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IMPACT AND EFFECTIVENESS OF THE CARIBBEAN BASIN INITIATIVE

Hearings held on February 25 and 27, 1986
by the Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives

Statement by OEF International

Women and Small Business Participation

On behalf of the entire Board and staff of OEF International, we take this opportunity to congratulate the Subcommittee on Oversight for its timely interest and foresight in holding this hearing on the impact of the Caribbean Basin Initiative, (CBI). We are convinced that this legislation was an important response by the Administration and by Congress to the crushing economic problems faced by a region of enormous strategic importance to our country. However, based on our first-hand experience and close observation of the CBI in operation, we have grave concerns about its effectiveness, particularly as an instrument to stimulate the overall economic development of the region.

OEF International is the leading, U.S. based, private non-profit organization dedicated to providing Third World women with the training and technical assistance needed to improve their entrepreneurial abilities and economic conditions. Founded originally by the League of Women Voters, and independent since 1961, OEF has almost 40 years of experience working with Third World women and their communities. In 1981, OEF established a U.S. National Businesswomen's Committee, made up of some 80 senior level corporate executive and entrepreneurs interested in supporting the efforts of businesswomen in the Third World. A delegation of Committee members made a working tour of Honduras, Costa Rica and Panama in 1984, thanks to a grant to OEF from USIA. These executives studied the incipient Caribbean Basin Initiative (CBI) from all vantage points--U.S. Embassies, host country leaders and potential beneficiaries. Their findings (i.e. that the overwhelming majority of women entrepreneurs were being bypassed by the CBI), led OEF to design a regional program aimed at permitting a permanent exchange of information and technical assistance while providing support for Central American women business owners. Through funding appropriated by Congress in response to the recommendations of the Bi-Partisan Commission

on Central America, in March, 1985 OEF was awarded a grant from the Agency for International Development to foster the growth of women-owned businesses in Costa Rica and Honduras over a period of three years. After almost one year of on-site operations, OEF's understanding of the CBI, and our opinion of its repercussions, have become very clear.

In a word, the CBI and its benefits simply do not reach female Central American entrepreneurs, who are for the most part, running micro-, small- and medium-sized businesses. Businesswomen in Central America share a common frustration, they are on the periphery of the business world and lack access to sources that could provide them with valuable information. Women are under-represented in the formal organizations through which CBI information has been regularly channeled and they are therefore unable to lobby for CBI benefits. In general, it is the chambers of commerce and the national industrial organizations that receive and respond to such information. This is not a case of discrimination, it is a matter of misdirected or underdirected efforts. It is the representatives of large companies that sit on the boards of chambers of commerce; women are concentrated overwhelmingly in micro-, small- and medium-sized businesses. Women do not necessarily face different problems from men. Rather, they face the same problems more acutely.

The CBI stresses the export of non-traditional products. For most countries, these product lines are not well developed nor adapted to the U.S. market. Businesses need training and specific technical assistance to be able to produce goods that can meet all the U.S. government import regulations and also appeal to U.S. consumer tastes.

To our knowledge, OEF is the only organization directly addressing the needs of female entrepreneurs in Central America. We have a program that provides training, credit, technical assistance, and information sources to women-owned businesses. Small businesses need more incentives to participate in the CBI; they need an integrated package of assistance that includes technical expertise and credit. We have established a computerized data bank between the U.S., Honduras, and Costa Rica to share information on specific technical assistance, financing, and marketing opportunities, but we are only scraping the surface. For example, in the Department of Cartago in Costa Rica, a preliminary OEF study shows that more than 800 women business owners have no access to technical or financial resources. Through the current OEF program, during the course of a year, with limited project funds, we can only hope to reach a fraction of these women. If these numbers are extrapolated and projected on a national scale, in Costa Rica alone more than 10,000 female business owners have no access to information on the CBI or to resources in general.

As part of this Central American program, OEF is also forming businesswomen's committee in each country, made up of the few female owners of larger businesses together with many small entrepreneurs. The goal of these committees is to leverage, through public awareness and advocacy efforts, specific support for women-owned enterprises, based on the problems they have encountered. Research shows that a large number of female small business owners operate in the informal, or "underground," economy. Because they are confronted by enormous government barriers in defining legal status, obtaining needed licenses, and meeting legislated payroll requirements, women tend to create businesses that operate outside the formal structure. Estimates in many countries identify women as 70% of this informal economy. Their ability to attain any benefit at all from the CBI is extremely limited.

CBI efforts to date have emphasized large-scale, highly visible ventures, while the backbone of Central American economies is the small entrepreneur. While the CBI was designed originally to provide economic incentives to Central American businesses, the opportunities it currently provides go mostly to North American businesses. Rigid U.S. import requirements and the high cost of shipping drastically restrict the access of the small entrepreneur to the benefits of the CBI. In addition, the CBI encourages dependence on the capriciousness of the North American marketplace, instead of promoting self-sufficiency based on national and regional market demands.

In support of the program operations described earlier, OEF has initiated a dialogue between businesswomen in the U.S. and Central America. (See attached articles for sample outreach efforts.) With a heavy focus on women in agriculture and agricultural processing, Central American project beneficiaries raise pigs, chickens, and cows, plant flowers, corn, carrots, figs and potatoes and transform primary and secondary products into cheese, sweets, and sausage. In addition to their role in production and marketing, these women are acquiring vital leadership and business management skills through the training and technical assistance provided by this AID-funded project.

OEF is convinced that efforts such as this, though only a small beginning, are imperative if the needs of the private sector in the Caribbean basin are to be fully and efficiently met. Further, we believe that financial incentives should stimulate greater self-sufficiency by increasing the skill level of the small entrepreneur if the majority of private enterprises are to benefit from the CBI.

To achieve significant economic improvement in Central America through the CBI we see two major policy options: 1) Adjust the CBI so that it reaches down to small and medium businesses or, 2) create an ancillary mechanism through which

small and medium businesses can "scale up" and thus become candidates for CBI benefits. The AID grant to OEF described here may be a model for such a scaling-up mechanism since technical assistance, training and credit are crucial in promoting small business growth.

In addition, OEF recommends that Congress request from AID a report on programs they support through the CBI, focusing on models that reach small and medium businesses and examining the possibility of expanding on successful programs to reach a larger percentage of the private sector.

RUMBO

CENTROAMERICANO

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Debate
entre aspirantes
a vicepresidente

EMPRESA

Un 53 por ciento de los jefes de familia en Costa Rica son mujeres.

Ignacio Santos Pasamontes,
para *Rumbo Centroamericano*

“No vamos a partir de lo que queremos nosotras, sino de lo que desean y necesitan las mujeres”, opina Flory Meza, directora asociada del programa “Mujeres de Negocios de Costa Rica”, que cuenta con un fondo inicial de aproximadamente un millón de dólares para promover microempresas, así como pequeñas y medianas industrias dirigidas por representantes de ese sexo.

Este proyecto es auspiciado por “Overseas Education Fund” (OEF), una organización fundada en 1947 por la Liga de Mujeres Votantes de Estados Unidos. En un inicio aquella entidad se dedicó a estimular la educación cívica, especialmente en los países europeos más afectados por la Segunda Guerra Mundial y, además, participó en diversos movimientos encaminados a promover el voto femenino.

Posteriormente, inició programas dirigidos a formar líderes, especialmente en Asia y América Latina. Por Costa Rica tomaron parte en éstos, entre otras, Matilde Marin y María Lidia Sánchez, actualmente diputadas del Partido Liberación Nacional.

La directora regional de OEF en Centroamérica, Marcy Kelly, afirma que en la actualidad lo que se planea es promover a las féminas para que tengan mayor participación en la sociedad.

El istmo es una de las áreas en las que tienen mayor interés. Hace algunos años comenzaron un programa en El Salvador con amas de casa, quienes ahora dirigen una floreciente industria llamada El Castaño, y que cuenta con más de medio millón de dólares prestados por el Banco Interamericano de Desarrollo BID y un banco privado salvadoreño. Asimismo, han instalado una empresa porcina en Honduras, a nivel comercial, dirigida por campesinas.

En Costa Rica, elegida como sede regional de OEF para la zona, se ofrecerá a las interesadas en formar sus empresas —o ampliar las existentes— desde asesoramiento técnico y de mercado, hasta acceso a crédito y oportunidades para exportar sus productos.

Un dato interesante, y que resalta aún más la importancia de esta iniciativa, es que el 53 por ciento de los jefes de familia en Costa Rica son mujeres. Generalmente madres solteras, con escasa preparación y que enfrentan problemas económicos para mantener a sus hijos y otros dependientes.

En las actividades en que colabore la OEF, ya sea en servicios, industria, comercio o agroindustria, es objetivo primordial mejorar la condición socioeconómica de la mujer, por lo que se le dará prioridad a los sectores de escasos recursos.

Obstáculos y expectativas

A pesar de la relevancia del proyecto para el desarrollo del país, las organizadoras consideran que todavía no han recibido del gobierno costarricense la cooperación que requieren. Afirman estar anuentes a trabajar en iniciativas específicas con instituciones estatales, como lo han hecho en otras naciones, pero para ello es imprescindible una actitud entusiasta del sector oficial.

Una mano para la mujer



Marcy Kelly, directora regional de la OEF en Centroamérica.



Flory Meza: “Hay un millón de dólares para implementar el proyecto.”



Un de los mayores obstáculos, que según las dirigidas de la OEF impide el crecimiento de empresas dirigidas por el sexo femenino, es la legislación vigente, que hace muy difícil el acceso al crédito para la mujer. Este aspecto merecerá especial atención y pretenden, no sólo facilitar su obtención sino también enseñar cómo utilizarlo eficientemente.

También se proponen, con estudios de factibilidad para líneas de productos nuevos o ya existentes, dar entrenamiento administrativo y con un banco de datos, solucionar conflictos que comúnmente se presentan por falta de información. Paralelamente, comités de empresarias y ejecutivas en el exterior colaborarán para la colocación de artículos costarricenses y de otros países centroamericanos en otros mercados.

Un comité ya formado en Estados Unidos, que envió una delegación el año pasado a Costa Rica, está dispuesto a promover inversiones de personas y firmas norteamericanas. Las representantes de OEF sólo esperan contar con la adecuada infraestructura y los respectivos estudios para comenzar a canalizar estas inversiones, que tanto podrían contribuir en la reactivación económica del país.

La forma de operar de esta organización considera imprescindible la participación directa de las interesadas en los proyectos que se aprueben. Advierte Marcy Kelly que no procuran hacer diferencias entre el hombre y la mujer, pero recalca que “durante el proceso la mujer empieza a tomar sus propias decisiones y adquiere responsabilidades, no la apoyamos como mujer, sino como individuo”.

Los programas de la OEF se desarrollan en muchas naciones, desde Senegal y Marrócco —en África— hasta Perú y Haití, con el interés de incentivar la superación y el mejoramiento de la mujer en el llamado Tercer Mundo. Las experiencias en Centroamérica (en El Salvador y Honduras) han tenido éxito y todo permite presumir que, de darse las condiciones, podrán ser igual o mejores en Costa Rica.

Pero el logro no sólo exige buenas ideas y motivación, también se requiere un respaldo decidido del Gobierno, colaboración de la empresa privada y una acertada elección de las beneficiarias. Pero, especialmente, disposición del Poder Ejecutivo para facilitar una iniciativa que, como ésta, ayuda a la mujer de escasos recursos, contribuye a la recuperación económica y a sacar adelante a Costa Rica.

The Times of the Americas

NOVEMBER 20, 1985

U.S. businesswomen offering their expertise **Helping Latin businesswomen**

By J.M. Aceves

WASHINGTON—Women aiding women is the theme behind the most recent project sponsored by the Overseas Education Fund (OEF). The OEF has signed a three year contract with the U.S. Agency for International Development (AID) to fund a project entitled "Women in Business" to be initiated in Honduras and Costa Rica.

The program is designed to improve the economic and social situations of women in Third World countries through the expansion and modernization of businesses owned or managed by women. It is geared toward women with established businesses but who come from a low-income background. Through training and technical assistance,

credit availability and access to business expertise, the OEF believes that Central American women can create self-sufficient, profitable businesses.

A unique aspect of the program is that it seeks the involvement of successful U.S. businesswomen who can share their skills and knowledge with businesswomen in Costa Rica and Honduras, by either travelling there or researching in the U.S.

According to Merryll Rosenblatt, the associate director of the Inter-American Business Development of OEF International, reactions have been enthusiastic on both sides. Not only does the success of women businesses benefit the individuals involved but the economy of the entire country is improved as well. Because women make up the majority of

the work force in Third World countries, OEF believes the development of women entrepreneurs would help improve sagging Central American economies.

"The income generated by OEF's projects is badly needed," explained Rosenblatt, "the governments have asked the OEF to set up the projects in their countries."

Business women in the States are reacting enthusiastically as well, said Rosenblatt. "We have about 20 applicants ready to be matched with those businesses which would benefit most from the woman's experience and expertise," Rosenblatt said.

Rosenblatt explained further that the OEF still needs women who are willing to share of themselves and their expertise both here and abroad.

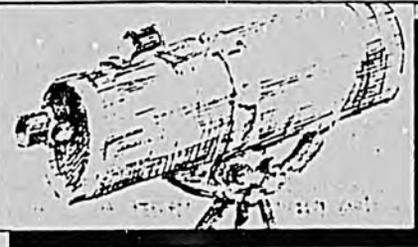
The OEF stresses that its involvement in these countries is purely as an information and assistance source. The women who participate in these programs attend the training sessions and then apply what they have learned to their businesses. The aim of the OEF is to make available the technical assistance financial resources and the access to markets required to become profitable.

For further information, contact Merryll Rosenblatt at OEF International, 2101 L Street, Suite 916, Washington, D.C. 20037.

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WOMEN WATCH

The Executive Female's
progress report on women
in the work place.



By Karin Abarbanel

Women in Sales

The number of companies employing women in their sales forces has risen dramatically over the past five years, with large firms and those in financial and service sectors leading the way, according to a new national survey by the Research Institute of America.

Only a third of the companies reported women in their sales forces in 1980; now, more than half have females in their ranks. More than 90 percent of this increase was due to large companies and financial institutions. But the most striking jump was in service organizations, where the number of women in sales more than doubled in the last half of the decade.

Among the other survey findings:

- Over a quarter (27 percent) of the survey's

Going International

OEF International offers American businesswomen the chance to network with female entrepreneurs in Costa Rica and Honduras—and share their expertise in product design, marketing, strategic planning, technical requirements, pricing and management.

OEF International is a U.S.-based, non-profit organization whose programs enable Third World women from low-income backgrounds to turn their skills into income-producing business enterprises.

Through this new program, OEF will provide Central American women with training, credit and access to American business expertise. The three-year

program, funded by the U.S. Agency for International Development and private sources, aims to foster the development of self-sustaining businesses in Central America, leading to growth of local economies. OEF hopes to expand this program eventually to women in other developing regions, and to create a worldwide network of businesswomen committed to improving the economic and social status of Third World women. To get involved in overseas small-business development, contact: Merryl Rosenblatt, Inter-American Business Development, OEF International, 2101 L Street, N.W., Suite 916, Washington, DC 20037, (202) 466-3430.

improving profitability (82 percent), improving motivated (61 percent)

The survey, conducted by the Research Institute, was based on a sample of

Hands Off!

Men prefer to be managed from a distance, according to the results of a recent study conducted by Professor Anne S. Thomas of the University of Wisconsin. She interviewed 40 managers, male and female, and their subordinates, and found that the "hands-on" supervisory style favored by many female bosses is misinterpreted by male workers, who think it indicates a lack of faith in their abilities. These men are more comfortable with the management style of male bosses, who tend to focus on their own authority and sail above the details of their subordinates' work.

National Business Employment Weekly

School Days

Thinking of going back to school, but concerned about how you'll manage? You may want to check out *Survival! The Busy Woman's Guide for Returning to*

VOGUE

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between us

BY LORRAINE DAVIS

WOMEN FEED THE WORLD?

It's called a ripple effect. . . . In 1979, a group of rural women in El Salvador asked for help from OEF International (Overseas Education Fund, a nonprofit organization, founded in 1947, that teaches low-income women in over fifty developing countries how to increase crop production and earn income: women are 60 percent of the farmers in the third world, 80 percent of the farmers in Africa). OEF sent a technical person to aid in a feasibility study, which found a real market for tomatoes processed into catsup and sauces. . . . From this came a 160-member cooperative of mostly women who have learned to grow tomatoes, produce and market tomato sauce and catsup to hotels and restaurants in the capital, San Salvador. . . . This was so successful that the cooperative couldn't raise enough tomatoes, so they bought from nearby farmers, who then started growing a more commercially viable type of tomato. . . . Next, the women got a loan from the Inter-American Development Bank and local banks to build their own small factory, and bought equipment from town entrepreneurs, thus aiding another group. . . .

Elise Smith, OEF's executive director, said: "Now the women have credit, new markets, and forward and backward linkages for goods and services." This was just one of OEF's successes. In Morocco, it trained women for beekeeping; in Sri Lanka, in enterprises like eggs and poultry. Expertise also is provided by OEF's National Women in Business Committee, which has catalyzed Women's Business Councils in Costa Rica and Honduras. "We see this," said Ms. Smith, "as a beginning of a global network of businesswomen to help move ahead economic stability and productivity." (Information: Merryll Rosenblatt, Inter-American Business Development, OEF International, 2101 L. St., NW, Suite 916, Washington DC 20037.)

VOGUE, February, 1986



Claudia Marshall, vice president for advertising and marketing, The Travelers Cos.

Stephen Dunn / The Hartford Courant

Businesswoman Studies Plight Of Latin American Counterparts

By **DIANE LEVICK**
Courant Staff Writer

From pig farmers to a prime minister, Claudia Marshall's 10-day trip to Central America was a study in contrasts.

But the plight of many of the women she met was the same — and intertwined with what she calls the "abysmally hopeless" national economies.

Marshall, vice president for advertising and marketing services of The Travelers Cos., was one of 10 U.S. businesswomen on a tour of Honduras, Costa Rica and Panama aimed at identifying problems faced by Central American women in small and medium-size enterprises.

"We went from seeing the most powerful to the most powerless people in these societies," said Marshall, who returned Monday from the whirlwind tour funded by the U.S. Information Agency.

The delegation comprised women in banking, communications,

"I found we were received quite seriously. It was not a matter of, 'Well, here's the ladies' garden club.'"

— Claudia Marshall, vice president, The Travelers Cos.

law, oil and other industries, who belong to the Women in Business Committee of OEF International. OEF is a 37-year-old private, non-profit organization which helps low-income women in Third World countries learn job skills, manage cooperatives or start their own small businesses.

After visiting with top government officials and peasant women in OEF projects, Marshall concluded that "a whole country can evolve" if the economic level and

self-sufficiency of its women are raised. She's also convinced that Central America's political problems are not half as difficult to solve as its economic troubles.

The region's wealth of resources and proximity to the United States for trade contrasts with the nations' devalued currencies and extensive foreign debt, Marshall notes. The prospects for building up exports are dim, and the region is not attractive to foreign investors. "The political aura surrounding Nicaragua, El Salvador and Honduras really has put a gloom over the whole region," said Marshall, who co-chairs the Women in Business Committee.

Even Costa Rica, which can boast relatively high education levels and a democratic government, faces economic conditions similar to the rest of the region, Marshall said. "It's quite gloomy. There's no light at the end of the tunnel."

Latin Businesswomen Seer Restricted by Economies

Women in Costa Rica, Honduras and Panama represent the "hardest hard-core poverty" of those populations, Marshall said. They often are unmarried heads of households who care for many children and sometimes several generations. In Honduras, they may earn 50 cents an hour in factories. "In terms of their own self-image, and rightly so, they have no control over their own lives," Marshall says.

Marshall was especially impressed by OEF programs that train women to operate businesses as a group because the mutual support, she observed, fosters a feeling of control over home as well as business life.

The OEF delegation visited a Costa Rican sewing cooperative where 40 women had been trained by OEF in bookkeeping, maintaining inventory and pricing goods. The women work in the co-op part-time and in their own day-care center, and as their venture took shape, their homes seemed to shape up too, Marshall said.

The cooperative, she said, "was particularly outstanding because while it was still a sub-marginal income community, you could really see the community was an attractive place to live now. It looked like a community rather than a ghetto."

The group visited OEF sewing cottage industries in Panama, including a woman who makes diaper bags and children's frocks and another who operates a home bakery.

In Honduras, which imports pork because it cannot meet demand with domestic production, OEF is training poor women to raise pigs commercially. Marshall said between the on-site visits in the three countries, Marshall's delegation met with chambers of commerce, U.S. embassy officials and professional women. Despite the region's machismo image, Marshall says, "I found we were

received quite seriously. It was not a matter of, 'Well, here's the ladies' garden club.'"

The warreption, Marshall acknowledges, was probably partly due to the dire need for U.S. investment in the region.

Her group suggested to the Honduran prime minister that public broadcasting be used to set up an information exchange on business resources available to women. He seemed interested, she said.

The OEF contingent also is hoping to set up an exchange program with some of the Central American women they met, allowing the region's businesswomen to spend a month with their counterparts in the United States.

Marshall has been inspired to start a Hartford area chapter of the Women in Business Committee which already has chapters in New York, Los Angeles, Washington, D.C. and Chicago.

"I'm fascinated by people who are able to undertake through their own self-initiative a change in their life and economic situation," Marshall said.