to carry out these functions. Both the Technical Director and Executive Secretary reported to the Board of Directors. Within the Board (junta directiva), an Executive Committee was formed to provide a smaller, continuing management oversight mechanism. The evaluation team considers that this reorganization fulfilled this special covenant. COHEP's current major reorganization is covered in the findings in Section III. F. of this report (Institutional Consolidation).

Plans for a major fund raising drive, including issuance of special, interest-bearing bonds, have been discussed since late 1988. None has been undertaken to date. Arrears in membership dues have largely been eliminated. There appears to have been no substantial increase in the monthly dues.

### C. ECONOMIC AND POLICY ANALYSIS CAPABILITIES

#### 1. Assessment of Efforts To Date

In the area of economic and policy analysis, COHEP has expended the bulk of its efforts and has had its major achievements. What it has not done is develop an overall strategy or an agenda formally supported by the membership. The evaluation team did not find any record of a memorandum of understanding between AID and COHEP as to the economic study agenda as called for in the Cooperative Agreement.

COHEP's economic studies to date have been carried out by outside consultants. Subjects for the first studies appear to have been selected by the then Technical Director in conjunction with the Executive Committee and included topics of broad national interest such as external debt conversion, agricultural policy, constraints to investment, tax policy, credit and foreign trade policies. In selecting study topics, COHEP's directors had available the results of a survey indicating that the business community believed:

- ◆ That current government economic policies inhibited investment.
- ◆ That the public sector was a drag on the economy.
- ◆ That devaluation was required.
- ◆ That there was little knowledge of the availability of export promotion funds.
- ◆ That the judiciary system was biased in favor of labor and that labor law reform was necessary.
- ◆ That a liberal law favoring foreign investment would be helpful.

The economic studies program carried out in 1989 and early 1990 was designed by the then Executive Director and was centered about a single theme, the restructuring of the Honduran economy to create an open economy governed by free market forces. This effort covered several sectors of the Honduran economy, including social and health considerations, but its major work was a proposal for economic reform issued in January 1990 by Drs. Arnold Harberger and Daniel Wisecarver.

The fact that COHEP's studies have all been undertaken by foreign consultants may have resulted in better acceptance of the conclusions by the business community since the consultants were not seen as representing any specific narrow locally-based interest. This is not to say that there exists a consensus in the Honduran private sector on economic reform except in the most general sense.

The total volume, some 18 studies, carried out in the more than two years of the Agreement, clearly exceeded the target of 3 or 4 studies a year.

In addition to the economic studies undertaken by consultants under contract, COHEP's economic and policy analysis division has generated a series of ten position papers. These were an attempt to translate the broader studies into briefer, specifically targeted documents setting out COHEP's (and presumably the private sector's) position on pertinent economic issues. In 1990 position papers have been issued on gasoline prices, export taxes and the minimum wage. A list of COHEP studies and position papers is attached in Appendix E.

What COHEP has yet to undertake, despite plans made as early as 1988, is to create an economic data base and, to the degree feasible, one or more price indices which could provide the private sector an independent check on the effectiveness of government policy, particularly with respect to inflation and monetary conditions.

## 2. Assessment of Impact

The major impact of COHEP's economic analysis program has unquestionably been the Harberger/Wisecarver economic reform package which forms the base for the Callejas Administration's economic program. It should be pointed out, however, that the Plan Economico del Gobierno does not include a number of the COHEP recommendations, such as those involving agriculture and social policy. Further, there has been no government effort to date in areas analyzed by COHEP such as privatization or labor and agrarian law reform. The fact that the government, for political reasons, has not yet taken effective steps to reduce the public sector deficit and is continuing an array of subsidies while talking about price controls may endanger its reform efforts. The need for COHEP to continue pushing for effective government economic policies has not ended. A comparison chart highlighting the differences between the Harberger/Wisecarver and GOH plans is attached as Appendix F.

The impact of COHEP's other studies is more difficult to measure. The study on constraints to investment was released during a time of serious political differences and seems to have contributed more to polemics than to problem resolution. COHEP's study on agricultural policy while not accepted, per se, seems to have provided much of the impetus behind the current agricultural policy dialogue underway between Honduran agricultural interests, the Ministry for Natural Resources and the Government.

The impact of the position papers has been weakened by the perception in the business community that they reflect the views of COHEP's leadership and not of the membership. The problem is how to secure COHEP support for unpopular but necessary government policies. Support needs to be by a consensus of COHEP's membership, however members positions are divided and are probably opposed in majority to much of the government's program.

## 3. Assessment of Current Divisional Capabilities

At the moment only one professional, a junior economist, is working in the division. This constrains development of new areas for economic analysis and limits translation of existing studies into public relations campaigns or position papers. COHEP is recruiting a senior economist to head the division and does have available a short term technical advisor in economic policy. To carry out its ambitious program for 1990 and to reduce the need - and higher cost - of outside consulting services, COHEP should consider adding a second junior economist.

## 4. Review of 1990 Work Plan

The Division has an ambitious plan for 1990 that includes elaboration of a data base; the elaboration of a Monthly Economic

Report; development of an alternative Consumer Price Index; distribution of a business survey to measure expectations of business performance; and a short and a long term financial programming model. This is in addition to carrying out its current tasks of undertaking selected studies and supporting the communications and government relations efforts. None of the studies called for in the original 1990 Workplan has been started owing: 1) to the lack of staff; and 2) more importantly, to the change in Honduran macro-economic policy, which necessitates a review of the agenda to determine the most appropriate study topics.

#### D. PROMOTIONAL AND PUBLIC RELATIONS CAPABILITIES

COHEP's communications program has four goals: To enhance the reputation of COHEP as the lead proponent of the private sector; to encourage the government to improve policies and regulations affecting the sector; to improve the image of private business; and to promote understanding of free enterprise. To accomplish these goals, COHEP developed a communications plan with three components: public relations (including an advertising campaign) seminars, and publications.

##### 1. Public Relations

Public relations is currently COHEP's "Achilles' heel." The public relations campaign consists of events such as press lunches, press releases, and interviews in the press by COHEP's President and Secretary General. Interviews appear to be the prime area in which misconceptions and miscommunications arise.

On balance, the promotional program appears to have been well conceived and creatively implemented. A path-breaking study of public attitudes toward the public sector undertaken by Gallup (which, to the team's knowledge, has not been done in any other country) laid the foundation for the promotional campaign. Promotional themes and appropriate media were directly drawn from the Gallup study.

However the slogan, "Sudemos juntos la camiseta por Honduras," has been attacked by opponents, and should probably be rethought and replaced because of its negative repercussions on COHEP and COHEP's goal of uniting public opinion in favor of the private sector. Most of the people we interviewed recognized that while the slogan has made COHEP much more visible, they thought the message engendered unfortunate reactions. Basically, few Hondurans accept the concept that the economically privileged are "sweating" during the current crisis.

Certainly not all of the blame for negative press coverage can be placed on COHEP. The press in Honduras is polemic by nature, and

often openly biased. In addition, the Gallup poll illustrated the deeply held negative public perception of the private sector. The press reflects this negative public perception both because it shares the public's perception, and because the press tends to shape its reporting to suit its readers.

Three facets of the April coverage of COHEP indicate a need for greater "handling" of the news coverage. First, two of the major papers illustrated the story of COHEP's opposition to a wage increase with photos of a jovial Richard Zablah. Second, the tone of the articles gave the impression that COHEP was lacking in compassion and unconcerned about the plight of low wage earners. Third, one of the papers elected to print COHEP's position document verbatim. Unfortunately, the language in the document is technical, analytical language that does little to educate the public.

Possibly, some of the negative press could have been avoided by: a) including a clear, persuasive, easy-to-read summary of COHEP's position along with the position document; b) including in both the press release and the position document, COHEP's concern about the lower class; and c) attaching an accompanying photo depicting a serious, concerned Mr. Zablah. The easy-to-read summary is necessary because the technical nature of the Position Document makes it inappropriate for direct consumption by the press or public. The way in which the increase in wages translates into greater poverty must be explained carefully in simple language.

While the coverage is not always positive, COHEP does a commendable job of monitoring its TV and print coverage and its member organizations. Each month, COHEP's Communications staff measures the size of articles written about COHEP, multiplies the size of the article by the advertising rate for that newspaper, and calculates the total cost of coverage had it been obtained through advertising. This technique, widely used by organizations in the U.S., but rare in nonprofit organizations in developing countries, assists COHEP to evaluate the effectiveness of its press relations campaigns. As the following chart indicates, press coverage has been consistently high. The dip in 1989 is perhaps due to the elections, when other issues dominated the press.

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Advertising Value of COHEP Newspaper Coverage,  
in Lempiras  
(All 4 major dailies)

<u>Year</u>	<u>COHEP</u>	<u>COHEP Member Assoc.</u>	<u>Total</u>
1986	89,000	78,000	167,000
1987	82,000	73,000	155,000
1988	89,000	85,000	174,000
1989 (Jan-Oct)	55,000	61,000	116,000

---

A large part of COHEP's public relations campaign has been the design and launching of an advertising program to enhance the image of free enterprise, and to educate the public as to its benefits. The program consists of two phases, Motivational and Educational. The Motivational phase, which ran for 4 weeks beginning October 25, 1989, was made up of three TV and radio spots, each of which is estimated to have reached 95% of the population (although no penetration study was conducted for lack of funds.) The Educational phase, in process while the consultants were in Honduras, consists of two ads, which run for 4 weeks beginning April 10, 1990.

Five months into the promotional campaign, which is only in its second phase, is too early to expect changes in deeply held attitudes. It is still too soon to estimate the impact of the COHEP advertising campaign. However, it is notable that nearly all of those interviewed had seen the spots on TV or in the radio or paper, and knew the COHEP "jingle" by heart.

The large quantities of time donated to designing the COHEP advertising campaign, and the hefty 50% or more discount granted by the media, are both evidence of a high regard for COHEP as an institution. Designing and implementing the campaign has cost COHEP only 180,000 lempiras with an additional 180,000 worth of advertising time and space donated.

The consultants noticed that, to date, the promotional coverage has been fairly even across the entire population. Television, radio, and print media are all used. Within TV and radio, COHEP reaches diverse segments of the population by airing the ads during sports programs, soap operas, family programs, evening movies and the news.

However, the Gallup poll indicated that the need for information and image enhancement is not evenly distributed across the population. In most cases, younger Hondurans, and less educated

Hondurans with lower earnings, possessed the most negative views toward the private sector, and the least information.

Thus, the need for information is not evenly spread among the population. Accordingly, targeting the promotional campaign to distinct population groups may be a more efficient use of resources.

## 2. Review of Seminars and Conferences

COHEP's small staff organized an impressive number of conferences in 1989. Attendance at several is outlined below. Lack of staff and leadership due to the loss of the Director of Communications in late 1989, and to her assistant's maternity leave, have resulted in fewer conferences in 1990.

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### Selected COHEP Seminars, 1989 - 1990

Seminar	Date	No. of Honduran Private Sector Partic.	No. of Honduran Public Sector Partic.	Total No. of Partic.	No. of Other Countries Represented
GATT	Feb 89	45	20	65	0
New Economic Model	April 89	212	12	250	6
OIT	May 89	15	7	64	7
Female Leaders		4	0	41	6
Small and Medium Enterprises	June 89	87	1	88	0
Economic Liberalization Strategies	July 89	na*	na*	22	0
Women's Training	Aug 89	0	7	23	7
High Level Conference	Sep 89	na*	na*	217	0

\*No breakdown of total participants available.

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An evaluation of COHEP's seminar program indicates several positive factors, and only two negatives. On the positive side, COHEP has successfully developed an educational program which reaches a diverse group of Hondurans with COHEP's message. COHEP has embraced a wide variety of topics which all fit well within the overall rubric of "education about the private sector." Topics include both macroeconomics and microeconomics. Participants include both men and women. By holding the conferences around the country, COHEP has assured widespread geographic representation. One seminar, on small enterprises, was targeted at small business owners, although most seminars have been for professionals.

The evaluation team feels that the same need for targeting that was identified for the public relations program also holds for the educational program. In addition the utility of COHEP's support for programs not directed at Hondurans is questionable. Three of the courses offered in 1989 were attended mostly by non-Hondurans. Unless foreign participants represent revenue (above costs) for COHEP, or unless COHEP is playing only a minor accessory organizational role, it should focus all of its educational resources on the home market.

### 3. Review of Publications

COHEP has done an admirable job of drafting and printing nearly all of the publications that were envisioned in the Project Paper. COHEP prints "Empresarios," every month or two, and also prepares Position Papers, Summaries of Conferences, and an Annual Report. Use of color and coated paper lend the COHEP volumes a uniformly professional appearance.

Putting out a 16-page monthly is no small task, and COHEP's Communications staff is to be commended. The bulletin has been vastly improved in appearance since its first issue in November 1988. Just as important as the quality of the publication is the quality of the distribution list, and here again COHEP has done an impressive job of putting together a mailing list of 1300 key individuals, half of whom are in the private sector. (The remaining 700 copies are utilized in seminars and in answer to requests.) Distribution is to both executive and legislative branches of government; to Honduran embassies abroad and foreign embassies in Honduras; and to a rather wide list of private sector organizations within Honduras, including labor organizations and universities. Some 500 copies monthly are picked up by individuals at the COHEP offices.

The monthly is currently typeset, which adds to its costs and slows down production (and occasionally results in transposed headlines). Once the Communications Assistant returns from maternity leave, she is to take a course in using Page Maker, which COHEP already has

installed on the computers. This will be an important improvement. We have two concerns about the monthly. First, the bulletin's format lacks consistency from month to month. The font type and size vary, as does the layout of features such as "Parque Central." Consistency will add professionalism and readability to the bulletin. A small box on the front page highlighting the issue's contents would increase the bulletin's usefulness by allowing readers to seek articles of interest

Second, it may be preferable to put out the bulletin every other month in order to free time and money to reach other segments of the population with the COHEP message. A bimonthly would allow COHEP to keep in contact with the 1300 individuals on the mailing list, many of whom are opinion leaders and therefore are important to COHEP's success. At the same time, some of the time and money formerly spent on the bulletin could be redirected toward the youth and small business/lower socioeconomic status groups where COHEP's reach has been limited

#### 4 Evaluation of Current Communications Capabilities

With the departure of the chief in late 1989, the Communications Division has had no leadership and with the departure of the membership officer and maternity leave for the press officer, the division now has no staff. A secretary with excellent knowledge of standard operating procedures and institutional memory, and an assistant who tracks media coverage, are providing COHEP with basic reactive communications capabilities. With the guidance of the Executive Director, the Department has been able to draft press releases and hold seminars throughout the winter and spring. The uncoordinated and unpolished media presence of COHEP undoubtedly reflects this lack of staff and direction. Granted the importance of this function to COHEP, obviously a first order of business is to recruit as highly qualified permanent staff as possible

#### 5. Review of 1990 Work Plan

The 1990 Communications workplan is comprehensive yet realistic. It calls for "more of the same" with two exceptions. First, the workplan mandates that COHEP begin to circulate its news clippings to its members. This is a service which can assist COHEP in three major ways to fulfill its mission. First, the clippings will demonstrate the breadth of coverage of COHEP, which should enhance its image with its members. Second, the clippings will assist to educate the members about economic issues, and about COHEP's positions on these issues. Third, the clipping and distribution service will remind members that COHEP does not exist just for big businesses, or just for Tegucigalpa, but for all members

The second new feature of the 1990 workplan is the design and implementation of a TV show. We foresee several difficulties with this idea, and urge COHEP to weigh carefully its value in

comparison with alternative uses of staff and creative time. Prime TV time is very expensive and, reportedly, the slot available for this show has limited viewership. Further, the TV show represents a broadbased, general approach, rather than the a targeted approach we believe would be more effective

## E. GOVERNMENT RELATIONS CAPABILITIES

### 1. Achievements to Date

In terms of the policy dialogue, COHEP's success in achieving policy concessions from the government has been limited by three factors, each of which is outside of COHEP's control. First, it is often difficult to gain consensus on policy reform because of the diversity of interests of COHEP members. While COHEP is increasingly known for the technical competence and professional objectivity of its policy analysis, it is a membership organization, however, and is expected to reflect its members' interests. A think tank such as the Heritage Foundation, beholden to no particular corporate interests, can represent an ideology and take a "national" viewpoint on policy reform, but a membership organization is more limited in the positions it can take

A second limiting factor is the extreme degree of politicization of issues in Honduras. Sometimes the voice of reason cannot be heard over the din of dissenting political views. However, COHEP has led in the incipient rationalization and technocratization of the Honduran economy and bureaucracy

Lastly, the impact of COHEP's policy dialogue efforts is reduced by the government's preference for dealing with individual interests. The government understands that its own negotiating power is diminished when its traditional adversaries band together in a unified front

Despite all, COHEP has become a force in the discussion and design of economic policies. A review of the April press clippings meticulously collected by COHEP Communications staff shows that the newspapers dedicated thirteen articles to COHEP. The vast majority of the articles discuss COHEP's position on various economic issues, including its opposition to additional holidays, its opposition to an increase in the minimum wage, and its position against the export tax

One measure of COHEP's status as the lead representative organization for the private sector has been recognized through the years by the Honduran Government through designating COHEP as the authorized private sector representative on numerous commissions, parastatals and public institutions. COHEP currently lists 26 such organizations, but apparently participates actively in 13, ranging from the Central Bank of Honduras, the Social

Security Institute, the national electric company, the national bank for agricultural development, the national forestry development company, etc. Two important policy committees have been the Central Bank/COHEP and National Congress/COHEP committees. COHEP's role in this process is to negotiate with those private sector elements most involved with each topic or institution to select the 3, 4 or 5 private sector representatives required.

This representational responsibility predates the signing of the Cooperative Agreement. What the Agreement proposed was that the relationship with government, particularly the legislature, would be strengthened and institutionalized. The Agreement called for the creation of a Government Affairs Liaison Officer. COHEP has not done so. Liaison with the government, especially the Congress, has been left the responsibility of the Executive, now General, Secretary.

One of the areas in which COHEP is expected to function is that of promoting and shaping legislation of interest to the private sector, particularly initiatives which will further economic development. COHEP assisted in the lobbying which resulted in 1988 in legislation creating a Federation of Chambers of Commerce and Industry in place of the Central Chamber which had been a voluntary association of local chambers with little activity. The new institution, FEDECAMERA, now has the juridical base from which to strengthen the private sector throughout Honduras.

In 1989, COHEP responded to private sector concern over proposed legislation mandating increased salaries for teachers in all schools, not just public ones. COHEP was able to orchestrate a campaign in opposition to the legislation which resulted in its failure to pass the Congress. Given that private schools are viewed by many Hondurans as avenues of advancement for their children, a forced increase in school fees to meet teacher salaries, set not by market forces but by government decree, would have made the continued education of many children even more difficult if not impossible. One side effect of COHEP's effort was that the Association of Private Schools became a member.

COHEP efforts to promote the passage of a new national investment code were less successful. A law was passed, but features imposed in the legislative process make the law ineffective and COHEP has underway an effort to modify or replace the law on investment.

COHEP's major thrust to influence the government was to develop acceptance of the need for economic restructuring. A significant public sector attendance was achieved for a major policy conference held in April 1989. In July 1989 a group of 24 legislators was taken to Chile to observe the "Chilean model" in action. There is no indication that anyone's mind was changed through these actions, but they did serve to bring to public attention such previously taboo subjects as devaluation, tariff reduction and the need to

reduce government's role in the economy.

With the change in government which took place in January 1990, the economic program developed with COHEP funding was carried into government as, COHEP's Executive Director who had largely been responsible for the program, became Secretary of Treasury and Public Finance. In this sense, COHEP achieved significant success in influencing government towards macroeconomic policies weighted towards free enterprise and a more open economy. On the other hand, COHEP became closely identified with one of the two major political parties, the Nacionalistas, to the detriment of its status as representative of all of the Honduran private sector.

## 2. Private Sector/Public Sector Communications

With a few exceptions, such as the Federation of Honduran Agricultural Exporters (FPX), Asociacion de Publicistas, etc., member organizations of COHEP continue to communicate directly with the public sector on issues in which they regard their interests at stake. Only if totally blocked of access, would recourse be made to COHEP. This is not all bad for COHEP since it probably is not to COHEP's advantage to act as proponent before government of each and every issue affecting its diverse membership. COHEP should reserve its efforts for those issues which cross narrow sectoral lines and affect relatively large elements of the Honduran public. The danger is that different groups within COHEP can lobby government on opposite sides of specific issues, neutralizing the ability of the private sector to affect government actions. Another effect is that organizations rebuffed by COHEP tend to drop out of COHEP activities.

COHEP's ability to speak effectively for the private sector at the highest level of public policy formation is limited severely by the fact that the "heavyweights" in business and industry are not involved in COHEP and deal with their friends and classmates in senior levels of government on a direct and personal level. It is also clear that the current administration prefers this and is not prepared to give COHEP serious consideration as the voice of the private sector.

However, there is general support in the private sector for a COHEP role at a more technical level, such as assistance in the preparation of legislation, participation at board levels in governmental institutions and commissions and preparation of objective analyses. Neither COHEP members nor the National Congress have much expertise in crafting legislation or analyzing issues objectively and at this level COHEP's activities, if carried out well, would earn substantial credit with the business community.

### 3. Assessment of Current Capabilities

COHEP's government relations largely have been assigned to its General Secretary. Specific responsibilities include assuring COHEP representation on some 13 Government commissions or organizational boards and relations with the legislative branch. His present staff consists of one secretary. His responsibilities also include membership relations with attendant responsibilities to organize meetings such as the one for Presidents of the all the member organizations and the annual general assembly and to maintain liaison with international private sector organizations, e.g. the Federation of Private Sector Entities in Central America and Panama (FEDEPRICAP)

As an individual with a long history of association with political forces, the incumbent has access to members of Congress and of the executive branch. He is very knowledgeable with regard to the issues. However, he does not appear to have developed any systemized program, either of files, or a workplan, leaving COHEP vulnerable should for any reason he not be available. Further, with his other responsibilities as mentioned above, the incumbent is not able to devote full time to government liaison.

On matters of more immediate or of broader concern to COHEP, its President takes the initiative to set up meetings with the President of the Republic or other key figures of government at which meetings he may be accompanied by members of the board of directors and other key membership representatives. So far in 1990, three meetings have been held with President Callejas.

The effectiveness of this channel of communication is very much dependent upon the personality of COHEP's president. Towards the end of his administration (late 1989), President Azcona became bitterly resentful of what he perceived to be COHEP's strong partisan bias, as personified by its president, in its persistent criticism of his administration's policies. While the majority of association leaders associated with COHEP are nacionalistas, there is general recognition within COHEP that it is ill-served to be so closely identified with one political party.

Legal analysis of proposed legislation is contracted out to attorneys as needed. Unfortunately, while a lawyer may well have the skills to harmonize proposed legislation with the Honduran legal framework, there may be little insight into what effect the proposed law will have, for example, on Honduras' competitive position in attracting foreign investment or the economic consequences of the legislation.

There are apparently no plans to hire full time additional staff in the area of government relations.

#### 4. Review of 1990 Work Plan

The only specific mention in the 1990 workplan for government affairs, apart from attendance at meetings of the 13 institutions as mentioned above, is to hold monthly meetings with the Central Bank and other concerned government agencies on monetary and exchange policy. With the change of Executive Directors as well as the change of government, most of COHEP's activities have been postponed or modified, including these particular meetings which seem not to have been held so far this year. It is expected that the entire 1990 work plan will be revised significantly with new targets set for the remainder of 1990.

#### F. INSTITUTIONAL CONSOLIDATION

##### 1. Review of Financial Status/Financial Self-sufficiency

COHEP has underspent its budget as set forth in the Cooperative Agreement. Through March 30, 1990, COHEP recorded expenditures of approximately 3.8 million lempiras as against a budgeted 4.9 million, an apparent underspending of 23 percent. As mentioned in III A., COHEP's financial controls and accounting management are considered excellent and there is no evidence of inappropriate expenditures or misuse of funds.

It is important to note that COHEP expenditures through March 30, 1990 were converted to lempiras at the official exchange rate of 2:1, and reflect expenditures of US\$ 1.9 million. Considering that future grant disbursements will be at the conversion rate of 4.1 Lempiras to US \$1.00, meeting COHEP's budgeted expenditures for the remainder of 1990 of 1.2 million lempiras will require less than \$300,000 in grant funds rather than \$600,000. At this rate, and even allowing for a degree of inflation in local currency prices, there will likely be a substantial balance of undisbursed grant funds as of the scheduled termination date of the Cooperative Agreement. Despite this change, the provision in the agreement that COHEP raise the equivalent of one million dollars in local currency is still interpreted to mean two million lempiras, reflecting the exchange rate in effect when the Agreement was signed. Given local currency inflation, this target may now be slightly easier to reach.

COHEP has recorded revenues from non-Agreement sources for 1988 through March 30, 1990 of approximately 1.6 million lempiras. Of this amount slightly more than one million lempiras has been classified as "donations", a preponderance of which was in the form of in-kind services, e.g. discounts on air time, voluntary work of advertising specialists, etc. For the 27-month period under review, cash revenues of 353,000 lempiras were collected as membership dues and an additional 172,000 from sales of publications, conference attendance fees, etc. There appears to

be no break-out of costs associated with producing the referenced publications and conferences so there is no way of assessing how much of this latter amount was net income. The assumption of the evaluation team is that the 172,000 lempiras was only a partial offset of the associated costs and that these activities were not sources of net income for COHEP.

Membership fees for 1990 are projected at 160,000 lempiras. Even assuming that some revenue can be generated by charging fees for conferences or selling publications, it is unlikely that under current practices COHEP can generate more than 200,000 lempiras in annual income. As a point of reference, COHEP's annual budget (and revenue) in the mid-1980's ran about 140,000 lempiras.

Of greater interest than the fact that COHEP underspent its overall budget is the distribution of COHEP's expenditures. So far COHEP has charged all salary expenses to administrative support, so that the amounts shown as spent for economic policy analysis, policy dialogue and institutional consolidation cover only outside expenditures like consulting contracts, honoraria, media purchases, travel, conference costs and out-of-pocket expenses for publications, and not the costs of professional and support staff assigned to these functions. Of the 3.8 million Lempiras of grant funds expended through March 30, 2.2 million (58%) were charged to the three "operational" divisions, the remainder to salaries and other administrative and support costs. The breakdown between the three divisions has been:

	<u>Amount</u>	<u>% 2.2 mm</u>	<u>%3.8mm</u>
Economic Policy Analysis	L.1.31 mm	59	34
Communications, Dialogue	L.0.83 mm	38	22
Institutional Consolidation	L.0.05 mm	2	1

Allocating to the departments their respective personnel costs obviously would change the amounts shown for each function, but would not have a major impact on the proportions. From this it is pretty clear where COHEP's priorities have been. Compared to the Agreement budget, COHEP has overspent on economic policy analysis by 114%, on communications and policy dialogue by 36% and underspent on institutional consolidation by 95%.

COHEP's 1990 budgeted level of expenditures for salaries and other fixed costs run about 900,000 lempiras. Program costs for studies, seminars, publications, publicity, etc. have been set for 1990 at about 600,000 lempiras. With cash income apart from the grant of some 200,000 lempiras, COHEP has achieved a rate of financial self-sufficiency of 13%

The Cooperative Agreement proposed two avenues by which COHEP could achieve financial self-sufficiency at the level of activity called for in the Agreement: a sharp increase in membership dues and a

fund-raising campaign to generate the then equivalent of one million dollars (two million lempiras) which would be matched by AID in local currency to create an endowment the income of which would be available indefinitely.

To date there has been no substantial increase in the dues charged each member, but there has been a sharp improvement in collection and some increase in the number of members. Since membership is limited by the by-laws to associations representative of the private sector, there is a limit to the number of potential members and especially a limit to the number of associations in Honduras with significant financial resources. The most financially solvent of Honduras' private sector associations are already members.

A further constraint to increased dues lies in the limited services provided by COHEP to its members. It is hard to quantify the value of COHEP's work on macroeconomic policy or public education on the benefits of free enterprise and its work in government relations and pass these costs on to member associations since: 1) when an association has a problem with the government it handles it directly; and, 2) everyone knows that COHEP has a lot of AID money to spend on these programs.

As to fund-raising, there has been discussion but little action. A straight campaign for donations, e.g. asking each member to contribute 50,000 lempiras, is not judged feasible since probably half of COHEP's members would be unable to come up with this much and those that could would probably not unless every member contributed equally. The example of the Fundacion Hondurena de Investigaciones Agricolas (FHIA) shows that donations can be obtained in Honduras, but COHEP has nowhere near FHIA's record of concrete accomplishments or measurable potential. Further, FHIA operates in the non-political field of agricultural research whereas COHEP deals in issues often of high political content and controversy.

A variation on this theme has been to seek donations or other forms of funding to enable COHEP to construct a multi-use building which could serve as its offices as well as provide rental space and, possibly, a convention center. The assumption is that the building will throw off sufficient net income to sustain COHEP's current level of activities. Examples cited include the Cortez Chamber and CADERH (Center for Human Resource Development).

The bankers' association (AHIBA) has had similar plans and was asked to postpone them in favor of COHEP's undertaking this project. Construction in 1991 rather than 1989, even if funding can be secured, will result in substantially higher costs in local currency terms and probably a much less favorable investment. In any event, the current financial plan for COHEP is to sell bonds in denominations of 1,000 to 50,000 lempiras, payable in ten years at a coupon rate of 8 %, the proceeds of which may be used for the

building project. Given the likely decline in purchasing power of the lempira over the next ten years and the proposed coupon rate of 8%, purchase of COHEP bonds is only marginally different from a straight donation and will likely encounter a similar degree of resistance.

A capital fund has been established, but the current amount totals approximately 65,000 Lempiras, about 3% of that called for in the Agreement.

The Honduran-American Chamber of Commerce has been asked to develop a strategy for COHEP's fund raising campaign and a working group has met at least once. For a successful launch, COHEP will need to work out a detailed building plan - if that is to be the major initial use of the funds obtained - as well as assign significant resources to the campaign.

## 2. Review of COHEP-Membership Relations

At the time of its founding in 1966, with the initiative and assistance of the Council of the Americas and the Latin American Council for Trade and Production, COHEP had eleven member associations. Despite the loss of a few of the original 11, at the time of the signing of the Cooperative Agreement in 1987 membership had grown to 30. After a dip to 29, membership is now counted at 34 associations.

Relationships between the membership and COHEP are not easy in all cases. One problem area is that COHEP's membership is dominated by associations involved in commerce and industry and these located principally in Tegucigalpa and San Pedro Sula. Two member groups most disaffected by the bias in favor of commerce and industry are the bankers and the agricultural interests. Other groups such as campesino and labor organizations as well as a number of producer organizations in areas such as Choluteca don't even belong

COHEP's by-laws establish that any association representative of the private sector may petition to join. The evaluation team considers that any association not comprised or strongly influenced by public sector employees or public entities, including parastatals, is eligible. This could include federations of workers in private industry or agriculture, certain campesino groups, and associations of professionals.

Barrier to membership beside the need to gain approval of the Board of Directors is partly financial. Initial membership carries a fee of 1,000 lempiras and the minimum membership dues are 250 lempiras per month. The Association of Medium and Small Enterprises dropped out of COHEP for financial reasons and has been brought back in through a concessionary dues arrangement, 50 lempiras a month of which half is applied to previous arrears.

The bankers' association (AHIBA) is of mixed mind regarding

membership. There is substantial resentment within the banking community of the general attitude of other COHEP members that the bankers are the "bad guys" in the current economic crisis and that since they have so much money they should pay a disproportionately larger share of COHEP's expenses. AHIBA believes that it has been shut out of fair representation within COHEP by all the others ganging up to deny it any position of influence, e.g. Vice President of the Board of Directors. Nevertheless, the prevailing view that AHIBA is better served from a position within COHEP than without is a tribute to COHEP's reputation as a vehicle for representing the interests of Honduras' private sector.

The Federation of Farmers and Livestock Growers (FENAGH) is upset at the preponderance of votes held by commerce and industry associations which means that a group such as the Association of Pharmacy Owners has equal voice with FENAGH in terms of voting power within COHEP. This attitude is aggravated somewhat by internal strains within FENAGH in that a number of its member associations act independently of the federation making FENAGH's leadership sensitive to questions of its degree of influence.

Of the majority of the member associations representing commerce and industry, FEDECAMERA and its member organizations in Tegucigalpa, San Pedro Sula and La Ceiba and the National Association of Industries (ANDI) are major players. Influence within COHEP of many of the smaller associations is a function of personality: individual presidents may have considerable personal prestige or put in more time in organizational affairs than would be expected of their specific organization.

To overcome the perception that COHEP was controlled by a very limited number of people, the Cooperative Agreement called for improvement in the representative nature of COHEP and strengthening of member organizations as well. Particularly since the accession of the incumbent president and aided by the current executive director, COHEP has made progress in opening itself up to its membership and becoming more representative.

Decisions were made in 1988 to expand the Board of Directors to include the presidents of all COHEP member organizations. An Executive Committee was established within the Board to hold direct day to day activities and a group of consultants to the president was created. COHEP's general assemblies of 1988 and 1989 were made into major meetings, highlighting COHEP's achievements and upcoming programs. Special meetings of all the presidents have been held and both this series as well as a major general assembly are planned for 1990.

To enhance a sense of "ownership" among the members COHEP has established eleven working groups to deal with the various areas of interest to the organization and its membership. In the process, COHEP for the first time polled member organizations as to suitable

candidates for each committee. An important step was taken in May 1990 with a meeting of the "Technical Committee" comprised of the executive directors or other senior professional staff personnel from the member organizations.

Under the direction of a consultant specialized in organizational affairs and with some 15 organizations represented, the Committee considered means of strengthening the quality and support for COHEP policy positions and how to strengthen COHEP organizationally. Mechanisms are under consideration which will enable COHEP to prioritize its program in accord with the views of its membership and to develop an institutional strategy. While it is unrealistic to expect the Honduran private sector to reach consensus in all areas of economic policy, particularly on the sectoral level given the sharp differences in position between importers and exporters, for example, or borrowers and lenders, nevertheless it is important that COHEP continue the process of augmenting its members' sense of participation in the process. The president has been accused of taking positions in the name of COHEP which not only did not represent a consensus within the membership but at times varied from agreements previously reached within the Executive Committee.

### 3. Review of Services and Assistance to Members

Organizationally, COHEP has been weak in terms of member services. A person in charge of membership relations was hired, but early in 1990 he was judged not to be sufficiently qualified and was dismissed. A small grant fund to assist member organizations was established, but only in the amount of 30,000 lempiras. Technical assistance has been provided to two member associations with limited results. Responsibility for membership relations as noted above rests with the General Secretary. Approval has been obtained for a new job description and a Membership Relations manager is now being sought. Seven member organizations have been identified as being in need of grant and technical assistance and the small grant program is being revitalized.

In addition to much fuller participation in the policy and operational process, there are at least three programs within the Economic Policy and Analysis, Communications and Government Relations divisions that could enhance the level of service provided by COHEP to its members. One is economic and business data. Despite inclusion in workplan objectives since 1988, COHEP has yet to establish a data bank or any continuing statistical or qualitative analyses of the Honduran economy. If presented well and on a periodic basis, this sort of business information would be well received by the membership. A second area is communications. While covered more completely in III D., it suffices to say that COHEP's most serious deficiencies in communication are internal, within the organization and its membership, rather than external. Internal communication could be greatly improved if the president and senior directors of COHEP

would travel outside Tegucigalpa consistently to present the COHEP program and its key people to private sector organizations in scattered and often rarely visited parts of the Republic. A third is technical assistance in seeking to modify legal or regulatory constraints of concern to COHEP's membership or in new initiatives of value to the private sector.

Only with a higher level of service to and an enhanced sense of ownership by its membership can COHEP hope to engage in a successful fund-raising campaign to secure the means to maintain its current level of activity.

#### 4. Evaluation of Current Capabilities

The current capability in this area is the part time of the General Secretary and his secretary. Membership relations had been the responsibility of one staff member in the communications department. Under the new organizational structure, Membership relations will be a separate and equal department, reporting to the Executive Director. Recruitment of a department head is in process. Assistance of a short term consultant in this field has been arranged in conjunction with AID which should prove very beneficial in improving COHEP's capabilities.

#### 5. Review of 1990 Work Plan

The 1990 workplan, approved in late 1989, called for a meeting of member association presidents and a major general assembly in 1990. There were no specific calls for legislative work. The workplan has been revised to set up more meetings of the committees, to seek member approval in the prioritization of COHEP activities and to provide assistance, not to exceed 10,000 lempiras to seven member organizations.

### G. COHEP ORGANIZATION AND STRUCTURE

#### 1. Review of Proposed By-law Reform

That COHEP by-laws should be reformed or modified was recognized before the Cooperative Agreement was signed. Indeed, the Agreement established a special covenant requiring COHEP to revise or modify its by-laws, as necessary, within one year. COHEP has neither determined this unnecessary nor succeeded in reforming the by-laws.

In the interim, COHEP has modified its structure in ways not authorized by the by-laws. To wit:

1. The creation of an executive committee within the Board of Directors.

2. The expansion of the board of directors from its specified elected membership to include all member organization presidents.
3. The creation of a corps of advisors to the president and then merging this group into the advisory committee established by by-law as consisting of ex-presidents of COHEP.

A committee has now been formed to decide how the by-laws should be modified. It appears that there has been internal resistance to change within COHEP, focusing on potential changes in the make-up of the Board of Directors which might impact on internal power relationships. Another major issue as mentioned above is appropriate representation between the commercial, industrial, agrarian and service sectors. Possible changes of the by-laws could affect voting rights or membership of the Board of Directors so as to better balance voting power which now is held overwhelmingly by the merchant sector.

## 2. Review and Status of Organizational Changes

The initial organizational development of COHEP was covered under Section III. B. Unfortunately, that structure never successfully resolved the question of division of authority between the technical director and the executive secretary. In late 1988, the technical director, Federico Alvarez, a Costa Rican, resigned. His replacement, Dr. Benjamin Villanueva, came into an organization which had been further reorganized at the suggestion of a consultant, Mr. Donald Swanson.

Villanueva was made Executive Director, reporting directly to the president, and the Executive Secretary was reclassified as General Secretary, elected by the Board of Directors to serve as its secretary. This latter position also carried responsibilities for government, membership and international relationships and that of Executive Director in the former's absence. For these functions the General Secretary reported to the Executive Director. The position of membership relations director which had reported to the General Secretary was transferred to the Communications Division, and along with a press relations director, reported to the CD chief. This organization stayed in place until now.

The current organization plan is to have four divisions, Economic Policy and Analysis, Promotion and Communications, Membership and Operations. The major change is the elevation of member relations and fund-raising to the same level in the hierarchy as the other divisions and to remove these responsibilities from the General Secretary. The General Secretary is no longer Adjunct Executive Director, but Director of Government Relations in addition to his secretarial title.

The working groups mentioned above, designed to bring members into

the decision-making process, have been named for the following areas:

- Finance
- Economic Policy
- Social Policy
- Legislation and Government Relations
- Agricultural, Forestry and Energy Issues
- Educational Policy
- Labor Policy
- Member Organizations
- Communications
- Political Issues
- Implementation

### 3. Assessment of Current Organizational Structure

With its upgrading of the status of membership director and its fairly clean lines of authority, the present organizational structure seems quite adequate in most respects. Additional professional staff support has not been programmed for government relations. Logically this responsibility could warrant its own divisional status which could then leave the General Secretary solely with responsibilities to the expanded board of directors and as the Executive Director's alternate.

The true effectiveness of an organization lays much less in its structure than in the qualifications of its staff. There is no chief at present in the divisions of Economic Policy and Analysis, Promotion and Communications or Membership. Thus an assessment of COHEP's future effectiveness is impossible to make at this time.

The evaluation team recognizes the value to COHEP of bringing a large number of members into active involvement as part of the new working groups. However, eleven groups of from five to sixteen members each impose a substantial administrative burden in calling meetings, facilitating attendance, taking notes, summarizing results, following up on decisions, etc. which can only take away from other substantive activities or result in increased staff.

This raises the issue of the original intent expressed in the Cooperative Agreement of COHEP developing only a small, but highly qualified, professional staff which would contract out much of the work to be done. Under the present plans, COHEP's staff is not particularly small and its permanent staff and support costs (800,000 - 900,000 lempiras annually) exceed by a factor of four or five times its current non-grant revenue base.

### 4. AID Involvement

The Cooperative Agreement stated that USAID/Honduras would be substantially involved in its implementation. Provisions for an institutional contractor and a long term advisor were included.

In the event, neither was done. Recruitment of a long term advisor proved unsuccessful in 1988 and no further attempts seem to have been made during the Executive Directorship of Dr. Villanueva. The Mission played an active role during the Agreement's first year, but then backed off leaving COHEP to operate nearly independently. We believe this reflected both that the then Executive Director was carrying out vigorously a program of studies and policy dialogue in support of macro-economic reform and that he showed little interest in a more active Mission role.

Since Dr. Villanueva's departure in January 1990, USAID has again become active in COHEP activities, principally through the provision of short term technical assistance in areas of organizational structure and policy strategy. The evaluation team understands that the Mission is actively seeking a long term advisor and has under consideration the possible option of seeking an institutional contractor.

#### H. PERCEPTION OF COHEP

COHEP has had some success in marketing itself as an institution. In the Gallup poll undertaken in late 1988, COHEP was listed as the single best-known organization representing the private sector among the more than 200 opinion leaders surveyed.

For the Honduran public at large, the perception of COHEP is more complex and perhaps should be viewed from several angles.

From a geographical standpoint, COHEP is viewed as a Tegucigalpa entity, with little interest in or outreach to the smaller communities in Honduras.

From a social viewpoint, COHEP has traditionally been seen as an organization of rich businessmen, reflecting the interests of the haves and not those of the have nots.

From an economic viewpoint, COHEP is widely considered to reflect the interests of the comerciantes (distribution and merchandizing) rather than that of agriculture, industry or banking.

From a political viewpoint, COHEP is closely identified with the Nationalist Party. A minority view holds it to be an instrument to impose USAID's policies on Honduras.

From a cultural viewpoint, COHEP has long been associated with the Arab-Honduran community.

The stereotypical member of COHEP, then, is a well-to do Arab-Honduran businessman, resident in Tegucigalpa, and active in nationalist party politics.

The genesis of COHEP's foundation was to create an umbrella organization which could act as representative before government and the public of most if not all of the Honduran private sector. Certainly the Cooperative Agreement was intended to build upon this concept. In the 2 1/2 years since the Agreement's signing, COHEP's visibility as an active participant in Honduran business and political life has certainly increased. However, its perception as outlined above has not appeared to have changed significantly. Much of this reflects the nature of Honduras' social and economic make-up and is not susceptible to a quick fix.

The CID/Gallup poll indicated that for most Hondurans the principals of free enterprise, or capitalism as it were, were neither accepted nor understood. Adding badly skewed income distribution which results in perhaps only a quarter of the population qualifying as middle class or above, any organization representing economically successful elements will automatically be considered by the majority to reflect the interest of the "haves". In this area, the task for COHEP is essentially a long term one of education: that there is a community of interest between the haves and have-nots and that it behooves the haves to take into account the social and economic needs of the have-nots.

The image of COHEP as a group of comerciantes reflects the nature of its membership as well as the reality of the Honduran business community, in which those whose principal activity is buying and selling far outnumber those who produce. While COHEP has underway an opening of its operations to its entire membership, the universe of private sector associations representing commercial rather than agricultural or other interests predominates and COHEP will most likely continue to reflect this fact.

The political image thrown off by COHEP as an instrument of the Nationalist party has, if anything, become more acute since the signing of the Agreement. The macroeconomic reforms sought by international lending agencies, with USAID in the forefront, while viewed by them as politically neutral measures of proven effectiveness, carry within the local political environment a high ideological content. In the event, the use by the Executive Director of COHEP as a springboard to construct an economic reform package - acceptable to the international lending community - which he then carried into the new, Nationalist administration together with the strong advocacy of this program by COHEP's president, clearly makes nearly impossible any claim by COHEP to be a non-partisan umbrella organization. Moving away from this image towards a more politically neutral, objective stance will take time and effort.

COHEP's image as representing Arab-Honduran business interests is almost unavoidable. Presumably for historical reasons, Honduras entered the twentieth century with an extremely weak indigenous entrepreneurial class. This vacuum was filled by foreign companies

and immigrant entrepreneurs, with a majority of the latter from the Levant. The Arab-Hondurans have proven a very dynamic group and for the most part extremely successful in economic terms. That this has generated resentment among non-Arab Hondurans is no secret. That Arab-Hondurans are visibly active in COHEP should be no surprise. Over time this problem should disappear as assimilation of Arab-Hondurans into the society as a whole continues and as more indigenous Hondurans become successful entrepreneurs.

## IV. CONCLUSIONS

### A. RELATED TO OVERALL IMPACT

In summary, it would appear that so far COHEP has more than met the expectations of the Cooperative Agreement in terms of developing the capacity to undertake and carry out economic policy analyses. Substantial efforts have also been made in mounting a policy dialogue and in starting a program of public education favoring private enterprise. COHEP's efforts in the area of government relations have remained relatively constant. Efforts at institutional consolidation have not kept pace with the objectives of the Agreement, and there has been no development of a framework or strategy over the life of the project directing COHEP's activities. The organization has been expanded and strengthened, although at present it is very understaffed, but no financial plan has been put together or acted upon which could lead to COHEP's ultimate financial self-sufficiency.

### B. RELATED TO ECONOMIC POLICY ANALYSIS

COHEP has clearly fulfilled its Agreement mandate to undertake studies of economic policy issues of interest to Honduras. It has perhaps devoted disproportionate resources to this function, to the detriment of other activities, but it has most definitely had an impact. COHEP's work has laid the foundation for the current Programa Economico del Gobierno and its study of agricultural policy has led to a much sounder approach to policy change now being sought by the Consejo Nacional de Productores para Politica Agricola (CONPPA). At present, its economic studies program is in suspension, pending the recruitment of a new division chief and resolution of questions of strategy and prioritization of issues. Questions of staffing, including balancing the development of internal staff as against use of outside consultants will depend on COHEP's strategy.

To date, COHEP has not developed an overall strategy defining or prioritizing its policy studies program. Initial decisions to undertake the Robert Nathan and Chemonics studies seem to have been made ad hoc on the basis that investment and agricultural policy were of prime importance. Subsequently the selection of studies appears to have been at the discretion of the Executive Director with the assent of the Executive Committee. Developing a strategy and a set of priorities which takes into account the views of COHEP's membership is now underway, assisted by outside technical advisors. Initial efforts, such as the Comite Tecnico meeting just held, indicate that this will not be simple: there appears little consensus within the membership on which of a wide variety of concerns merit priority attention.

## C. RELATED TO COMMUNICATIONS AND PUBLIC RELATIONS

### 1. Public Relations

COHEP's communications program has been well-designed and well-executed. The work plans have been carried out as written. The organization continuously generates extensive press for itself, its member organizations, and for the private sector. Members regard COHEP as having a "presence" and a "voice" with the government. In addition, the organization has demonstrated flexibility in responding quickly to opportunities to promote the private sector's view toward issues that were suddenly brought into public view.

COHEP has been successful in reaching an estimated 95% of the Honduran population with its motivational and education messages about the private sector. The COHEP slogan, "Sudemos juntos la camiseta por Honduras" served to increase COHEP's visibility, but has become divisive rather than unifying, as it plays to publicly held negative perceptions of the private sector.

COHEP's press coverage has been mixed. Some of this negative coverage was expected, since the COHEP message is known to be unpopular. Nonetheless, the negative coverage has been exacerbated by contacts with the press that are characterized as aggressive and abrasive.

The CID/Gallup study was well-designed and served as the base of COHEP's motivational and educational programs.

### 2. Policy Dialogue

Members view COHEP as a valuable channel and force for policy reform. The instrument of seminars and conferences has been reasonably well used and certainly served to bring to public attention key economic policy issues and the role of COHEP in bringing together the private sector to influence government policy.

### 3. Publications

COHEP publications are professional in appearance, and timely. The monthly, "Empresarios," has been greatly improved since its first issue several years ago, and is an interesting, attractive, educational bulletin with wide distribution.

## D. RELATED TO GOVERNMENT RELATIONS

COHEP has not devoted as much effort in this area as envisaged in Cooperative Agreement. COHEP does play an important role as

private sector representative before a wide variety of government entities and mixed commissions. Contact with the executive branch of government became strained towards the end of the previous administration but is quite open with the Callejas administration. Relations with the new Congress have not been formalized, but it is expected that the Congressional-COHEP committee will be reactivated.

COHEP has had some success in influencing government policy, with its major impact as mentioned above that of supplying the analytical base for the current government's new economic program together with a considerable campaign to enlist public support.

On the technical side, COHEP has not developed in-house expertise to deal with legislative or regulatory reform, contracting out such services when believed necessary. No Government Affairs advisor as envisaged in the Agreement has been appointed. Government relations remain the responsibility of the General Secretary.

#### E. RELATED TO INSTITUTIONAL CONSOLIDATION

COHEP, particularly in the last few months, has made concerted efforts to open its operations to its membership. Membership as a whole has been maintained with very recent additions suggesting a movement to broaden it. There is still little representation of associations outside Tegucigalpa or San Pedro Sula. Annual meetings of the Presidents of member associations, the expanded importance attached to the annual general assemblies and the very recent creation of working groups which are broadly representative of the membership have all been steps in the right direction. Publications such as Empresario also help bind together the membership.

Efforts to strengthen individual member organizations have been very limited to date. A small grant fund was set up, but only two associations were helped. Seven member groups have now been identified as recipients of assistance, limited to a maximum of 10,000 lempiras each, which should prove helpful. Membership relations has been elevated to a separate operating division as compared to its previous inclusion within the Communications division. A division director is being sought.

The level of services to members has been limited. The value of representation to individual member groups is not all too clear. A sense of ownership within the membership is limited, but has increased over the past two years.

#### F. RELATED TO ORGANIZATION AND FINANCIAL SELF-SUFFICIENCY

To fulfill the second of three special covenants as well as to meet its greater responsibilities, COHEP's organization and staff were reorganized and expanded in early 1988. There have been subsequent reorganizations in late 1988 and again at present. The new organizational structure appears an improvement over the previous, but COHEP's past and future performance has and will continue to depend far more on the quality of its personnel than on its structure. At the time of the evaluation there were no divisional chiefs for COHEP's program functions and there were vacancies in support staff. Filling these positions quickly and with the best people available is key to the institution's future effectiveness. In their absence, the evaluation team was unable to judge COHEP's likely future effectiveness.

Regarding the first special covenant, by-law reform, the issue had not been resolved at the time of our evaluation. Changes have been made in the nature of the Board of Directors and in the creation of a council of advisors without matching modifications in the by-laws. With greater attention from COHEP's Board of Directors, adequate reform of the by-laws should take place within the next few months, past the deadline, but accomplished.

As regards the third special covenant, there has been no appreciable progress in COHEP's attaining financial self-sufficiency. The current proposal to undertake a bond campaign to raise funds for a building, and then use the income flow both to pay off the bonds and sustain COHEP has not been translated into an actual campaign as yet and the evaluation team has reservations as to the proposal's feasibility. Given COHEP's current yearly expenditure level of over 900,000 lempiras, even should COHEP raise two million lempiras, matched by AID, the likely income from this fund would fall far short of sustaining the current activity level, suggesting that financial self-sufficiency for COHEP is unrealistic except at a very reduced level of effort.

#### G. RELATED TO PERCEPTION OF COHEP

COHEP's visibility and status as a leading private sector institution has been enhanced since the signing of the Cooperative Agreement. The campaign "Sudando juntos la camiseta por Honduras" generated mixed reactions but grabbed the public's attention. The public relations campaign explaining private enterprise has been widely seen. Nevertheless, the fact that COHEP has attained much greater media attention and an overall much higher level of visibility has not served to change appreciably the perceptions noted in FINDINGS (III.H)

## V. RECOMMENDATIONS

### A. RELATED TO ECONOMIC POLICY ANALYSIS

1. That COHEP develop a strategy by October 1990, covering its economic policy approach and priorities over the remainder of the Agreement period, and that this process take into account the views of the membership whenever possible and appropriate. This strategy could also have a proactive stance through, for example, the development of an annual paper commenting on the year's events and proposing an action plan for government for the upcoming year. Other analysis should be confined to small, clearly defined studies undertaken with local talent to develop the capabilities of the Private Sector in policy analysis and economic reform.
2. That COHEP build a data base and develop statistical information by November 1990, possibly with the assistance of an outside consultant experienced in price index construction, to support its efforts in public education.

### B. RELATED TO COMMUNICATIONS AND PUBLIC RELATIONS

1. That COHEP develop by December 1990, a communications strategy at the national level identifying themes and targeting efforts to specific groups rather than to the public at large. These groups could include secondary and university student populations, organizations representing lower socioeconomic groups and opinion leaders, including press, government, professional and business representatives.

As part of this strategy, COHEP could develop an outreach program using specifically designed materials to target these groups through meetings, seminars, etc. Additionally, COHEP could hold social functions once or twice a year for the press or offer monthly lectures for press members directed at policy questions. Also, a "Source Book" on private enterprise in Honduras, containing statistics, graphics, motivational stories, definitions of key terms and other background material especially designed for the press could prove useful.

Other aspects of this strategy that COHEP could address are:

- a) To start drafting immediately, easy-to-understand press releases on COHEP economic positions, and to diminish spontaneous, unscripted press contact. Press statements need to be more carefully worded, and need to include the following characteristics:

- i. Show more compassion.
    - ii. Use less technical language.
    - iii. Adopt a less strident tone.
  - b) To adopt popular issues when possible. For example, by recommending an anti-corruption drive, COHEP could reestablish itself as sharing the interest of ordinary Hondurans.
  - c) To depoliticize press contact by using an official spokesperson when feasible. One responsibility of the new Communications Director could be to act as COHEP's official press spokesperson. The spokesperson would read COHEP's prepared statement and answer questions. The successful candidate for this position would exhibit composure before the press and knowledge of economics and economic issues.
  - d) To consider adopting a new slogan. The current slogan generally is regarded detrimental to COHEP's efforts to improve the public image of the private sector.
2. That COHEP undertake by November 1990 an internal communications program within the business community, perhaps in the form of a conference stressing the business community's responsibility to society as a whole.
  3. That publication of "Empresarios" be made bi-monthly starting in October with the savings in effort applied to innovative published materials for use by target groups, such as students, small businessmen, etc.

C. RELATED TO GOVERNMENT RELATIONS

1. That COHEP establish a Government Relations Department by October 1990, with a technical director to oversee the legislative and regulatory process. This person would have responsibility for developing a legislative strategy by November 1990 and would develop a systematized process in which issues and progress were tracked. The director should also promptly reactivate COHEP's Central Bank and Congressional committees and design a program to educate legislators on key economic issues, perhaps through the mechanism of working group meetings closed to outsiders.

D. RELATED TO INSTITUTIONAL CONSOLIDATION

1. That COHEP undertake to reform its by-laws by October 1990 to provide a more representative and flexible organizational structure. With guidance from the recent Annual Assembly, these reforms should now be possible. This, for example, should permit COHEP actively to solicit membership from groups outside Tegucigalpa and in non-business areas as well as incorporate other business areas and groups in the country.
2. That COHEP develop a membership strategy and work plan by November 1990 to build up its member service capabilities and internal communications, including undertaking a program of visits to member institutions, especially those outside of the capital.

Imaginative use of the small grant fund should be made to strengthen the internal administration of selected member associations which otherwise will not be able adequately to represent their members.

E. RELATED TO ORGANIZATION AND FINANCIAL SELF-SUFFICIENCY

1. That COHEP by November 1990, explore within its membership and key figures in the private sector the feasibility of a financial plan which would use the purchase or construction of a multi-purpose building as its key. If sale of bonds alone is not judged suitable to generate the necessary funds, other mechanisms would have to be designed and explored. A financial self-sufficiency strategy and work plan should be developed by January 1991.
2. That, should COHEP develop and begin implementation of an adequate financial self-sufficiency plan by the target date, USAID consider using any surplus grant funds generated as a result of lempira devaluation to extend the life of the Cooperative Agreement and thus the time frame in which COHEP would be expected to achieve self-sufficiency.

## VII. LESSONS LEARNED

- A. More effort should have been made during the negotiation of the Cooperative Agreement to secure the understanding in depth of the full implications of the agreement. In retrospect not COHEP's president nor any of its board of directors seemed to realize quite what the Agreement set out to do. Possibly as much as a year was lost in getting COHEP organized to carry out the Agreement. The absence even now of revised by-laws, a program for financial self-sufficiency and weak programs for membership and government relations are symptoms of this lack of understanding.
- B. The idea that strengthening COHEP would lead necessarily to united private sector support for an opening up of the Honduran economy to external and internal market forces may be ill-founded. There is little public understanding or acceptance in Honduras of "private enterprise" and "free markets" as understood in the United States. For COHEP actively to support economic modernization of Honduras and at the same time become an open, democratic umbrella organization of the private sector are close to being self-contradictory goals. If the policy objective is ideological, i.e. economic modernization, a broadly based membership organization may not be the best instrument.
- C. Educating the Honduran public to the values and advantages of the free enterprise system means changing deeply held social attitudes, not only of the public but of the entrepreneurial sector as well. Even well designed, an educational program as limited in time and coverage as that of COHEP's can only begin to scratch the surface. To expect measurable changes of attitude in the short run is not realistic.
- D. The example of COHEP illustrates again the great importance to project implementation of the level of human resources available. The Cooperative Agreement calls for a multi-faceted, integrated program requiring a high degree of professional skills and solid leadership. That this is difficult to achieve in Honduras is shown by COHEP's failure over two and one-half years to develop a stable, trained professional staff.

# **APPENDICES**

HONDURAS USAID MISSION  
POLICY ANALYSIS AND IMPLEMENTATION  
EVALUATION SCOPE OF WORK

I. ACTIVITY:

Evaluation of Project No. 522-0325.01 - Policy Analysis and Implementation (Private Sector Component)

Total Project Cost: \$5,000,000 (Dollar Equivalent)

Project Agreement Date: September 10, 1987

PACD: September 30, 1992

II. PURPOSE OF THE EVALUATION:

The primary purpose of the evaluation is to examine progress made in implementing the Private Sector Component of the Policy Analysis and Implementation Project. The evaluation will:

1. Examine the degree to which COHEP (Honduran Council for Private Enterprise) has been strengthened in its private sector economic and policy analysis capabilities.
2. Examine the degree to which COHEP's efforts have been successful in policy dialogue, consensus-building and public education on economic and policy matters within the private sector and between the public and private sector and examine and evaluate the Communications Division's (CD) role in this task.
3. Examine the degree of effective dialogue/lobbying efforts by COHEP.
4. Examine the degree of institutional consolidation achieved by COHEP and its member organizations through the project and the level and type of financial base formed up to date by the major donation campaign to establish a capital endowment fund in order to achieve COHEP's self-sufficiency after PACD.

5. Examine COHEP's organizational structure and by-laws.
6. Determine the perception the public sector and the public at large have of COHEP's vested interests and to what degree does this affect project implementation.

This evaluation will be used primarily by USAID/Honduras and COHEP to make necessary changes in project implementation in order to achieve the goals of sustained economic growth and stability.

The evaluation of this project was planned in the current Annual Evaluation Plan.

### III. BACKGROUND:

In the late 1970's Honduras had a period of financial stability and rapid economic growth reaching a real growth in GDP of seven percent. In the period 1980-81 this growth rate fell to two percent and turned negative in 1982-3 period. In 1984 the Honduran economy began experiencing limited economic recovery, but the prospects for the period 1987-90 are bleak. Unemployment remains high and real private sector investment continues to be low.

While some causes of Honduras' economic stagnation may be attributed to external factors, serious structural deficiencies serve as additional impediments to high and sustained economic growth. To this can be added the inability of the GOH (Government of Honduras) to develop an effective macroeconomic and sectoral policy program to move the economy forward in a sustained manner. Several constraints contribute to this inability, of which one of the most important is the limited capacity of the Honduran private sector to participate in the development of effective economic and policy reforms which would increase private investment and employment.

The project goal is to move Honduras out of economic stagnation and improve standards of living in a sustainable fashion. To achieve this purpose the Private Sector Component aims to increase the capacity of the private sector to analyze economic policies and issues and establish an effective policy dialogue with the GOH, thereby enhancing the prospects for a market-oriented policy framework.

The Mission identified the Honduran Council for Private Enterprise (COHEP), a national umbrella organization of private sector organizations, as the lead institution in expanding the role of private enterprise in policy analysis. The GOH regards COHEP as the legitimate representative of the private sector on national economic policy issues. The Honduran private sector supports COHEP and recommends that its functions, services and advocacy role should be expanded and strengthened.

#### IV. STATEMENT OF WORK:

The evaluators will focus their investigations and evaluate the issues that are mainly enumerated in this section. The evaluators will be required to provide in a final report their findings, conclusions, recommendations, and lessons learned.

The following in order of priority are the issues and questions that must be evaluated by the team:

##### 1. Economic and Policy Analysis Capabilities

The Honduran Private Sector has historically been fragmented and lacks the ability to analyze policy alternatives and present them in a coherent fashion to the GOH and the general public. Its access to and influence upon the policy-making process has been traditionally ad-hoc and highly personalistic, rather than through institutions with the capacity to formulate and promote economic policy reform.

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a. The evaluation should measure and determine to what degree COHEP has strengthened its capabilities to perform private sector economic and policy analysis, i.e. to what extent COHEP's activities under the project are influencing Honduran policy making process. Is data collected by the project adequate to measure this impact?

b. Does COHEP have a strong Economic and Policy Analysis Division (EPAD) in place with the trained staff needed to perform independent analyses? What changes or actions may be required to make EPAD more effective? To answer these questions, the evaluation team will analyze organizational structure, operational procedures and staff capabilities.

c. Is it necessary for EPAD to submit 3-4 studies a year on key economic issues, or would it be best to have two semi-annual studies in which quality should be emphasized?

d. Can the findings of these studies, and thus the conclusions and recommendations, be implemented in the current private and public sector environment in Honduras? Are recommendations being implemented? What are the main constraints for implementing these recommendations? What actions should be taken?

## 2. Policy Dialogue, Consensus Building and Public Education

COHEP's expanded efforts to establish appropriate linkages and undertake consensus-building efforts on economic matters within the private sector and between the private and public sectors is being accomplished through seminars, conferences and publications to disseminate the results of COHEP's actions and findings resulting from economic policy analyses and through public relations and education efforts to enhance COHEP's prestige, increasing the public understanding of the importance of private initiative and a market oriented economy.

- a. Are meetings, seminars and conferences taking place with broad national participation or are they being directed to specific groups?
- b. Are they instrumental in assisting COHEP achieve a sense of common identity and purpose among businessmen?
- c. Are these forums effective in disseminating research findings and in strengthening linkages with the public sector, while at the same time building the prestige of the organization?
- d. How effective is the Communication Division (CD) in carrying out its task of promoting policy dialogue, consensus building and public education?
- e. Are publications technically produced and distributed effectively in a timely manner by CD?
- f. How effective has the public relations campaign been in raising the private sector's and the general public's awareness of the role a responsible private sector can and should play in national development? The consultant should identify the sources and methodology used to arrive at their conclusions. The requirement is for an assessment using a limited number of the key economic and social groups in the country.
- g. How can CD improve COHEP's public campaign strategy and forums used to disseminate research findings?

### 3. Effective Dialogue/Lobbying Efforts

COHEP also carries out dialogue/lobbying efforts through a well-orchestrated, influential policy dialogue program directed at the executive and legislative branch of the government.

- a. How productive have these efforts been?

- b. Are traditional Honduran private sector direct contacts with the government productive or counter-productive to COHEP's efforts?
- c. Has COHEP established a strong/solid working relationship with the Congress?
- d. How often does COHEP organize structured meetings with a bi-partisan group of Congressional leaders to discuss issues pending in Congress or the Executive branch which affect private sector interests and Honduras' development? How successful and what results have these meetings produced in benefit of COHEP's efforts?
- e. Why didn't COHEP create the position of Government Affairs Liaison Director to coordinate, plan and carry out this effort?
- f. Are COHEP's efforts in this area consistent and coherent, and if not, how can COHEP improve its efforts in this area?

4. Institutional Consolidation

To carry out a significantly expanded role representing private sector interests before the government and the private sector itself, COHEP needs to consolidate itself as an institution and to strengthen the institutional base of its member organizations. To achieve this, financial resources/viability are necessary in order for COHEP to emerge as a stronger, more dynamic organization able to carry out the activities supported by the project on a sustainable basis after the PACD.

- a. Does COHEP have a sound financial strategy/plan to achieve financial viability/self-sufficiency after PACD?
- b. In this regard, to what degree, what type and how much financial base has been formed by COHEP to establish the Capital Endowment Fund?

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c. What constraints impede or show this effort and what can be done to overcome them?

d. Has COHEP increased its services to member organizations and have these services been beneficial to them and to COHEP in its project objectives?

e. Have member organizations been strengthened institutionally by COHEP through the small grant fund?

f. If not, why not and how can this fund be more effectively implemented by COHEP?

g. Has a Membership Affairs Division been established by COHEP and how successful has it been in promoting membership drives, donations and other fund-raising efforts, and in working with member associations to strengthen their membership services and broaden their reach?

h. How do member organizations view COHEP in its new expanded leadership role?

5. COHEP's Organizational Structure and By-Laws

COHEP has undergone major organizational changes and is in the process of modifying several of its by-laws in order to increase its ability to achieve project objectives and increase its membership to improve its representation of the entire private sector.

a. Have or will these reforms contribute in making COHEP a stronger, more dynamic organization able to carry out the activities supported by the project on a sustainable basis?

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- b. Is COHEP's current organizational structure efficient and coherent with well defined functions by departments, each consisting of clear tasks and roles to be carried out by committed staff members with a common sense of purpose and goal?
- c. Are COHEP's by-laws consistent with project goals and objectives?
- d. In this area, what needs to be done to increase COHEP's membership and representation?
- e. What can be done to streamline COHEP's functional activities?

6. COHEP's Perception at Large

On October 1988, COHEP carried out through CID-GALLUP a national survey of public opinion to learn the attitudes, perception, level of knowledge and concerns of a cross-section of the population regarding the private enterprise system and the Honduran Private Sector. Based on this information, COHEP developed a carefully defined and targeted multimedia public education campaign to modify attitudes toward and understanding of private enterprise and the entrepreneur.

- a. Were the findings of the survey instrumental in designing a well defined and targeted public education campaign that in turn will be effective in its purposes?
- b. Are the targeted audiences well selected and is the message getting across to them?
- c. Are the media mechanisms used to carry out this public education campaign the best and most appropriate to achieve the desired results?
- d. Has the Communication Division carried out this public education campaign effectively and if so why, or why not?

e. What can be done to increase the impact of this campaign?

V. METHODS AND PROCEDURES:

1. Information Sources

The primary source of information to be used by the evaluation team will be the files at COHEP's office. Also, the evaluation team will receive from A.I.D. material such as the Project Paper, Project Agreement (and pertinent annexes), A.I.D. reports, etc. and have access to additional A.I.D. project documentation as required through the project officer.

Also, the evaluation team should set up meetings, interviews, etc. with the business community and the public sector to measure the increased role COHEP has undertaken in policy and economic reform and determine how these different groups are perceiving COHEP before and during project implementation.

2. Contracting Mode

The Mission will use a buy-in to an existing A.I.D. contract. The team will commence the evaluation on or about March 5, 1990 and will arrive in Tegucigalpa not later than March 10, 1990. The team leader will be responsible for developing a work plan and making assignments, including planning data collection, identifying business persons, officials, etc. to be interviewed and will work with the project officer and COHEP officials in general.

The contractors will be expected to work a six-day week. Team planning meetings will take place in country with the participation of USAID/H Project Officer and Evaluation Specialist. This is a desirable step prior to initiation of field activities. The evaluation effort will be based in Tegucigalpa. Field interviews and meetings may require travel to San Pedro Sula. COHEP will provide a

limited amount of work space and a resource/liaison person. However, the contractor will be expected to arrange for vehicle and secretarial support, translation and report preparation. USAID/Honduras will provide assistance from contractor personnel (technical advisors and Project Liaison Officer), and Mission liaison through the office of Private Sector Programs.

VI. COMPOSITION OF EVALUATION TEAM:

The suggested composition of the team is given below.

Three positions are listed. It is expected that the team leader will fill one of those positions so that the total number of the team does not exceed three. The team leader will be expected to closely coordinate evaluation findings and recommendations with the other team members. It is especially important that the team have a strong representation of experience in macroeconomic policy and economic analysis formulation, marketing and in the private sector. Key team members should include:

1. The Team Leader is expected to serve for a four-week period.

Consultant should have experience in evaluating and developing A.I.D. projects. A minimum of 10 years experience in management and policy and economic analysis. Experience in a position of management responsibility in the private sector is desirable. Prior experience in policy analysis either as a member of a technical assistance team, or in having worked with A.I.D. or World Bank in the development of a policy analysis and implementation project in the less developed world would also be desirable. Fluency in Spanish is essential.

2. Economist: Three week period. At least 10 years experience in Latin America. Demonstrated interpersonal skills applied to high level management positions. Relevant experience in the implementation of projects similar to COHEP and in management of nongovernmental

organizations, particularly private sector federations. Good communication skills, including oral and written presentation. Fluency in Spanish essential.

3. Marketing/Advertising/Promotion Specialist: Three week period. At least 5 years experience in Latin America. Must have demonstrated experience in designing, implementing and measuring the effectiveness of a marketing plan and strategy of a specific product targeted to specific segments of a population. Must have a least 10 years experience in marketing management and promotional campaigns. Fluency in Spanish is essential.

#### VII. REPORTING REQUIREMENTS:

- (A) The Contractor will provide for Mission approval an outline of the main body of the report within 10 days of arrival in country, and a draft evaluation report three days prior to the departure from Honduras. The Team Leader will draft the Abstract and Narrative sections of the A.I.D. Evaluation Summary form and will submit them to the Mission along with the final report.

The draft and final reports must include: purpose of the evaluation, methodology used, major findings, lessons learned, conclusions and recommendations, as follows:

1. EXECUTIVE SUMMARY: Containing policy and economic development objectives of the project evaluated, purpose of the evaluation, study method, findings, conclusions, recommendations, lessons learned, and comments on economic development impact. The Executive Summary must be a self-contained document of no more than two pages.
2. PROJECT IDENTIFICATION DATA SHEET. (USAID Responsibility)
3. BODY OF THE REPORT: It should be approximately 30-40 pages and must include purpose and study questions of the evaluation; the economic, political, and social context of the project; team composition, field of expertise and role it played in the evaluation,

and study methods (one page maximum); findings of the study concerning the evaluation questions (any deviation from the scope of work must be explained); conclusions; recommendations, in a separate section for the report; lessons learned and comments on policy and economic development impact.

4. CONCLUSIONS AND RECOMMENDATIONS: The report should end with a full statement of the conclusions and recommendations. The recommendations should correspond to the conclusions and should be ordered by priority and specify who should take the action recommended.

5. APPENDICES: At minimum it should contain the scope of work, the most current Logical Framework, and lists of individuals and organizations contacted, and documents consulted.

(B) The final evaluation report (a minimum of 8 copies, 6 each in English and 2 in Spanish) are to be submitted to the Project Officer by the evaluation team no later than four (4) weeks after the Mission furnishes the contractor with comments on the draft document.

(C) The Evaluation Team will be responsible for debriefing the Board of Directors of COHEP and management personnel regarding their findings. The Team Leader will be responsible for scheduling debriefing sessions with USAID/Mission staff prior to departure.

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APPENDIX B

COHEP EVALUATION May 25, 1990

LIST OF PERSONS CONTACTED

Reese Moyers	USAID/Honduras
Daniel Martinez	USAID/Honduras
Albert Zucca	USAID/Honduras
Guillermo Bolanos	USAID/Honduras
Melissa Stephens	USAID/Honduras
Ana Cristina de Pereira	COHEP
Richard Zablah	COHEP
Ulla-Liza de Carcamo	COHEP
Vicente Williams	COHEP
Joaquin Luna Mejia	COHEP
Vilma de Fonseca	COHEP
Patricia Arias de Soto	COHEP
Vaike de Molina	COHEP
Blanca de Bendeck	COHEP
Norman Garcia	FIDE
Donald Drysdale	Consultant
Robert Bond	Consultant
Carlo Bolona	Consultant
Salvador Gomez	AHIBA
Elias Asfura	ANAPROFARH
Fernando Lardizabal	Industrialist
Gilberto Goldstein	Secretary to President of Honduras
Miguel Facusse	Industrialist
Roberto Gallardo	FENAGH
Juan Ferrera	CCIT
Miguel Oscar Kafati	TOSCAFEH
Romeo Irias	APHA
Jose Arturo Zuniga	ASAH
Rolando Figueroa	Camara de Turismo
Augusto Hernandez	Publicistas, S.A.
Sra. Portillo	ANMPIH
Sonia Reyes de Maduro	HAMCHAM
Margaret de Dipp	HAMCHAM
Maritza Alvaranga	HAMCHAM
Mark Werner	HAMCHAM
Rolando del Cid	Banco de Trabajadores
Dorcas C. de Gonzalez	ANDI
Horacio Medina	El Agricultor
Jane Martell de Lagos	AVANCE
Roberto Altamirano	CCIC
Edmundo Espinal D.	CCIC
Miguel Angel Bonilla	FPX
Jose Luis Aguirre	FPX
Juan Antonio Bendeck	FEDECAMARA
Randolph Fleming	Industrialist
Roberto Dipp	CCI de Atlantida
Miguel Kawas	CCI de Atlantida
Luis Rietti	Industrialist

List of Persons Contacted, continued.

Jesus Simon	Camara de la Construccion
Blanca Aguilar	ANEXHON
Jose Job Martinez	AHDIVA

APPENDIX C.

COHEP Evaluation, May 15, 1990

LIST OF DOCUMENTS REVIEWED

1. Convenio de Cooperacion No. 522-0325.01, September 7, 1987.
2. USAID Project Paper Honduras Policy Analysis and Implementation 522-0325 AID/LAC/P-386 8-28-87
3. Honduras Private Sector Policy Dialogue Project, ISTI, July 1987
4. COHEP Reporte Financiero 89-55 9/29/89 AID Controllers Office.
5. An Analysis of COHEP, Jack H. Vaughn, Development Associates, Inc., June 16, 1987.
6. An Evaluation of the Honduran Council of Private Sector Organizations (COHEP), William B. Miller, July 30, 1985.
7. Review of progress made and recommendations regarding COHEP, Donald A. Swanson, ISTI, November 27, 1988.
8. Boletines informativos, revista "Empresarios", November 1988 - Febrero 1990.
9. Estatutos Consejo Hondureno de la Empresa Privada, March 1984.
10. Elementos para un Estrategia para la Reactivacion del Sector Agricola - CONPPA January 1990
11. Informe para el COHEP, No. 1, Dr. Carlos Bolona, May 10, 1990.
12. Sintesis de la Fundacion y Actuaciones del Consejo Hondureno de la Empresa Privada, Joaquin Luna Mejia, May 1990.
13. Resumen de Ejecucion, COHEP, May 1990.
14. Planes operativos y Presupuestos, COHEP, 1988, 1989, 1990.
15. Memorias Anuales, COHEP, 1987-88, 1988-89.
16. Listas de Asistencias de Todos los Seminarios Ofrecidos en 1989.
17. Lista de Distribucion, "Empresarios".
18. Campana de Publicidad, Correspondencia Varia.
19. Video con los 5 "spots" de TV.
20. Audio-cassette con el programa radial de ANDI.
21. Estudio CID-Gallup, Tomos I y II.
22. Reconversion de la deuda externa en Honduras, COHEP.
23. El Sector Agropecuario en Honduras, CHEMONICS.
24. Politica Crediticia en Honduras, Richard Webb and Julio Velarde.
25. Politica Macroeconomica y la Inversion Privada en Honduras, Robert Nathan and Associates.
26. Crecimiento vs. Estabilizacion, COHEP.
27. Reforma Tributaria en Honduras, Aninat, Mendez, y Asociados.
28. La Politica de Comercio Exterior y del Sector Industrial en Honduras, Osvaldo H. Schenone.
29. Diagnostico y Proposiciones Globales para la Implementacion de una Estrategia de Desarrollo Social en Honduras, Ema A. Budenich, Fundacion Kast.
30. Republica de Honduras: Sector Educacion, M. Teresa Infante Barros, Fundacion Kast.
31. Sector Empleo, Fernando Coloma, Fundacion Kast.

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List of Documents Reviewed, continued

32. Sector Prevision, Eugenio Camus, Fundacion Kast.
33. Propuesta de una Estrategia de Desarrollo Social: Sector Vivienda, Fundacion Kast.
34. Republica de Honduras, Sector Salud, Fundacion Kast.
35. Policies for Efficiency and Growth in a Market-Oriented Economy. Suggestions for Economic Policy Reforms in Honduras, Arnold Harberger and Daniel Wisecarver.
36. El Sector Publico an la Economia Hondurena: Gastos, Deficit y Regulaciones, Daniel Wisecarver.
37. The Exchange Rate System and Economic Equilibrium in Honduras, Sebastian Edwards.
38. Modernizacion de la Supervision Bancaria en Honduras, Sergio de la Cuadra Fabres.
39. Propuesta para Establecer un "Sistema Nacional de Inversiones" en Honduras, Ernesto R. Fontaine.
40. Documentos de Posicion:
  - a. El Presupuesto Nacional - Diciembre 1988.
  - b. El Decreto No. 152-88 - Enero 1989.
  - c. La Politica Cambiaria Nacional - Febrero 1989.
  - d. El Proyecto de Tratado sobre el Intercambio de Informacion Tributaria - Febrero 1989.
  - e. Posicion del COHEP frente el FMI - Marzo 1989.
  - f. Medidas Urgentes para Ordenamiento Economico Nacional - May 1989.
  - g. En Relacion al Estatuto del Docente Hondureno, - Octubre 1989.
  - h. Sobre el Aumento al Precio de los Combustibles, - Abril 1990.
  - i. En Relacion a los Impuestos a Las Exportaciones, - Abril 1990.
  - j. En Relacion al Aumento General del Nivel de Salarios en la Economia, - Abril 1990.

APPENDIX D.  
REPORT OF MRS. KATHLEEN VICKLAND  
EVALUATION OF COHEP, MAY 25, 1990

III. D. Promotional and Public Relations Capabilities

1. Review of Overall Program

COHEP's communications program has four goals: To enhance the reputation of COHEP as the lead proponent of the private sector; to encourage the government to improve the policies and regulations toward the sector; to improve the image of private business; and to educate about free enterprise. To accomplish these goals, COHEP developed a communications plan with three components: Public relations (including an advertising campaign), seminars, and publications.

Overall, COHEP's communications program is well-designed, and has been implemented on-time according to its workplan, as the table on the following pages indicates. At the same time, COHEP's flexibility to postpone or eliminate certain planned press releases and seminars in favor of promotion on other topics which were pushed to the forefront by national and international events, is a tribute to the organization's political sense and ability to set priorities. For example, COHEP has postponed publication of its monetary policy statement and seminar while it works with the government to define the appropriate policies. This action indicates that COHEP understands that sometimes a press campaign can speed adoption of appropriate policies, but other times working together without press coverage is preferable. COHEP's flexibility is also evident in the publication in April of three position documents that were not foreseen in the workplan, each on a topic of pressing importance: The gas price increase, export taxes, and an increase in the minimum wage. COHEP quickly selected current issues, undertook analysis, and presented the private sector's position. Such rapid response enhances COHEP's power to be a force in public opinion as well as in policy making.

COHEP has had some success in marketing the institution itself. In the Gallup poll undertaken in late 1988, the institution was listed as the single best-known organization representing the private sector among more than 200 opinion leaders surveyed. The member organizations interviewed by the evaluation team uniformly reported that they joined because COHEP "watches out for the interests of the private sector," is "well-known," and "has a presence." Members view COHEP as "a strong voice for the private sector," and "powerful."

COHEP 1989 and 1990 Communications Department Workplan

<u>Task</u>	<u>Deadline</u>	<u>Comments</u>
<b>PUBLIC RELATIONS</b>		
The Communications Center shall publicize COHEP's position on the following issues:		
National Budget	Mar 31, 1989	Published Dec 1989
Tariffs, Exonerations, and Effective Protec.	May 31, 1989	Postponed till '90
Exchange Rate Policy	Apr 30, 1989	Published Feb 1989
Tax and Information Exchange Agreement		Published Feb 1989
IMF Negotiations		Published Mar 1989
Urgent Economic Measures Recommended		Published May 1989
Monetary Policy	May 30, 1989	Postponed till '90
Disequilibria in Agricultural Policy	June 30, 1989	Published in
Efficient Land Use	July 30, 1989	Agricultural
Agricultural Privatiz.	Oct 30, 1989	Policy Document
National Coffee Policy	Nov 30, 1989	
National Forestry Policy	Nov 30, 1989	
National Export Policy	June 30, 1989	
Gas Price Increase		Published Apr 1990
Export Taxes		Published Apr 1990
Salary Increases		Published Apr 1990
Tax Policy	Apr 30, 1990	
COHEP's Viewpoint on Government's New Economic Package	Mar 30, 1990	Postponed pending further discussions with Gov't.

In addition, the Communications Center shall:

Begin Publicity Campaign (Phase I, Motivational)	Dec 30, 1989	Completed
Begin Publicity Campaign (Phase II, Benefits of Free Enterprise)	Spring, 1990	On-going

**SEMINARS, CONFERENCES, AND WORKSHOPS**

Macroeconomic Policy and Private Investment	Mar 30, 1989	Postponed
Basis for New Economic Development Model for Honduras		April 6-7, 1989
Agricultural Production Policies	Apr 30, 1989	April 6-7, 1989
Agricultural Policies	Dec 30, 1989	October 24, 1989

Regional Conference on Privatization	June 30, 1989	June 9-10, 1989
Conference of Presidents of COHEP's Member Assoc.	July 30, 1989	July 6, 1989
Annual Meeting	Dec 30, 1989	December, 1989
Regional Seminar with International Workers' Organization (OIT)	Mar 30, 1989	May 8-12, 1989
GATT Seminar	June 30, 1989	Feb 9-10, 1989
Chilean Trip		July 17-Aug 1, '89
Women Entrepreneurs		Ago 7-Sep 1, '89
Women Leaders		Held
Small and Medium Industries		June 9, 1989
High-level Conference		Sep 5-6, 1989
Roundtable on Macroeconomic Policy	Jan 30, 1990	Postponed
Bimonthly meetings with the Central Bank	Feb 28, 1990 and Apr 30, 1990	Held as planned
Seminar on the Social Impact of Economic Policy	Mar 30, 1990	Postponed
Roundtable on Social Policy	Mar 30, 1990	Postponed
Macroeconomic Policy and Private Investment	April 30, 1990	Postponed

#### PUBLICATIONS

Impact of Macroeconomic Policy on Private Investment	Apr 30, 1989	Published
Results of Macroeconomic Policy/Investment Seminar	May 30, 1989	Postponed
Credit Policy in Honduras in the Context of Macroeconomic Restrictions	Mar 30, 1989	Published
Study on Agricultural Production Policies	Mar 30, 1989	Published
Agricultural Policy Documents	Nov 30, 1989	Published
Documents on Export Policy	Dec 30, 1989	Published
Results of Regional Privatization Conf.	Aug 30, 1989	Published
Monthly Bulletin	6 during 1990	3 published during first 5 months of '90
COHEP Directory	Dec 30, 1989	At the printers
Reproduce books from other sources for member associations	Dec 30, 1989	As needed

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However, COHEP's image continues to be marred by the widespread perception that it represents only big business, and represents only Tegucigalpa, not the whole country. As we outline in detail below, this image can be changed through a membership drive targetted at small and medium business organizations, as well as seminars, publications, and public relations activities directed at this sector. In addition, COHEP leadership should visit all members in other areas of the country in 1990, as well conduct a personal membership drive in areas which currently hold no members.

COHEP has had more limited success regarding its second communications objective, which is to encourage the government to liberalize its policies and regulations toward business. COHEP's capabilities in policy dialogue are limited by the lack of private sector consensus regarding appropriate policies, the high degree of politicization of economic issues, and the government's preference to deal with private sector members individually rather than as a group. In spite of these constraints, COHEP has managed to become an organization which, in its members' view, offers valuable access to government decision makers. Principally through group and individual meetings and through position papers, COHEP is bringing the concerns of the private sector to the government. COHEP's own careful monitoring of TV and print coverage provides ample testimony of the frequent coverage given to COHEP political positions. Perhaps COHEP's greatest contribution to policy dialogue was to serve as the springboard for the current Minister of Treasury, who was formerly COHEP's President.

While COHEP members usually agree with COHEP positions, they expressed extreme concern about the manner in which COHEP's positions are presented in the press. COHEP's positions were expressed in a style which members described as "aggressive, harsh, and lacking in compassion." Additional control over COHEP's public relations should be implemented to interject more compassion and clear, non-technical reasoning into COHEP's analysis, and tone down the abrasive tone of COHEP economic policy statements. Specific public relations recommendations are listed in Section V.

COHEP's promotional strategy in support of the remaining two objectives -- improving the image of the private sector, and educating the public about private enterprise -- is too new to demonstrate results. The campaign was only launched on October 25, 1989. Changing deeply held attitudes will require frequent and powerful repetitions of COHEP's messages, and we recommend that an in-depth evaluation be postponed until the campaign has been running for approximately two years. In addition, the evaluation of the promotional campaign should be timed, if possible, for a period of economic growth, since turbulent periods such as the current one tend to bring out people's negative perceptions of the private sector as "exploiters" and "speculators."

In general, the promotional program appears to have been well conceived and creatively implemented. However the slogan, "Sudemos juntos la camiseta por Honduras," has been attacked by opponents,

and should probably be rethought and replaced because of its negative repercussions on COHEP and COHEP's goal of uniting public opinion in favor of the private sector. The daily "Tiempo" editorialized in late April, "Why should we work together so that others continue to enjoy unearned privileges?" Individuals interviewed by the evaluation team corroborate that the view expressed by "Tiempo" is widely held. "The slogan has backfired," they told us. "Rather than uniting the private sector behind COHEP and reform, the slogan is an additional reminder that only some of the population is "sweating" in the economic crisis."

Overall, however, the quality of the communications program is judged to be high. A path-breaking study of public attitudes toward the public sector undertaken by Gallup (which, to the teams knowledge, has not been done in any other country) laid the foundation for the promotional campaign. Promotional themes and appropriate media were directly drawn from the Gallup study. Generous price reductions were granted by TV and radio stations, and newspapers, (itself a measure of the private sector's support for COHEP and its mission), and substantial amounts of creative talent were donated to design the campaign.

COHEP has complemented its public relations with seminars and publications. In 1989, COHEP organized approximately a dozen conferences on a wide variety of topics which appealed to a geographically and sociopolitically diverse group of participants (see analysis of attendees in Section D.3. below). Each topic represented an important private sector issue. The team's only concern with the seminar program was the frequency of foreign participants (attendees, not presentors). Three of the seminars convened mostly non-Honduran groups (Worker's Organizations and two Womens' Training Courses). In each regional gathering, COHEP played only a supporting organizational role. Nonetheless, given the enormity of the COHEP's image enhancement and educational mandate, we recommend that COHEP focus its training efforts on Hondurans, unless the foreign participants generate revenue for COHEP, or unless the conferences offer COHEP access to prestigious international presentors.

COHEP's principal publications include seminar summaries and its monthly bulletin, "Empresarios." (Because of a lack of personnel, COHEP has never been able to launch one planned publication, an "Economic Statistics Series.") In general, COHEP publications are attractive and informative. The bulletin has vastly improved in content and format since its first issue in November 1988, and is distributed to 2000 readers each month. We recommend that the bulletin's format be standardized to enhance its professionalism and readability. Specific recommendations are listed in Section V.

In summary, the COHEP communications program has been well designed and carefully executed. COHEP's greatest challenge as it continues and refines the program will be to target it where it can do the most good.

To date, the promotional coverage has been fairly even across the entire population. Television, radio, and print media are all used. Within TV and radio, COHEP reaches diverse segments of the population by airing the ads during sports programs, soap operas, family programs, evening movies and the news.

However, the Gallup poll indicated that the need for information and image enhancement is not evenly distributed across the population. In most cases, younger Hondurans, and less educated Hondurans with lower earnings, possessed the most negative views toward the private sector, and the least information.

Similarly, different groups have varying degrees of influence over the rest of the population. To the extent that COHEP can educate opinion leaders, the organization will be more successful in educating the population as a whole.

For these two reasons -- diversity of need for information, and diversity of influence -- we recommend that COHEP begin to target its public relations, seminars, and publications at several groups, while still maintaining a degree of coverage of the population as a whole. In particular, we recommend targeting: High school students; University students; small businesses; the legislature; and the press. In Section V of this evaluation, we outline specific measures to target COHEP's promotion for greater impact.

## 2. Review of performance in area of policy dialogue

COHEP's success in achieving policy concessions from the government is limited by three factors, each of which is outside of COHEP's control. First, it is sometimes difficult to achieve consensus on policy reform because of the breadth of interests of COHEP members. While COHEP is increasingly known for the technical competence and professional objectivity of its policy analysis, nonetheless it is a membership organization and necessarily reflects its members' interests. A thinktank such as the Heritage Foundation, beholden to no particular corporate interests, can represent an ideology and take a "national" viewpoint on policy reform, but a membership organization is more limited in the positions it can take.

A second factor which limits the effectiveness of COHEP's policy improvement communications program is the extreme degree of politicization of issues in Honduras. Sometimes the voice of reason cannot be heard over the din of dissenting political views. However, COHEP is a leader in the incipient rationalization and technocratization of the Honduran economy and bureaucracy.

Lastly, the impact of COHEP's policy dialogue efforts is reduced by the government's preference for dealing with individual corporate leaders. The government understands that its own negotiating power is diminished when its traditional adversaries

band together in a unified front.

Nonetheless, COHEP has become a force in the discussion and design of economic policies. A review of the April press clippings meticulously collected by COHEP Communications staff shows that the newspapers dedicated thirteen articles to COHEP. The vast majority of the articles discuss COHEP's position on various economic issues, including its opposition to additional holidays, its opposition to an increase in the minimum wage, and its position against the export tax.

Three facets of the April coverage of COHEP indicate a need for greater "handling" of the news coverage. (See copies of press coverage on following pages.) First, two of the major papers illustrated the story of COHEP's opposition to a wage increase with photos of a jovial Richard Zablah. Second, the tone of the articles gave the impression that COHEP was lacking in compassion and unconcerned about the plight of low wage earners. Third, one of the papers elected to print COHEP's position document verbatim. Unfortunately, the language in the document is technical, analytical, economic language that does little to educate the public.

Possibly, some of the negative press could have been avoided by a) Including a clear, persuasive, easy-to-read summary of COHEP's position along with the position document; b) Including in both the press release and the position document, COHEP's concern about the lower class; and c) Attaching an accompanying photo depicting a serious, concerned Mr. Zablah. The easy-to-read summary is necessary because the technical nature of the Position Document makes it inappropriate for direct consumption by the press or public. After all, it is counterintuitive that an increase in the minimum wage would increase levels of poverty. The way in which the increase translates into greater poverty must be explained carefully in simple language.

Of course, it is the prerogative of the press to use those sections of the prepared statements that they select, and to use any picture they choose. A free press often makes choices which are contrary to a newsmaker's wishes, and there is little recourse. As usual, the most negative coverage of COHEP's position on the wage increase came from "La Tribuna," which represents the opposing political party and appears to have several personal reasons for making life difficult for COHEP.

COHEP has taken several positive steps toward assuring warm press relations. Several press-only events have been held, including, to this team's knowledge, a breakfast in September 1988 and a cocktail in June 1989. Another press function may be in order.

In addition, COHEP could probably improve its press coverage by offering a series of short seminars for the print, TV, and radio

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press. The Gallup poll found widespread negativism and lack of knowledge about the private sector, characteristics that are apparent among the press as well. However, education can help the press to better understand the complex issues about which they report. The seminars would have to be timed to be easily accessible to the press; evenings or Sundays are likely to be good times. Subjects could include inflation, devaluation, liberalization, privatization, taxes, and other timely issues. Most importantly, speakers must present the themes in laypersons' terms, using analogies from other subject areas, so the seminars truly demystify the subjects covered.

### 3. Review of Seminars and Conferences

COHEP's small staff organized an impressive number of conferences in 1989, as the following list indicates. Lack of staff and leadership due to the loss of the Director of Communications in late 1989, and to her assistant's maternity leave, have resulted in fewer conferences in 1990.

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Selected COHEP Seminars, 1989 - 1990

Seminar	Date	No. of Honduran Private Sector Partic.	No. of Honduran Public Sector Partic.	Total No. of Partic.	No. of Other Countries Represented
GATT	Feb 89	45	20	68	0
New Economic Model	April 89	212	12	250	6
OIT	May 89	15	7	64	7
Feminine Leaders		4	0	41	6
Privatization	June 89	na	na	na	na
Small and Medium Enterprises	June 89	87	1	88	0
Economic Liberalization Strategies	July 89	na	na	22	0
Women's Training	Aug 89	0	7	23	7
High Level Conference	Sep 89	na	na	217	0

na = Not available.

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An evaluation of COHEP's seminar program indicates several positives, and only two negatives. On the positive side, COHEP has successfully developed an educational program which reaches a diverse group of Hondurans with COHEP's message. COHEP has embraced a wide variety of topics which all fit well within the overall rubric of "education about the private sector." Topics include both macroeconomics and microeconomics. Participants included both men and women. By holding the conferences around the country, COHEP assured widespread geographic representation. One seminar, on small enterprises, was targetted at small business owners, although most seminars were for professionals.

The evaluation team feels that the same need for targetting

that we identified for the public relations program also holds for the educational program. While the professionals do need courses, COHEP should offer more courses for youth, for individuals in the lower socio-economic status groups, for the press, and the legislature. In the recommendation section (Section V), we outline specific ideas for enhancing COHEP's reach with these segments of the population.

We also recommend that COHEP target the educational program more squarely on Hondurans. Three of the courses offered in 1989 were attended mostly by non-Hondurans. In keeping with COHEP's mandate, its funds and organizational time should be spent on the Honduran population. Unless foreign participants represent revenue (above costs) for COHEP, or unless COHEP is playing only a minor accessory organizational role, we urge the organization to consider focussing all of its educational resources on the home market.

#### 4. Review of publications.

COHEP has done an admirable job of drafting and printing nearly all of the publications that were envisioned in the Project Paper. COHEP prints its monthly "Empresarios," every month or two, and also prepares Position Papers, Summaries of Conferences, and an Annual Report. Use of color and coated paper lend the COHEP volumes a uniformly professional appearance.

Putting out a 16-page monthly is no small task, and COHEP's Communications staff is to be commended. The bulletin has been vastly improved in appearance since its first issue in November 1988. Just as important as the quality of the publication is the quality of the distribution list, and here again COHEP has done an impressive job of putting together a mailing list of 1300 key individuals, half of whom are in the private sector. (The remaining 700 copies are utilized in seminars and in answer to requests.) The table on the following pages contains the monthly's distribution list.

Distribution List for Monthly Bulletin,  
"Empresarios"

GOVERNMENT TOTAL - approx. 200  
EXECUTIVE BRANCH TOTAL - approx. 100  
Presidency of the Nation - 5  
Junta Nacional de Bienestar Social - 2  
Secretaria de Prensa - 2  
Ministries  
Comunicaciones, Obras Publicas, y Transporte - 7  
Cultura y Turismo - 5  
Defensa y Seguridad Publica - 2  
Economia y Comercio - 9  
Educacion Publica - 5  
Governacion y Justicia - 2  
Hacienda y Credito Publico - 11  
Planificacion, Coordinacion y Presupuesto - 2  
Recursos Naturales - 3  
Relaciones Exteriores - 4  
Salud Publica y Asistencia Social - 4  
Trabajo y Prevision Social - 2  
Direccion del Servicio Civil - 2  
Instituto Hondureno de Seguridad Social - 2  
SANAA - 2  
ENEE - 1  
COHDEFOR - 1  
HONDUTEL - 2  
PANI - 1  
INA - 2  
IHCAFE - 1  
IHMA - 1  
INVA - 1  
EDUCREDITO - 1  
INCEHSA - 1  
Procuraduria General de la Republica - 2  
Fuerzas Armadas - 12  
Direccion de Poblacion y Politica Migratoria - 2  
Miscellaneous Government Offices - 14  
  
LEGISLATIVE BRANCH TOTAL - approx. 100  
Congreso Nacional - 9  
Comisiones Dictaminadoras  
Agricultural y Ganaderia - 7  
Banano - 7  
Banca, Moneda y Credito - 7  
Cafe y Azucar - 7  
COHEP-Congreso - 7  
Economia, Industria y Comercio - 7  
Hacienda y Credito Publico - 7  
Legislacion I - 7  
Legislacion II - 7  
Trabajo - 7  
Turismo - 7

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PRIVATE SECTOR TOTAL - approx. 600  
COHEP Members, (10 each to 34 members) - 340  
Bancos - 19  
Asociaciones de Ahorro y Prestamo - 5  
Companias de Seguro - 7  
Individuals - 33  
Labor/Campesino Organizations (2 each) - 14  
Colegios (7 each) - 77  
Confederacion de Trabajadores de Honduras - 9  
Central General de Trabajadores - 24  
FUTH - 12  
Confederacion Hondurena de Cooperativas - 8  
FECORAH - 7

OTHER - approx. 500  
Honduras Embassies and Consulates Abroad (10 each) - 440  
Political Parties - 3  
Foreign Embassies in Honduras - 12  
International Organizations - 12

BULLETINS USED FOR SEMINARS (as needed) - approx. 200

BULLETINS PICKED UP AT COHEP OFFICES EACH MONTH BY MISCELLANEOUS  
INDIVIDUALS AND USED AS NEEDED - 500

TOTAL NUMBER OF MONTHLY BULLETINS DISTRIBUTED - 2,000

The monthly is currently typeset, which adds to its costs and slows down production (and occasionally results in transposed headlines). Once the Communications Assistant returns from maternity leave, she is to take a course in using Page Maker, which COHEP already has installed on the computers. This will be an important improvement.

We have two concerns about the monthly. First, the bulletin's format lacks consistency from month to month. The font type and size vary, as does the layout of features such as "Parque Central." Consistency will add professionalism and readability to the bulletin. A small box on the front page highlighting the issue's contents would increase the bulletin's usefulness by allowing readers to seek articles of interest. In the Section V, we include other specific format recommendations.

Second, it may be preferable to put out the bulletin every other month in order to free time and money to reach other segments of the population with the COHEP message. A bimonthly would allow COHEP to keep in contact with the 1300 individuals on the mailing list, many of whom are opinion leaders and therefore are important to COHEP's success. At the same time, some of the time and money formerly spent on the bulletin could be redirected toward the youth and small business/lower socioeconomic status groups currently less penetrated by COHEP's promotion.

#### 5. Review of public relations.

Public relations is currently COHEP's "Achilles' heel." The public relations campaign consists of events (such as press lunches), press releases, and interviews in the press by COHEP's President and Secretary General. Interviews appear to be the prime area in which misconceptions and miscommunications arise.

Certainly not all of the blame for negative press coverage can be placed on COHEP. Press in Honduras is polemic in nature, and often openly biased as well. In addition, the Gallup poll illustrated the deeply held negative public perception of the private sector. The negative public perception is reflected in the press both as a result of the press sharing the public perception, and as a result of the press reporting events in a manner amenable to its readers. Nonetheless, COHEP can take several steps, outlined in Section V below, to improve its handling of its press statements.

While the coverage is not always positive, nonetheless COHEP does a commendable job of monitoring the TV and print coverage given to itself and its member organizations. Each month, COHEP Communications staff measure the size of articles written about COHEP, multiply the size of the article by the advertising rate for that newspaper, and calculate the total cost of coverage had it been obtained through advertising. This technique, widely used by organizations in the U.S. but rare in nonprofit organizations in developing countries, assists COHEP to evaluate the

effectiveness of its press relations campaigns. As the following chart indicates, press coverage has been consistently high. The dip in 1989 is perhaps due to the elections, when other issues dominated the press.

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Advertising Value of COHEP Newspaper Coverage,  
in Lempiras  
(All 4 major dailies)

<u>Year</u>	<u>COHEP</u>	<u>COHEP Member Assoc.</u>	<u>Total</u>
1986	89,000	78,000	167,000
1987	82,000	73,000	155,000
1988	89,000	85,000	174,000
1989 (Jan-Oct)	55,000	61,000	116,000

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A large part of COHEP's public relations campaign has been the design and implementation of an advertising program to enhance the image of free enterprise, and educate people about the benefits it offers. The program consists of two phases, Motivational, and Educational. The Motivational phase, which ran for 4 weeks beginning October 25, 1989, was made up of three TV and radio spots, each of which is estimated to have reached 95% of the population (although no penetration study was conducted for lack of funds.) The Educational phase, in process, consists of two ads, which will run for 4 weeks beginning April 10.

Five months into the promotional campaign, which is only in its second phase, is too early to expect changes in deeply held attitudes. It is still too soon to estimate the impact of the COHEP advertising campaign. However, it is notable that nearly all of those interviewed had seen the spots on TV or in the radio or paper, and know the COHEP "jingle" by heart.

The large quantities of time donated to designing the COHEP advertising campaign, and the hefty 50% or more discount granted by the media, are both evidence of the high regard for COHEP as an institution. Designing and implementing the campaign has cost COHEP only 180,000 lempiras, and an additional 180,000 in advertising time and space was donated.

6. Evaluation of current communications capabilities.

At present, the Communications department has no staff or leadership. A secretary with excellent knowledge of standard operating procedures and institutional memory, and an assistant who tracks media coverage, are providing COHEP with basic reactive communications capabilities. However, since the departure of the Communications head in late 1989, the department has been without leadership. With the guidance of the Executive Director, the

Department has been able to draft press releases and hold seminars throughout the winter and spring. However, the one staff member can only do so much. The uncoordinated and unpolished media presence of COHEP is undoubtedly due in part to lack of Communications staff and leadership.

Therefore, one of COHEP's first priorities must be the hiring of a new Communications head. The job description is drafted, and is reportedly only awaiting AID approval before the candidate search can begin in earnest. As always, hiring decisions are one of the most important decisions any organization can make. Even though the need is great, the evaluation team urges COHEP to carefully review all candidates, and not hire until the right candidate is found. Especially in public relations, the wrong individual could do much damage to the institution and its goals.

#### 7. Review of 1990 workplan.

The 1990 Communications workplan is comprehensive yet realistic. It calls more "more of the same" with two exceptions. First, the workplan mandates that COHEP begin to circulate its new clippings to its members. This is a valuable service that will assist COHEP in three major ways to fulfill its mission. First, by providing members with clippings, COHEP will demonstrate the breadth of coverage that it is receiving, and enhance COHEP's image among members. Second, the clippings will assist to educate the members about economic issues, and about COHEP's positions on these issues. Third, the clipping and distribution service will remind members that COHEP does not exist just for the big businesses, or just for those located in Tegucigalpa, but for all members.

The second new feature of the 1990 workplan is the design and implementation of a TV show. We foresee several difficulties with this idea, and urge COHEP to carefully weigh its usefulness, in comparison with alternative uses of staff and creative time. First, prime TV time is very expensive. Reportedly, the slot available to the TV show offers very reduced viewership.

Second, the TV show represents more broadbased, general marketing, rather than the targetted promotion encouraged in this evaluation. The evaluation team proposes that the creative and administrative time and resources that were to have been devoted to the TV show be channeled instead toward designing and implemented events, courses and publications for the target groups selected, namely, high school and university students, the press, the legislature, and the church.

#### IV. CONCLUSIONS

##### B. Related to Communications and Public Relations

###### OVERALL

1) COHEP's communications program has been well-designed and well-executed. The workplans have been carried out as written. The organization continuously generates extensive press for itself, its member organizations, and for the private sector. Members regard COHEP as having a "presence" and a "voice" with the government. In addition, the organization has demonstrated flexibility in responding quickly to opportunities to promote the private sector's view toward issues that were suddenly brought into public view. However, as we discuss below, the communications and public relations programs lack targetting.

2) The Gallup study was well-designed and useful. The motivational and educational messages that COHEP is promoting are built on the results of the Gallup study.

3) The COHEP Communications Department currently has no full-time, permanent staff, and lacks leadership.

###### POLICY DIALOGUE

1) Members view COHEP as a valuable channel and force for policy reform. As was envisioned in the Project Paper, member associations and firms use COHEP's government access in addition to their own channels in promoting policy reform.

2) At least some members of the community see COHEP as a leader in the incipient rationalization and technocratization of the Honduran economy and government. The organization's supporters view COHEP's analysis as increasingly professional and objective rather than political.

###### SEMINARS AND CONFERENCES

1) COHEP-sponsored seminars are highly regarded. Conferences are well-organized, topics are consistent with the project goal, and speakers represent some of the best-known individuals in their fields.

2) COHEP has successfully implemented a heavy conference schedule, in accordance with its annual workplans.

###### PUBLICATIONS

1) COHEP publications are professional in appearance, and timely. The monthly, "Empresarios," has been greatly improved

since its first issue several years ago, and is an interesting, attractive, educational bulletin. It is widely distributed throughout the public and private sectors, as well as to Honduran embassies abroad.

#### PUBLIC RELATIONS

1) COHEP has been successful in reaching an estimated 95% of the Honduran population with its motivational and education messages about the private sector. Through extensive coverage in TV, radio, and newspapers, COHEP is a well-known proponent of free enterprise.

2) The COHEP slogan, "Sudemos juntos la camiseta por Honduras" has become divisive rather than unifying. The Gallup poll found deeply held negative perceptions of the private sector as self-serving exploiters. The slogan is not serving to break this negative image, but rather is serving as further proof that the "sweating" is not done by the established business community.

3) COHEP's press coverage has been mixed. Some of this negative coverage was expected, since the COHEP message is known to be unpopular. Nonetheless, the negative coverage has been exacerbated by contacts with the press that are characterized as aggressive and abrasive.

#### F. Related to Perception of COHEP

1) COHEP is seen as representing "big business." COHEP is not generally viewed as the voice of the entire private sector, but only of large industrialists.

2) COHEP is seen as representing Tegucigalpan business interests, not the interests of the nation as a whole. Businesses not located in the capital city feel slighted by the organization.

## V. RECOMMENDATIONS

### B. Related to Communications and Public Relations

#### OVERALL

1) Target. COHEP has been trying to reach the entire Honduran population with its motivational and educational messages about free enterprise. Their promotional efforts and penetration have been impressive. However, the organization is likely to see greater results at a lower cost if it focusses on:

a) Those groups that currently have the greatest amount of misinformation on the benefits of free enterprise (lower socioeconomic groups, including small businesses);

b) Those groups that are in the process of forming their impressions of free enterprise (high school and university students); and

c) Those groups that have a great impact on the rest of the population (the legislature, the press, and opinion leaders).

COHEP should reorient some of its promotional funding and staff time toward these key sectors. COHEP should develop a strategic communications platform, consisting of conferences, publications, ads, events, and other tools, for reaching each of these groups repeatedly with COHEP's message.

2) Hire carefully. The COHEP Communications Department has had no Director for several months, and the lack of leadership has resulted in less activity. Nonetheless, we urge caution and care in filling the Director's slot. It is preferable to let the position remain unfilled for several additional months if necessary until an excellent candidate is identified. Few decisions prove as critical to any organization as the hiring decision.

#### POLICY DIALOGUE

1) Solicit more policy reform suggestions from members. The current President has encouraged a marked openness toward input from members, and this should be continued. Member input could be in a variety of forms. Members should be given an opportunity to review policy studies and position documents before they are printed and distributed. Appropriate members should be consulted during the policy review process. Increased member involvement will offer COHEP several benefits. First, COHEP members will appreciate the opportunity to participate. Second, the COHEP positions will reflect the experience and expertise of its members.

2) Continue taking advantage of opportunities to present COHEP views on current economic issues. COHEP should be commended for its ability to analyze current issues, and use the public

attention focussed on the issue as a vehicle for educating the public and publicizing the view of the private sector toward the issue.

3) Avoid becoming completely reactive. COHEP should conduct one major study each year on an important economic topic. COHEP should make every effort to involve the COHEP Board and members in the policy review and position preparation, so that the resulting document is truly owned by COHEP. Once prepared, the document should be publicized, and the government encouraged to adopt the policies it contains. In this manner, COHEP will retain its ability to shape government policy, not merely react to policy decisions that have already been made.

#### SEMINARS AND CONFERENCES

1) Design seminars targetted at each of the key groups listed above. Specific ideas are listed below.

a) Lower socioeconomic groups, including small businesses:

1) Have the COHEP Communications Director make presentations at meetings of small business associations on the benefits of free enterprise. Develop attractive, colorful slide presentations that are appropriate for a small business audience.

2) Prepare an active public outreach campaign. Develop appropriate written and audiovisual materials for use at club meetings and other gatherings.

b) High school students:

1) Prepare teaching materials for a unit on free enterprise. Draft a Teacher's Manual and articles for students to read.

2) Sponsor an essay contest on the benefits of free enterprise. Publish the winning essay and the student's picture in COHEP advertisements.

3) Offer a seminar for high school teachers on free enterprise.

c) University students:

1) Organize a seminar of professors of economics and business to review curricula and recommend improvements.

2) Create a Guest Lecturer series at several Universities. Invite prominent business people, academicians, and government leaders to address the students.

d) The Legislature:

1) Prepare a seminar for legislators on the key economic issues. Keep the press out of the session, to allow legislators to ask questions freely.

2) Design a special course for new, incoming legislators, to bring them up to speed on economic issues. Again, keep the press out of the session to create an atmosphere of trust.

e) The Press:

1) Offer a social press function twice a year.

2) Offer a monthly lecture series on economic issues, for press only, at night or on weekends.

f) Opinion Leaders:

1) This group is well-served by the current, frequent COHEP-sponsored seminars, which should be continued.

2) Hold a well-publicized conference on the social conscience of private business. Utilize current examples of corporate giving in Honduras and also elsewhere. The social awareness and "human side" of COHEP, and of business, has come under severe attack recently, and needs to be faced squarely.

#### PUBLICATIONS

1) Target publications to the key audiences that COHEP selects. Below, we list publications ideas.

a) Lower socioeconomic groups, including small businesses:

1) Design a comic book which outlines the benefits of free enterprise and the key role of small businesses in the private sector. Emphasize that big businesses start small.

b) High school students:

1) Utilize the weekly, "El Agricultor," bought by students throughout the country, to reinforce the message imparted in the COHEP-designed free enterprise module. Purchase a two-page space in the paper to motivate and educate students about private business. Include stories about individuals who started with humble beginnings and made their fortune.

c) University students:

1) Distribute extra copies of conference proceedings and COHEP position documents for use as the basis for discussions and lectures.

d) The Legislature:

1) Prepare tailored educational and motivational materials to accompany the Legislative Seminars.

e) The Press:

1) Draft a "Source Book" on private enterprise in Honduras, containing statistics, graphics, motivational stories, definitions of key terms, and other background material specifically designed for the press.

f) Opinion Leaders:

1) Opinion leaders are currently well-served by COHEP's publications, all of which are currently written for a highly educated reader.

2) Standardize the format of "Empresarios." The type size should remain uniform, preferably at the relatively large size used in the February 1990 issue which enhance readability by providing more white space. A sans-serif font is probably preferable, because it gives an image of modernity (as opposed to a serif font such as that used in the "New York Times", for example, which yields a conservative image). Several issues used italic headlines, which gave an impression of vitality and progress, and would be a good standard headline format.

In general, the bulletin's graphics are impressive, such as the "Financial Corner" on the back page, or the bar chart on page 13 of the February issue. The "Si/No" feature is consistently well illustrated with photos of people and products. However, in other parts of the bulletin, photos of meetings abound. These pictures are by their nature uninteresting, and should be replaced by photos of individuals, such as a key speaker gesturing, or other more

dynamic graphics.

3) Publish "Empresarios" only every other month. "Empresarios" distribution list is heavily weighted toward opinion leaders. In order to save time and money to devote toward publications for other target groups, "Empresarios" should become a bimonthly.

#### PUBLIC RELATIONS

1) Draft easy-to-understand press releases on COHEP economic positions, and diminish spontaneous, unscripted press contact. Press statements need to be more carefully worded, and need to include the following characteristics:

a) Show more compassion. The economic crisis has a human side, which is not always evident in COHEP's press coverage.

b) Use less technical language. Most newspaper readers do not understand economic terms such as "structural characteristics of the labor market," "intensive use of factors of production other than labor," or "effective salary," all of which appear in COHEP's position document on the wage increase. By using technical language among the general public, COHEP loses an opportunity to educate.

c) Adopt a less strident tone. COHEP's mission is to depoliticize economic decisions through reasoned analysis. Statements should have a carefully reasoned, yet compassionate tone.

2) Adopt popular issues when possible. Not all of COHEP's positions need to be controversial. By recommending an anti-corruption drive, for example, COHEP could reestablish itself as a friend of ordinary people.

3) Demonstrate the social conscience of business. Utilize current examples of corporate charity and compassion as the basis for speeches and press releases.

4) De-politicize COHEP press contact by using an official spokesperson where feasible. One responsibility of the new Communications Director could be to act as COHEP's official press spokesperson. The spokesperson would read COHEP's prepared statement and answer questions. The successful candidate for this position would demonstrate composure before the press, and knowledge of economics and economic issues.

5) Target the public relations campaign to reinforce COHEP's message among selected high-priority groups. For example, to reach small businesses, COHEP could consider purchasing radio time in conjunction with ANDI's radio program aimed at small business. Several 15-20 minute radio scripts would be produced which educate

small businesses about the benefits of private enterprise, and their own important role as private businesses.

6) Consider adopting a new slogan. The current slogan is generally considered to be a detriment to COHEP's campaign to improve the image of the private sector. Variants of the slogan have been adopted by COHEP opponents as proof that COHEP does not represent all the private sector, and proof that the private sector does not work toward the good of all.

7) Reconsider the creation of a COHEP television program. The program faces two problems. First, prime time is expensive. The slot currently being considered offers low viewership. Second, it will be a challenge to create a television program that will be sufficiently interesting to lure watchers away from other channels. We recommend that resources be redirected away from the TV program to the targetted communications mechanisms described above. Television is a broad medium, and is currently used, successfully, as a vehicle for COHEP's 30-second ads. However, future resources should be more carefully directed.

#### F. Related to Perception of COHEP

1) Enhance the membership drive in outlying regions of the country. Once sufficient new members are attracted, prepare a press release highlighting the national nature of COHEP.

2) Enhance the membership drive among small business associations. Greater representation of small business organizations will counter the image that COHEP represents only large industrialists.

3) Visit all members at least once a year. Members in outlying areas reportedly experience a sense of isolation from COHEP. Press coverage of regional meetings will enhance COHEP's image as a national organization.

## VII. LESSONS LEARNED

1) Changing deeply held attitudes is a lengthy process. COHEP's communications program was charged with four goals: Bringing about policy reform, enhancing the COHEP image, enhancing the private sector image, and educating the public about free enterprise. While notable short-term progress can be expected regarding the first two objectives, the second two (enhancing the image of the private sector, and educating the public about free enterprise) imply significant attitudinal changes.

Realistically, therefore, one cannot expect marked progress in just a few months, or even in just a few years. The goals are laudable, and COHEP has been given sufficient resources to make some progress toward their fulfillment. However, the project should be considered successful even if only it accomplishes relatively small improvements in public opinion toward the private sector after several years.

2) The private sector is not homogeneous.

One of COHEP's mandates is to achieve consensus in the private sector regarding policy reform, then lobby the reforms through the government. However, it has become clear that 100% consensus in the private sector is not possible because of the diversity of the sector and the divergences in its interests.

To the extent that private sector policy disagreement is a function of a lack of information or analysis, then COHEP will be able and has been able, to be an important agent for consensus. However, to the degree that real differences in outlook result from diversity in investment patterns and location, no organization can force agreement.

3) Targetting is almost always the most efficient way to achieve a goal.

COHEP has launched its publicity campaign using general, population-wide media such as TV, the radio, and newspapers. In doing so, COHEP has achieved penetration of approximately 95% of the Honduran population with its message of the benefits of free enterprise. COHEP has built a solid foundation on which to mount its future publicity.

However, in order to maximize the effectiveness of its promotional program, COHEP should first select those key groups which are critical to the publicity campaign's success, and then design a strategic communications platform for each group. Using the public relations techniques with which COHEP is gaining increasingly familiarity and expertise, the organization should plan to reinforce its motivational and educational message among the target groups.

# Empresarios

VOLUMEN 1

Noviembre 1989

NUMERO 10

## A CESAR... EL AMIGO

La familia hondureña se vió consternada por el desaparecimiento físico de 132 elementos nacionales y extranjeros, lo mismo que por 14 personas que resultaron lesionadas, en el accidente aéreo del 21 de octubre pasado.

Ante este suceso, el COHEP pronunció su sentimiento de pesar a los familiares de los accidentados, condolencia que fue transmitida tanto nacional como internacionalmente.

En esta ocasión, el COHEP quiere hacer público un reconocimiento póstumo al licenciado César Montes Mantilla, quien pereciera en este trágico vuelo, ya que como profesional destacado, contribuyó en forma incondicional en las tareas emprendidas por esta Organización.

El sentimiento de condolencia por el desaparecimiento físico de César, fue transmitido desde el exterior, por representantes de organismos internacionales, que tuvieron la oportunidad de



César Montes

compartir experiencias inolvidables con él.

Organizaciones como: la Federación de Entidades Privadas de Centro América y Panamá (FE-DEPRICAP), la Oficina Regional de la OIT en Perú, la Organización Internacional de Empleadores (OIE) en Suiza y el Consejo Superior de la Empresa Privada (COSEP) de Nicaragua, manifestaron su pésame por el

lamentable fallecimiento de César Montes.

Frases como: "Todos los amigos de César sentimos su muerte", "nos sentimos profundamente consternados por la irreparable pérdida de la vida humana de César, lo que nos enluta a todos" y "siempre seguirá vivo en nosotros su risa, sus bromas y la seriedad con que siempre enfrentó las situaciones y retos que se le presentaron", fueron los términos comunes de aprecio y amistad que se imprimieron en las notas de duelo, enviadas por nuestros hermanos desde el exterior.

Estas notas ya fueron remitidas a sus familiares, los que agradecen las expresiones de solidaridad recibidas en tan doloroso momento.

El COHEP reitera su gratitud ante el gesto loable de organizaciones hermanas que en situaciones de esta naturaleza, expresan su sentimiento de pesar para con nuestra organización.



# Empresarios

VOLUMEN 1

Diciembre 1989

Enero 1990

NUMERO 11-12

## JUNTOS EN LA CONCERTACION NACIONAL

Tres reuniones de acercamiento se han efectuado entre empresarios y el sector productivo del país, con el propósito de discutir puntos de coincidencia en una concertación nacional.

En estos encuentros se discutió un documento conjunto, el cual será entregado al nuevo gobierno de la república y en el mismo se incluyen temas económicos, sociales y políticos de importancia para el sector productivo de Honduras.

Las inquietudes transmitidas por los trabajadores fueron despejadas por

la dirigencia del COHEP, la que a través de su presidente, doctor Richard Zablah, expresó que debe existir conciencia económica en cada sector de nuestro país, acerca de lo que se ha estado haciendo y lo que se hace.

El líder empresarial apuntó que de ignorar los hondureños la crisis por la que atravesamos, terminaremos en una convulsión social y en la quiebra.

El presidente de la Confederación Hondureña de Cooperativas (CHC), profesor Marco Orlando Iriarte, se-

ñaló que el fundamento básico de las discusiones se centró en la posibilidad de un modelo probablemente de desarrollo distinto a las circunstancias del modelo actual.

El dirigente obrero enfatizó en la necesidad de que ambos sectores cedieran en varios puntos, ya que de lograrse ésto "se obtendrán resultados favorables" afirmó.

En el futuro, se espera se realicen otras reuniones de esta naturaleza con el propósito de intercambiar impresiones y buscar soluciones a la problemática actual del país.



*Instantes en que el sector productivo del país se reúne con dirigentes del COHEP.*

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# Empresarios

VOLUMEN 1

Febrero 1990

NUMERO 13

## TODOS A LA CONCERTACION

*Dirigentes obreros, empresarios nacionales y funcionarios de México, participaron, el 7 de febrero en la conferencia dictada por el Secretario de Comercio de México, Jaime Serra Puche, en San Pedro Sula.*

*La exposición del Ministro mexicano, versó sobre el proceso de concertación de México, el cual ha colaborado en solventar la problemática socioeconómica de ese país.*

*El funcionario además, explicó que dicha Concertación se dirige a corregir los recursos y a dar una mayor libertad de acción al gobierno para atender necesidades sociales de la nación.*

*Como máximo representante del COHEP, el doctor Richard Zablah, expresó en la reunión que los empresarios entienden lo que es una Concertación Nacional y calorizó su intervención con la expresión que "estamos claros y dispuestos a entrarle a esta concertación".*



Richard Zablah  
Presidente de los Empresarios  
Organizados

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# Empresarios

VOLUMEN 1

Agosto y Septiembre 1989

NUMERO 8

## Retomemos la Antorcha de la Libertad Empresarial

"Creo firmemente en los principios benéficos y saludables de la libertad, pues estos tienen un inmensurable valor en la vida económica, social y política de nuestro pueblo", expresó el doctor Richard Zablah, Presidente del COHEP en el Discurso de Toma de Posesión de la nueva Junta Directiva de esa organización.

Expresó el empresario que debemos convencernos y convencer a otros que para distribuir, primero tenemos que tener la voluntad para crear. Sólo en la medida que formemos riqueza tendremos algo con que

satisfacer las necesidades de prosperidad de nuestra sociedad.

"Deseamos que éste o el próximo gobierno tenga fe en el hombre y le permita dar rienda suelta a su espíritu emprendedor"... esto se logrará "cuando le sean devueltas las libertades que le han sido quitadas por el estatismo entronizado en nuestro país". Aseveró el empresario que a todo el pueblo hondureño, le consta, por experiencia directa, que el actual modelo económico nos mantiene con una perpetua escasez y que éste nos ha llevado a una distribución siempre

### COHEP INFORMA:

Al público en general se le comunica que debido a las numerosas actividades que este Consejo ha desarrollado en los últimos dos meses previos a la organización de la Segunda Conferencia de Alto Nivel: "Bases para un Nuevo Modelo Económico de Desarrollo en Honduras", se decidió fusionar el Boletín Informativo correspondiente al mes de agosto con el del mes de septiembre, con el propósito de que éste contenga información de esta Conferencia.

### Se elige la Junta Directiva del COHEP 1989-1990



Momentos en que la Junta Directiva del COHEP es juramentada. De Izq. a der. los señores: Gilberto Díaz del Valle, Juan A. Bendeck, Juan Ferrera, Felipe Argüello, Richard Zablah, Vicente Willians, Edwin Rosenthal, Jorge Alvarado y Roberto Gallardo.

conflictiva, con resultados insatisfactorios. La experiencia de casi todos los países desarrollados y subdesarrollados del mundo, a juicio de Zablah, produce el más racional convencimiento de que la libre empresa operando en una economía de mercados competitivos, abierta al mundo, es la única capaz de llevar a la sociedad por el camino de la abundancia y de la paz, por lo que enfatizó "que la armonía social únicamente será posible al compartir una abundancia". Aseguró el Presidente del COHEP que los países prósperos y económicamente liberales en política, no están fuera del alcance del mundo en desarrollo y tampoco están fuera del alcance de nuestra patria. Por lo que, a su criterio, se pueden dar respuestas reales en lugar de dogmas, a través del establecimiento de una economía social de mercado, que es la piedra angular para construir un futuro mejor.

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Según tesis del COHEP:

# Aumento general de salarios elevará niveles de pobreza

**DOCUMENTO DE POSICIÓN No. 10 EN-RELACION A UN AUMENTO GENERAL DEL NIVEL DE SALARIOS EN LA ECONOMÍA, Y SU INFLUENCIA SOBRE LA CAPACIDAD ADQUISITIVA DE LA POBLACION. EL CONSEJO HONDUREÑO DE LA EMPRESA PRIVADA, SE PRONUNCIA EN LA FORMA SIGUIENTE:**

El mercado de trabajo en Honduras presenta características estructurales, que afectan su funcionamiento y que deben ser tomadas en consideración, antes de tomar cualquier acción en materia de política salarial.

1.- Los trabajadores por cuenta propia y los trabajadores no asegurados representan el 51.6% del total de la población ocupada en el país, lo que significa que un gran porcentaje de la población ocupada no es asalariada.

2.- Los niveles de educación de la mano de obra son bajísimos, existiendo un alto porcentaje de analfabetismo, que se concentra en las zonas rurales.

3.- El 63.9% de la población ocupada reporta ingresos meno-

res a 200 lempiras. De ese total, el 94.2% corresponde a personas que, como máximo, han terminado la educación primaria.

4.- La descomposición de la tasa de desempleo por sexo y edad demuestra que el problema es mucho más agudo entre las mujeres y las personas entre 15 y 29 años de edad.

Estas características del mercado laboral imponen restricciones a las posibilidades de crecimiento de la economía, y se unen a las restricciones institucionales existentes, como la legislación laboral rígida, la existencia de salarios mínimos, el alto riesgo de expropiación agraria, etc., para incidir sobre la capacidad de generación de empleo.

Uno de los determinantes más importantes de esta capacidad es el nivel de salario.

Para el caso, la existencia de presiones externas en la determinación de la política salarial de una empresa la hace más hábil y relativamente más intensiva en el uso de factores productivos distintos al trabajo. Así, la existencia de un salario efectivo demasiado alto, fijado fuera de la empresa, la inducirá al desvío

de los trabajadores cuyos servicios aportados son valorados en una cifra menor que ese salario.

Las empresas más grandes asumirán estas altas a los salarios como un impuesto a la contratación de empleados nuevos, por lo que reducirán la contratación de los trabajadores menos aptos y más fácilmente sustituibles por la mecanización de sus trabajos.

Una vez más, el costo sería asumido por los jóvenes sin capacitación y con menor nivel de escolaridad, y también por los que tienen menos capacitación y fuerza física: los más pobres, los jóvenes, las mujeres, los viejos y todos los que tienen incapacidades físicas y mentales.

Así, un salario efectivo muy alto produce mayor cesantía y desempleo entre los que poseen menor capital humano.

Por otra parte, el costo de la mano de obra se directamente trasladado a los precios al consumidor, por lo que un aumento en el nivel general de salarios se convertirá inmediatamente en un aumento al nivel general de precios.

De este modo, un aumento en el nivel general de sala producirá aumentos en el nivel general de ingreso de la población, sino que, convertido en inflación, reducirá el poder adquisitivo de los no-asalariados y aumentará la cesantía y el desempleo de los menos calificados para el trabajo, elevando los niveles generales de pobreza.

En todos los países donde se han empleado aumentos de los salarios como instrumentos para recuperar el poder adquisitivo no se ha producido ninguna mejora en los niveles de ingreso, más bien se han deprimido las actividades económicas que caracterizadas por una utilización intensiva del factor, como la agricultura y la construcción.

Ne es aumentando el dinero en circulación como se a la riqueza y se detiene la capital inflacionaria, el consumo es el aumento de la producción y la inversión en capital.

Tegucigalpa, D. C. abril de 11  
CONSEJO HONDUREÑO DE LA EMPRESA PRIVADA

## El COHEP en contra del alza al salario mínimo

TEGUCIGALPA.— El Consejo Hondureño de la Empresa Privada (COHEP) se pronunció en contra de un aumento general de salarios argumentando que esto significaría de inmediato un aumento general de precios y mayor desempleo.

Esta fue la respuesta del sector privado ante el reclamo de las centrales obreras del país de un aumento general de salarios para enfrentar el creciente costo de la vida aumentado dramáticamente por la aplicación de las medidas de ajuste económico.

"La existencia de un salario efectivo demasiado alto fijado fuera de la empresa, la inducirá al despido de los trabajadores cuyos servicios aportados son valorados en una cifra menor que ese salario", dijo el COHEP en un documento.

Agregó que "las empresas más grandes asumirán estas alzas a los salarios como un impuesto a la contratación de empleados nuevos; por lo que reducirán la contratación de los trabajadores menos aptos y más fácilmente sustituibles por la mecanización de sus trabajos".

"El costo sería asumido por los jóvenes sin capacitación y con menor nivel de escolaridad, y también por los que tienen menos capacitación y fuerza física: los más pobres, los jóvenes, las mujeres, los viejos y todos los que tienen incapacidades físicas y mentales".

"Un salario efectivo muy al



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produce mayor cesantía y desempleo", dijo el COHEP, que aseguró que "el costo de la mano de obra es directamente trasladado a los precios al consumidor, por lo que un aumento en el nivel general de salarios, se convertirá inmediatamente en un aumento al nivel general de precios".

Dijo que "Un aumento en el nivel general de salarios, no produ-

cirá aumentos en el nivel general del ingreso de la población, sino que inflación, reducirá el poder adquisitivo de los no asalariados y aumentará la cesantía y el desempleo elevando los niveles de pobreza".

Advirtió que en los países en que se han operado aumentos generales de salarios en búsqueda de recuperar el poder adquisitivo, "no se ha producido ninguna mejora en los niveles de ingreso, más bien se ha deprimido las actividades económicas".

"No es aumentando el dinero en circulación como se aumenta la riqueza y se detiene la espiral inflacionaria, el camino correcto es el aumento de la producción y la inversión en capital humano".

En el documento se dijo que los trabajadores por cuenta propia y los no remunerados representan el 51.6 por ciento del total de la población ocupada, lo que significa que un gran porcentaje de la población ocupada no es asalariada.

Un 65.2 por ciento de la población ocupada reporta ingresos menores a 200 lempiras. De este total el 94.2 por ciento corresponde a personas que como máximo han terminado la educación primaria.

El problema del desempleo es más agudo entre las mujeres y las personas entre 15 y 29 años de edad.

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Antonio La Tribuna, 20/4/1990

Viernes 20 de abril de 1990

La Tribuna

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NACIONALES

Posición del COHEP

# Trabajadores no merecen alza salarial

- \*\*En su mayoría tienen "bajo" nivel educativo y eso restringe crecimiento de la producción**
- \*\*Si se aprueba, habrá más aumento de precios**
- \*\*Hasta los incapacitados serían perjudicados**

Hasta los incapacitados físicos y mentales serían perjudicados si se aprueban niveles de salarios altos con el fin de equilibrar sueldos con la inflación, según un documento del Consejo Hondureño de la Empresa Privada (COHEP).

El sector privado se opone tajantemente a incrementos salariales a los trabajadores, justificando su posición en que la mayor parte de la mano de obra que se utiliza en la producción del país es "incapacitada"

El COHEP considera que deben tomarse en cuenta algunas características del mercado laboral antes de tomar una acción en materia de política salarial.

En primer lugar sostienen que los trabajadores por cuenta propia

y no remunerados representan en Honduras el 51.6% del total de la población ocupada.

Además, debe considerarse los "bajos" niveles de educación de la mano de obra por el alto índice de analfabetismo y de allí que el 65.2% de los ocupados reportan ingresos menores de 200 lempiras. De la cantidad señalada, al menos un 94.2% han terminado como máximo la primaria.

Dice el COHEP que esas características "imponen restricciones"



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a las posibilidades de crecimiento de la economía, lo cual se une a factores de legislación laboral rígida, existencia de salarios mínimos y expropiaciones agrarias, entre otras.

Las presiones a una empresa por los sueldos permitirían la utilización de otros medios de producción intensivos y al despido de trabajadores cuyos servicios son valorados "en una cifra menor que ese salario".

El costo de despidos sería asumido por jóvenes sin capacitación

y menor nivel escolar, los más pobres, mujeres, viejos y los que tienen "incapacidades físicas y mentales", sostiene la empresa privada.

Un salario efectivo muy alto produce mayor cesantía y desempleo, señala el COHEP, amenazando desde ya con trasladar cualquier aumento de sueldos en mayores costos para el consumidor que producirá un aumento "al nivel general de precios".

## Feliz el presidente con el cese de fuego

WASHINGTON, Abr. 19 (AFP). — El presidente de Honduras, Rafael Calleja calificó el jueves en Washington de "muy buena noticia" el acuerdo alcanzado esta madrugada en Managua sobre un cese del fuego y desmovilización de las fuerzas de la Resistencia Nicaragüense.

Calleja, quien cumple una visita oficial a Estados Unidos, se declaró "feliz por Nicaragua y por Honduras, porque esto garantiza que habrá una transición pacífica del poder y terminará el conflicto interno del país vecino, y porque finalmente "contras" saldrán de territorio hondureño".

La presencia de los "contras" en Honduras "constituye una violación del derecho internacional, además de generar debates y confrontaciones internas incensurables", expresó el mandatario hondureño.

Los campamentos que desocupará la "contra" serán tomados por el ejército.

# "Puentecito" a fines de mayo, confía Callejas

APPENDIX E. List of Economic Studies & Position Papers  
COHEP Evaluation, May 25, 1990

ECONOMIC STUDIES

1. Reconversion de Deuda en Honduras. Compiled by COHEP, 1989.
2. El Sector Agropecuario en Honduras: Diagnostico, Politicas y Recomendaciones. CHEMONICS, 1989.
3. Reforma Tributaria en Honduras. Aninat, Mendez y Asociados, 1989.
4. La Politica de Comercio Exterior y el Sector Industrial en Honduras. Osvaldo Schenone, 1989.
5. Diagnostico y Posiciones Globales para la Implementacion de una Estrategia de Desarrollo Social en Honduras. Fundacion Miguel Kast, 1989.
6. Republica de Honduras: Sector Educacion. Fundacion Miguel Kast, 1989.
7. Sector Empleo. Fernando Coloma, 1989.
8. Sector Prevision. Fundacion Miguel Kast, 1989.
9. Propuesta de una Estrategia de Desarrollo Social: Sector Vivienda, 1989.
10. Republica de Honduras: Sector Salud. Fundacion Miguel Kast, 1989.
11. Policies for Efficiency and Growth in a Market-oriented Economy: Suggestions for Economic Policy Reforms in Honduras, 1990.
12. Politica Crediticia en Honduras Dentro del Contexto de las Restricciones Macroeconomicas. Richard Webb y Julio Belarde. Discussion Paper, 1990.
13. Crecimiento vs. Estabilizacion. Discussion Paper, 1989.
14. El Sector Publico y la Economia Hondurena: Gastos, Deficits y Regulaciones. Daniel L. Wisecaver, 1990.
15. The Exchange Rate System and Macroeconomic Equilibrium in Honduras. Sebastian Edwards, 1990.
16. Modernizacion de la Supervision Bancaria en Honduras. Sergio De La Cuadra, 1990.
17. Politica Macroeconomica y la Inversion Privada en Honduras. Robert R. Nathan & Associates, 1990.

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18. Propuesta para Establecer un Sistema Nacional de Inversiones en Honduras. Ernesto Fontaine, 1990.

#### POSITION PAPERS

1. El Presupuesto de Ingresos y Egresos de la Republica para 1989 y Sobre las Normas Presupuestaria que deben Regirlo. 1989.
2. El Decreto No. 152-88 Mediante al cual se Aprueba el Presupuesto General de Ingresos y Egresos de la Republica para el Ejercicio Fiscal de 1989. 1989.
3. La Politica Cambiaria Nacional. 1989.
4. El Proyecto de Tratado a ser Suscrito entre el Gobierno de los Estados Unidos de Norteamerica y el Gobierno de Honduras sobre el Intercambio de Informacion Tributaria. 1989.
5. Posicion Ampliada del COHEP frente a las Negociaciones con el FMI. 1989.
6. Medidas Urgentes Requeridas para el Ordenamiento Economico Nacional. 1989.
7. Del Consejo Hondureno de la Empresa Privada en Relacion al Estatuto del Docente Hondureno. 1989.
8. Sobre el Aumento al Precio de los Combustibles. 1990.
9. En Relacion a los Impuestos a las Exportaciones Creados en el Articulo 18 del Decreto 18-90, Ley de Reordenamiento Estructural de la Economia. 1990.
10. En Relacion al Aumento General del Nivel de Salarios en la Economia y su Influencia en la Capacidad Adquisitiva de la Poblacion. 1990.

APPENDIX F, COHEP Evaluation

IMPLEMENTACION PROGRAMA HARBERGER  
(Aproximacion a la Efectividad de COHEP)

	NIVEL DE IMPLEMENTACION		
	BAJA/NULA	MEDIA	ALTA
<b>POLITICA CAMBIARIA</b>			
Unificacion Cambiaria		X	
Eliminar trueque			X
Tipo Flexible	X		
<b>POLITICA COMERCIAL</b>			
Eliminacion Barreras (no arancelarias)	X		
Eliminacion Autorizaciones Imp.			X
Eliminacion Sobretasas			X
<b>POLITICA FISCAL</b>			
Impuesto a las Ventas		X	
Impuesto a la Propiedad	X		
Administracion Tributaria	X		
Recorte Sueldos	X		
Eliminar Transferencias E.P.	X		
<b>DEUDA EXTERNA</b>			
Pagar Prioridades		X	
<b>REGULACION ECONOMICA</b>			
Liberacion de Precios		X	
Legislacion Laboral	X		
Eliminacion IHMA	X		
Reorganizacion BANADESA	X		
<b>POLITICA SOCIAL</b>			
Mejoras Salud	X		
Educacion Elemental	X		
Programa Desempleo		X	
Programa Vivienda	X		

APPENDIX G.

COHEP Evaluation, May 25, 1990

Mr. Jaime Alvarez

SUGGESTIONS FOR STRENGTHENING GOVERNMENT RELATIONS PROCESS

1. Elaborate a chart (see attachment) of the nature of the policymaking process in Honduras that includes type of policy, type of actors, and influence of the actors. The chart should serve as a guide for future lobbying strategies. Actors to be included are the President and close collaborators, bureaus, Congress in full, committees and subcommittees and the private sector.
2. Identify the most active committees and subcommittees in Congress. Classify their activities and pending projects of relevance to private sector initiatives. COHEP should also identify supporters of the bills within the committees or subcommittees.
3. Along with EPAD and Communications, COHEP should open communications channels with members of Congress. Activities may include visits to members of Congress who support private sector initiatives, or to undecided members that may tilt the outcome of a voting process. PR activities may also include roundtables, seminars, invitations to meet COHEP Executives and staffers and to visit COHEP's facilities.
4. Activate as much as possible the COHEP/BANTRAL commission. COHEP's liaison should keep track of activities developed by the Commission for the purpose of evaluating its performance and for enhancing its effectiveness.
5. Activate COHEP's Congressional Commission. The Commission should visit Congress to present proposals and positions regarding bills that will contribute to the development of the private sector. Update the legislative agenda and keep Commission members informed as to changes.
6. Identify key officials within the administration like under-secretaries or vice ministers or any others with high visibility or influence in the policymaking process. COHEP should open communications with these individuals as well as build relationships with those people who fill in for senior government officials or are responsible for developing proposals at the technical level.
7. In order to systemize its lobbying efforts, COHEP management should consider hiring a policy analyst with background in the political process. This person should help the government liaison officer in lobbying activities as well as become trained in COHEP's lobbying practices and knowledgeable of its array of contacts.

POLICY TYPE	Primary Actors	Relationships Among Actors	Visibility of Decision	Influence of				
				President and Aides	Bureaus	Congress	Congressional Committees	Private Sector
<b>Agricultural Policy</b>								
Price Controls								
Forest Policy								
Agrarian Reform								
Other								
<b>Macroeconomic Policy</b>								
Fiscal								
Monetary								
Trade								
Exchange Policy								
Other								
<b>Regulation and Subsidies</b>								
Price Control								
Food Subsidies								
Industrial Policy								
Labor Laws								
Other								
<b>Business Environment</b>								
Tax Incentives								
Special Policies								

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