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AN EVALUATION OF ROCAP ACTIVITIES
IN MARKETING, 1965-71

FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT
UNDER CONTRACT AID/LA-650 (REGIONAL)

BY ROBERT R. NATHAN ASSOCIATES, INC.
WASHINGTON, D.C.

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A report prepared for the internal
use of the Agency for Interna-
tional Development

Submitted to the
Agency for International Development
under Contract AID/la-650 (Regional)

by

Robert R. Nathan Associates, Inc.
Washington, D.C.

May 1971

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FOREWORD

This evaluation was prepared as the fourth of a series under a regional contract of AID's Latin American Bureau. We required and received excellent cooperation from AID's Regional Office for Central America and Panama (ROCAP), from each of the USAID Missions in the five CACM countries, and from AID/Washington.

Special thanks are due to Mr. Oliver Sause, Director of ROCAP, and to Mr. Newell Williams, Assistant Director, for their help in fostering a continuing dialogue with ROCAP personnel. Fine cooperation was also received from Mr. William Patten, President of MRI, Inc., and MRI, Ltd., and from his associate, Mr. Manuel Rodriguez. The ROCAP Mission made fully adequate provision for logistic support.

Members of the RRNA team were Russell Loftus, marketing and management specialist; Elwood Shomo, development and trade specialist; and Richard Wheeler, team leader. Jerome Jacobson, Senior Vice President of RRNA, was officer-in-charge of the evaluation.

The team was cordially received by personnel of the USAID Missions, officials of national and regional organizations, leaders in the private sector, and others who were asked to contribute their ideas and information. We express our sincere thanks for their help.

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SUMMARY

This study represents the first attempt known to us at a comprehensive evaluation of ROCAP activities in the field of marketing. It should provide guidance for improved planning and execution of future programs.

The request for this evaluation noted that ROCAP's marketing assistance was largely provided through seven contracts with MRI,^{1/} covering the period from February 1965 through March 1971. Our Prospectus for the study proposed work in two phases: first, a review of the efforts under these contracts; and second, a broad examination of ROCAP's marketing role in the Central American area. Specific questions to be answered were set forth in the work order (reproduced in appendix A).

The Prospectus emphasized the information to be gained through personal interviews in the five CACM countries with officials of ROCAP and the five USAID Missions, other public and private leaders concerned with marketing programs in the CACM, and with the clientele of the ROCAP/MRI activities. We had more than a hundred such interviews (see chapter I).

^{1/} "MRI" is here used to include two distinct corporations, both operating under the presidency of William V. Patten, who originally undertook the first of the seven contracts in 1965 as a personal services contractor. The first contract and three subsequent ones continuing into 1971 became the responsibility of Marketing Resources International, Inc., a nonprofit corporation organized in California, while three additional contracts in effect between 1969 and 1971 were undertaken by Marketing Research International, Ltd., a corporation organized for profit in Guatemala.

2.

We found more ROCAP documents and MRI reports than we had been led to believe existed. Moreover, MRI officials made available several hundred reports of field visits and other professional activities, various course plans and outlines, and such items as a 1967 PROP (Noncapital Project Paper) not previously available to us. Therefore we were able to compare information in forming our conclusions.

Our analysis follows AID's logic and uses its language for project evaluation: inputs to outputs to purpose to goals. We examined the use of inputs to achieve stated purposes and goals and then identified strengths and weaknesses of the approaches taken. Only recently, however, has project planning in ROCAP and elsewhere emphasized setting objectively verifiable targets.^{1/} In the absence of such targets, we could only probe for original ROCAP/MRI intent and appraise performance accordingly.

Emphasis in the ROCAP/MRI marketing efforts changed materially during the last half of 1968. We have therefore distinguished two stages of activity: first, the 4 years under contracts ROCAP 34 and AID/la 470 ending February 1969 (stage 1); second, two more years under a combination of five contracts (stage 2).

In stage 1, effort was mostly devoted to three presentations of a 9-month's course in marketing; to the associated student analyses of about 20 individual business firms; to counseling of manufacturers and distributors on their marketing plans; and to assistance in the formation and development of retailers' buying cooperatives.

In 1969-1971 (stage 2), efforts were made to "institutionalize" the marketing course at Landivar University; to develop tourism and expand nontraditional exports; to assist in moves toward import substitution; and to conduct miscellaneous seminars and short courses.

^{1/} For example, numbers of individuals to be provided specified training, resulting in measurable improvement in their qualifications for performing marketing functions.

Findings, Phase One - ROCAP/MRI

ROCAP/MRI Goals and Their Relation to Overall Objectives

Until 1969, the term "Operation Market" motivated ROCAP/MRI marketing activities. Its foundation is the Rostow national market concept. In the language of a project document, the goals could be stated simply as "more goods for more people in Central America at lower prices." ROCAP/MRI programs were consistent with these goals, as we shall see in the discussion of MRI activities which follows shortly. Little was done, however, to set objectively verifiable targets corresponding to these goals.

Following President Johnson's visit to Central America in mid-1968, ROCAP's goals shifted emphasis to the development of nontraditional exports and tourism. The transition was logical, for by then, the region had absorbed many of the opportunities for import substitution and intraregional trade which came with the CACM.

ROCAP was rightly concerned with bolstering skills in marketing, for marketing ability was important to many of the U.S. development objectives for the CACM in agriculture, industry, tourism, and other fields. ROCAP has consistently emphasized marketing problems of regional significance, working primarily with the regional organizations. Plausibly, ROCAP used individual activities (like marketing courses) as an approach to institution-building, instead of concentrating on the formation of institutions with the hope that appropriate activities would follow.

ROCAP/MRI goals, purposes, and output targets became less precise in stage 2 (the 1969-71 period) than in stage 1. Targets in recent MRI contracts relate mostly to what we would term "intermediate inputs," such as the minimum number of seminars to be given per year. Yet in a qualitative sense, ROCAP and MRI seem to have had a clear meeting of the minds on goals and activities. Doubt remains that there was ever such a meeting of the minds in the case of the MRI/Landivar University contracts, where mutual dissatisfaction was the outcome (see chapter II).

Inputs by ROCAP and USAID
Missions

How large has the ROCAP/MRI activity been? We estimate the total ROCAP effort to account for at least 5 to 10 percent of all grant expenditures through FY 1970. However, many of its efforts dealt with marketing only intermittently or in the context of other programs, for instance, in education. In contrast, marketing was the exclusive theme of MRI's work. The total value of the seven MRI contracts was \$740,683 -- approximately 3 percent of the accumulated grant expenditures or 10 percent of those for contract services. MRI provided approximately 250 man-months of effort, exclusive of administrative and secretarial services.

ROCAP/MRI efforts were but one part of AID inputs for marketing in the region. USAID Missions were also involved. We can account for a total of approximately 350 man-months devoted to the area of agricultural marketing alone, since about 1964, by the five USAID Missions in the CACM area. Still other marketing inputs by these Missions are not easily separated from their general efforts for economic development.

MRI Efforts

The seven MRI contracts covered a wide range of activities, as indicated in the following list:

- . A 9-month's course in marketing, presented four times
- . Field marketing studies (by students) of 26 firms
- . Other counseling of manufacturers and distributors on their marketing plans
- . Assistance in the formation and development of retailers' buying cooperatives
- . Efforts to "institutionalize" the marketing course (at Landivar University)
- . Counseling on the development of tourism
- . Export expansion efforts

- . Assistance for import substitution
- . Presentation of various seminars and short courses.

All these activities had some plausible relationship to the chosen goals and purposes. Also, it must be remembered that difficult problems were to be frontally attacked.

There were 14 professionals working from time to time -- two of them continuously -- under the MRI contracts. Their professional qualifications -- described in the available biographic resumes and confirmed through our wide-ranging interviews -- were strongest in advertising, promotion, and other areas closely related to the marketing of consumer products. This was the kind of work originally contemplated under "Operation Market."

In stage 2 these professionals were drawn somewhat into various kinds of work for which their background was less relevant. (On the other hand, they had come to know the territory very well.) Thus, they found themselves involved in problems of marketing agricultural products, trying to assist the development of rural cooperatives (a highly specialized field in itself), and analyzing export market potentials -- tasks for which they had little specific professional preparation.

The MRI efforts were frequently intermingled with those of other specialists. Nevertheless, full use was not made of available complementary talents; the MRI team tended to "go it alone" when more collaboration might have been useful.

Generally, there were no language difficulties. One American member of the MRI team was completely fluent in Spanish, while most others were reasonably effective in communicating with students, businessmen, and other Central Americans.

MRI's activities were most successful in:

- . Creating an awareness that marketing is important.

. Providing, through training, an intensive practical introduction to the problems of marketing management for a small group of potential key personnel who, in turn, have done much to pass on their knowledge through formal and informal teaching.

. Helping to extend and strengthen retailers' buying cooperatives, which have progressed despite sizable obstacles.

Awareness was a recurrent strain in our interviews. Before "Operation Market" and MRI activities, Central American business concerned itself mainly with production and seldom with marketing. Currently many businessmen and public leaders are well aware of marketing problems and techniques. ROCAP/MRI have created some of this awareness.

Training was important in MRI's program. The four sessions of MRI's "Operation Market" course produced 38 graduates. During their 9 months of training, these individuals first received a few lectures in the fundamentals of marketing; they then devoted most of their time to in-depth "field studies" of the marketing activities and problems of various Central American firms. The students and others we interviewed found -- on the whole -- much of value in the training program. They also suggested changes in format and content to make the course more valuable. Most of the graduates still draw on their training. A multiplier effect has been achieved because some graduates have engaged in the teaching of marketing at the universities and in productivity centers.

MRI assistance to the retailers' buying cooperatives came after the first cadena had been organized in San Jose, Costa Rica, in 1965. That group has flourished; it now supplies 150 members with more than \$3 million of products annually, at an administrative expense of less than 2 percent. Eight more cadenas have been organized in Costa Rica, and at least one in each of the other CACM countries. Among the cadenas formed with MRI assistance success has varied, but all have maintained at least a tenuous existence.

Recently, MRI participated in an export "trial" involving the production of cucumbers for the U.S. winter market. Although the trial was not fully successful, it may

have served a useful purpose in laying a basis for more successful ventures in the future. MRI personnel made important contributions, but these represented only threads extending through a fabric of efforts by many individuals and organizations. Initiative for the trial came partly from the private sector and partly from a new ROCAP interest in taking a systems approach to export expansion (see chapter IV).

Other recent MRI activities have been of scant significance and have not consumed large resource inputs. As MRI's efforts spread, they became more superficial. Still, practically every activity mentioned in the seven contracts has received at least a minimum of attention; the distribution of inputs corresponded reasonably well with the emphasis indicated by the various statements of goals, targets, duties, or scopes of work. Given the very general nature of the language of the contracts (expressed in such words as "counsel," "train," "assist," "improve," "conduct six seminars," "participate in up to three export marketing trials"), we find no evidence of appreciable "demotions" -- a word used in the task order -- in a quantitative sense (see chapter IV).

Impacts

The impacts of "Operation Market" and MRI activities cannot be precisely isolated because of other forces that were working in the CACM to heighten the understanding and techniques of marketing. Nonetheless, marketing decisions are now being made by better qualified people; marketing margins appear to have been held down to some degree; and foreign exchange earnings from tourism and nontraditional exports are rising. The first of these three developments clearly owes something to the ROCAP/MRI efforts; the second and third should be recognized as, at the least, happy coincidences that represent progress in the direction sought by ROCAP/MRI.

To sum up, in stage 1 MRI provided qualified people who developed and carried out pertinent programs. AID should therefore have no major reservations about these two MRI contracts. MRI's efforts in 1969-71 seem more superficial than in stage 1; nevertheless, most of these efforts were relevant, and there were few major shortcomings.

Findings, Phase Two

The CACM has far to go in developing marketing, particularly for export, and AID resources can help. The problems have to be attacked both regionally and nationally, and there are roles for both ROCAP and USAID Missions.

ROCAP is now reexamining goals, purposes, and plans for several of its projects relevant to marketing. New PROPs have been drafted for projects in both export expansion and tourism;^{1/} in addition, a current review of programs in education offers an opportunity to incorporate more emphasis on marketing. Indeed, efforts to reinforce marketing should continue in many fields, for marketing is not an isolated matter. Marketing must be built into programs for agricultural and industrial development. Education for agriculture, for business administration, and for public administration must include training in marketing. ROCAP appears to recognize there are marketing elements in need of reinforcement in practically all its programs. Decision-makers in all economic fields and at all levels from producer to consumer need improved capability for making marketing decisions.

Education for Marketing

Undergraduate education in business administration, including marketing, is seriously neglected in Central America. There is a closely related need for strengthening of the marketing and management dimensions of training for public service and for entrepreneurship in the agricultural sector. In chapter V, we suggest some regional possibilities along these lines. As ROCAP continues to reexamine its programs in education, it should look closely at this matter.

Continuing education offers a path for immediate impact in marketing and associated aspects of business administration. Efforts should begin with courses at the middle-management and operational levels in the 1,000 or more firms whose leaders have already been influenced by INCAE teaching

^{1/} See PROPs of March 12, 1971 for project 033 (Export Expansion) and of December 31, 1970 for project 034 (Regional Tourist Expansion).

efforts. Important resources for continuing education, such as translations of selected pamphlets of the U.S. Small Business Administration, can be used more fully in Central America than has been the case in the past. ROCAP needs to examine the possibilities in consultation with RTAC (the Regional Technical Aids Center).

Export Expansion

As does ROCAP, we attach high priority to efforts to establish one-to-one relationships -- the bringing together of potential producers and potential buyers of nontraditional export products. As many studies show, it seems undoubtable that possibilities for such exports exist.^{1/}

When products must be "produced to order" to meet the special requirements of a market or buyer, a complex combination of promotional efforts and technical assistance may be required, using the kind of systems approach taken in the cucumber trial. Simpler assistance may suffice for items already being produced in a form and on a scale suitable for initial export shipments.

The private sector in each county is bound to generate requests for help in developing export ventures, but these are also bound to be mostly local rather than regional in nature. The possibility of satisfying large orders by pooling shipments from suppliers in various parts of the region appears exceptional rather than typical. Given this essentially local pattern for the development of export ventures, comprehensive export assistance should begin at the national level. Entrepreneurs who seek export assistance should have quick access to it through an entity in their own country. The private sector's needs for special kinds of export assistance would often exceed the response capabilities of national organizations, which should be able to fall back on the strengths of the several regional organizations. In such a situation, CABEI would continue to fulfill a major role in financing the development of new export ventures; ICAITI would perform technical services and conduct technical investigations for industry on a cost-recovery basis; INCAE would broaden its educational role to include more service to industry in appraising export opportunities and developing

^{1/} See chapter V, especially the RRNA tabulation in table 7.

appropriate management capabilities and procedures. These organizations, in turn, would need continuing guidance and support from ROCAP.

The foregoing model proceeds from the bottom up. In contrast, the model of the current ROCAP PROP for export expansion proceeds from the top down. It provides continued funding for studies to identify potential markets, determine priorities, and identify response capability -- all at the regional level, rather than in terms of assistance to specific entrepreneurs. Once a determination is made, for example, that parquet flooring is a plausible product for export to France, pilot project design and development will be provided through ROCAP-aided contract promotional/technical assistance. The push will be provided by floating regional specialists, serving a regional interagency coordinating board and making ad hoc contacts through many different national agencies.

We think this distorts the role of regional agencies. Granted, regional entities have roles to play and should be provided with AID assistance. However, the emphasis is wrong if this diminishes support for the national development institutions and export promotion centers. Such local organizations should be the first stop for entrepreneurs seeking export information and assistance. In this kind of local setting, export marketing advisers should be readily accessible.

Export marketing assistance is presently given by USAID Missions in El Salvador, Guatemala, and Costa Rica. If Missions are not prepared to perform this task in the future, advisers could be assigned on a subregional basis, perhaps through the joint efforts of ROCAP and CABEI. An adviser stationed in Managua, for example, could serve Nicaragua and one additional country. Operational procedures, of course, must be left to program administrators. Our point is concerned with the establishment of pattern. We feel that technical assistance must be readily available at the local level and must be quickly responsive to private initiative. Such assistance is more likely if local institutions are assisted than if regional organizations are relied upon to reach down to the local level.

Inbound Tourism

The marketing of tourism needs help of all kinds: construction of highways, airstrips and resort hotels,

promotional efforts, modifications in regulatory procedures, and training of personnel. CABEI is currently studying infrastructure needs, partly through a contract with TECNIBERIA. It can also assist in financing selected projects with some of the proceeds from a recent AID loan. SITCA, the regional tourism institute, will consult on these matters, and also has an action plan for other efforts to foster tourism.

The ROCAP PROP for regional tourism expansion includes interim action along the lines of SITCA's 5-year plan. This PROP provides for various studies and consultant activities, as well as for general budget support for SITCA and CATO (a proposed Central American Tourism Organization with private as well as public representation).

Tourism expansion is a complex matter and many things need to be done both on a region-wide and on a national basis. Although none of the activities that ROCAP proposes to assist seem out of order, we sense a lack of the kind of systems approach that already has been found useful in the export expansion trials. Therefore, before expenditures under the PROP are allowed to accumulate to substantial levels, we suggest that plans be reviewed with an independent adviser on tourism development, particularly to identify the linkages and to develop the implications for the time-phasing of the various needed activities.

Other Needs in Marketing

Other specific needs for improving marketing performance are discussed in some detail in chapter V. Much remains to be done, for example, to improve the physical infrastructure for marketing. Several of the USAID Missions have devoted substantial effort to studying the improvement of central market facilities and to providing additional drying and storage facilities for basic grains; the USAID Missions should, of course, be encouraged to continue these efforts. Data and economic analysis for marketing have been greatly neglected; new efforts at both national and regional levels are needed to strengthen such supporting functions. Identification and implementation of needed changes in all sorts of public policies affecting marketing, particularly at the regional level, will require patient efforts backed by sound evidence.

Coordination for Integration

Summing up, ROCAP should strengthen marketing and integration in the CACM region and its institutions in these ways:

. In export expansion, ROCAP should help to meld national efforts with those of regional organizations such as CABEI, ICAITI, and INCAE. The end result would be more effective use of CABEI's credit resources, ICAITI's technical capabilities, and INCAE's potential for service to the business community. Channels would open for these resources to be directed to the production and marketing problems of the private sector in each country.

. In fostering tourism, ROCAP should assist SITCA to coordinate efforts of both public and private sectors, basing its efforts on the kind of systems approach which it has already tested and found useful.

. In strengthening education for marketing, ROCAP should encourage INCAE to collaborate with national entities in taking full advantage of low-cost/high-impact opportunities in continuing education, while seeking ways of filling the near void at the undergraduate level.

. In supporting improvement of the physical infrastructure for marketing, ROCAP and CABEI can exert strong influence for integrating national plans with respect to transport, grain storage, and other economic activity.

. A more effective institutional infrastructure would result from ROCAP efforts to help SIECA play a more effective role in data collection and economic analysis, in coordinating regional efforts for improved regulatory measures and performance, including grades and standards, and in taking a general leadership role for regional integration.

For this kind of progress in integration, ROCAP needs to maintain its capability to collaborate with regional organizations in a wide variety of activities. This will require broad staffing and considerable budget flexibility. An ability to respond to needs must exist.

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I. BACKGROUND

This is the first attempt known to us at a comprehensive evaluation of ROCAP activities in the field of marketing.^{1/} It arises from a work order issued under contract AID/la 650 (Regional). AID/W and ROCAP are interested in evaluations as guidelines to program development, and this examination of ROCAP experience in marketing should provide guidelines for more effective future programs.

The Assignment

During preparation of an evaluation Prospectus, it was agreed that work would be in two phases: first, a review of marketing activities conducted under a series of seven MRI contracts detailed in the work order and an attachment to it; second, an examination of the broad role of ROCAP -- past and future -- in marketing in Central America. Specific questions to be answered were set forth in the work order (appendix A).

Emphasis in the ROCAP/MRI marketing efforts changed materially during the last half of 1968. We shall therefore distinguish two stages of activity: first, the 4 years under contracts ROCAP 34 and AID/la 470 ending in February 1969; second, 2 subsequent years under a combination of five contracts. During the first stage, the bulk of the MRI effort was devoted to three presentations of a 9-month course in marketing, the associated student analyses of approximately 20 individual business firms, other counseling of manufacturers and distributors on their marketing plans, and assistance in the formation and development of retailers' buying

^{1/} ROCAP is the Agency for International Development's Regional Office for Central America and Panama, established in 1962 to foster regional economic and social integration.

cooperatives. Additional activities, primarily of the second stage, included efforts to "institutionalize" the marketing course at Landivar University, to develop tourism and expand nontraditional exports, to assist in moves toward import substitution, and to conduct miscellaneous seminars and short courses (chart 1).

The Approach

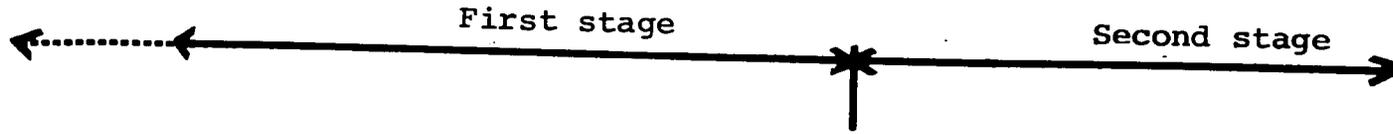
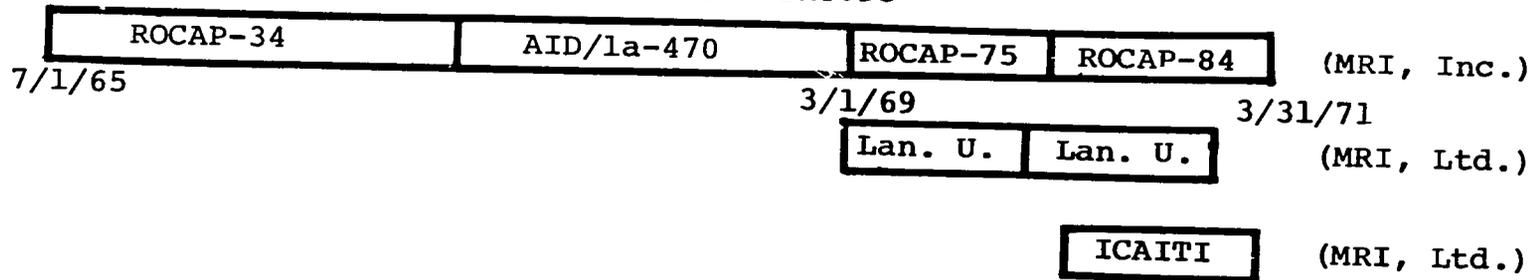
As set forth in the Prospectus, we relied heavily upon personal interviews. More than 100 were held with representatives of ROCAP, of the five USAID Missions in the Central American Common Market (CACM) countries, of various Central American regional organizations, and of public and private sector entities in the region. Included were interviews with:

- . Representatives of 22 of the 114 manufacturing firms and distributors listed by MRI as clients for its counseling services, including six of the 26 for which field marketing studies had been completed as part of student coursework
- . Twelve of the 36 living graduates of the marketing courses conducted by MRI
- . Officers of four of the 14 retailers' buying cooperatives receiving MRI assistance
- . Executives of all five national tourism organizations and of SITCA, the regional tourism organization
- . More than 30 officials of ROCAP and the five USAID Missions
- . Leaders in 25 other public and private Central American institutions and organizations, active in such matters as education, commerce, service, and export promotion.

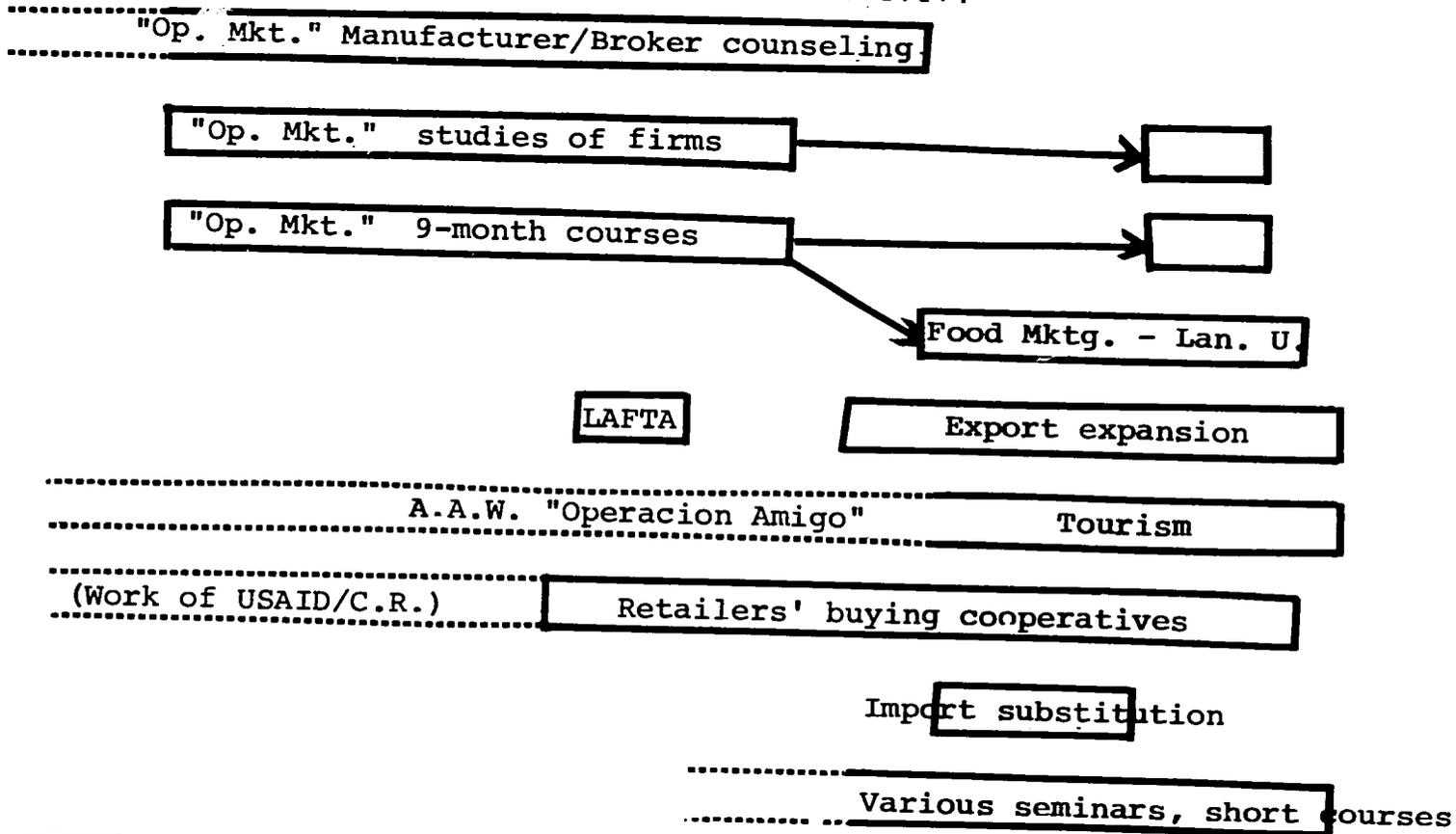
Although the interviews were highly important, we fortunately found in ROCAP additional evidence from documents and MRI reports, more factual evidence than we had been led to believe would exist. Our preliminary inquiries in Washington had produced virtually no background materials

CHART 1. TIME-PHASING OF MRI CONTRACTS AND PRINCIPAL LINES OF ACTIVITY

A. CONTRACT PERIODS



B. LINES OF ACTIVITY^{a/}



^{a/} Dotted lines show antecedents to contract work.

on MRI activities beyond those which accompanied the work order. Even a reconnaissance visit to ROCAP did not uncover all of the significant documentation available there, partly because MRI officials were out of the country at the time. During the study these officials cooperated fully in identifying and making available reports and documents which we had not encountered earlier, either in Washington or in ROCAP. Such items as a 1967 PROP for "Operation Market" and earlier contractor's reports, for example, were particularly helpful in establishing the evolution of goals and targets.

We also reviewed several hundred reports of field visits and activities by MRI staff; examined course outlines and plans; and reconstructed the distribution of time inputs by activity, with the help of project reports and recollections of MRI staff. Moreover, we studied many documents and analyses which provided helpful background for forming judgments about ROCAP's role in future marketing programs.

Our analysis of past efforts is framed in terms of means-and-ends relationships -- the sequence from inputs to outputs to purpose to goals recognized in AID's current approach to project evaluation.^{1/} Until recently, few attempts have been made (in ROCAP or elsewhere) to establish objectively verifiable targets for these elements of project planning. In the absence of such targets, the evaluator can only attempt to infer the original intent, and then proceed to examine performance in relation thereto.

The purpose of this evaluation is to point to guidelines for the future, not to point a finger at the past. In no sense was the evaluation intended as an audit of the records or activities of MRI and ROCAP. We examined the use of specified inputs to achieve designated goals, and sought to identify the strengths and weaknesses of the approaches that were taken. A broader analysis of alternatives was required, of course, to reach the conclusions sought in phase II.

^{1/} Agency for International Development, Evaluation Handbook, MC 1026.1, Supplement II, (Washington, D.C., February 1971), p. 9.

The ROCAP Program in Brief

Although none of ROCAP's grant projects or loans has been identified by a title that mentions "marketing," marketing considerations are almost always involved in the various projects comprising the total program. Industrial development and commercial agriculture, of course, involve production for market; education includes teaching about marketing functions, processes, and institutions; transport is indispensable to marketing; labor is a major input in the marketing process; and statistics are used to guide the planning of marketing activities at every turn.

Through the end of FY 1970, expenditures under ROCAP's various projects financed by grants totaled more than \$25 million (appendix B). Marketing has been a small part of this total. Nearly 30 percent of this amount was for projects identified under the heading of education, some 13 percent was for projects in support of industrial development, including those projects related to promotion of trade and exports. Other major areas of expenditure included projects for improvement of statistics and for other aspects of public administration; projects in labor, transport, agriculture and natural resources; and projects related to housing, health, and human resources. Disbursements under loans to CABEI (Central American Bank for Economic Integration) have already passed \$28 million, and obligations for these loans amount to \$125 million.

ROCAP Efforts in Marketing

The work order requesting this evaluation noted that much of ROCAP's marketing assistance had been undertaken through a series of seven contracts for work beginning in 1965 and ending in March 1971.^{1/} These contracts have mainly

^{1/} Although such is not indicated in appendix A, Marketing Resources International, Inc., first became active in 1966 when it assumed responsibility for completing performance under two personal service contracts of its founders -- W.V. Patten, the original contractor under ROCAP 34, and Walter Guild, the contractor under ROCAP 43. Subsequent contracts with MRI, Inc., included AID/1a 470, ROCAP 75, and ROCAP 84. Mr. Patten is President of MRI, Inc., and also of MRI, Ltd.

contributed to a project entitled "Industrial Development and Trade Promotion" (002), which recently reached a phase of termination or reformulation. Even from the start, however, the seven contracts represented continuation of an activity which had become known as "Operation Market."

Marketing has continuously been the central theme of the work under the seven contracts. ROCAP's other involvements with marketing have been either intermittent or of a secondary order. Accordingly, we shall focus on work under the seven contracts, as indicated in the scope of work provided by appendix A. The close relationships between the contract work and other ROCAP efforts must, of course, be fully recognized.

Operation Market

After a decade or more of moves toward economic and social integration, the principal treaty of the CACM was signed in Managua in December 1960. Significant impacts on industry and trade followed rapidly. A unified market of more than 10 million people was created where five relatively small and separate markets had previously existed. This combined market was large enough to permit the rapid development of many industries. Regional products replaced items previously imported from outside the Central American region. New firms, as well as some already in existence, could market across national borders with relative freedom. This called for new approaches to marketing.

Before the CACM, exclusive distributors had substantial control of the importation and distribution of products manufactured abroad. High margins and low volume characterized the pattern of distribution. Much agricultural production never entered marketing channels, and only limited functions were performed by the intermediaries trading in farm products. Manufacturers of consumer products were primarily

(Marketing Research International, Ltd.), a Guatemalan firm which has undertaken three ROCAP-financed contracts, two with the Instituto Centroamericano de Mercadotecnia de Alimentos of the Universidad Rafael Landivar (ICAMA-URL) and one with ICAITI.

concerned with production problems and gave only limited attention to marketing the output. The science and art of advertising, packaging, and merchandising were generally unknown.

Economists were well aware that industrial development was hindered by the absence of a mass market, and that reduced costs in the marketing of foods and other consumer products would be a powerful force for industrial and agricultural development. The Puerto Rican experience had already begun to demonstrate some of the possibilities.^{1/}

Against this background, efforts to achieve certain changes in the marketing of consumer products were begun in 1963 under the activity known as "Operation Market." In brief, this activity sought to reduce distribution costs, facilitate trade flows in the newly formed CACM, and thus facilitate industrial and general economic development. Primary emphasis was on trade within the CACM, particularly on the marketing of products resulting from the rush toward import substitution.

The term "Operation Market" continued in vogue from 1965 through 1968. With import substitution possibilities tapering off, and most particularly after President Johnson's 1968 visit to Central America, attention turned rapidly to a restudy of possibilities for expanding exports and tourism. Thus the time span of "Operation Market" was in general from 1963 to 1968.

Marketing Activities - What Kind?

What is the content of "marketing?" A graduate of an agricultural college might think of the complex of processes through which agricultural products pass on their way from the farm to the consumer. Major stages include assembly, storage, processing, and distribution. These processes are said to create utility with respect to location, form, time, and ownership. Some economic texts seem to reduce the focus

^{1/} Harold Riley et al, Food Marketing in the Economic Development of Puerto Rico, Research Report No. 4 (East Lansing, Michigan: Latin American Studies Center, Michigan State University, 1970).

of marketing activities to the point at which the realms of production and consumption meet, whereas the authors of such texts might classify themselves as either production economists or marketing economists. Professionals in business administration, on the other hand, might think of production as little more than one element subsumed under marketing.

The essence of marketing is the transfer of ownership. Yet, to those primarily concerned with selling consumer products, marketing consists, above all, of such matters as advertising, promotion, merchandising, packaging, pricing, and studying consumer attitudes and behavior. Assembly, transportation, and storage are major topics for the grain marketing specialist, whereas they are topics of relatively secondary importance to the specialist in the marketing of branded consumer goods.

In a special context, marketing was recently defined as "the identification of all factors contributing to the creating of a product, and the subsequent coordination and upgrading of these factors as a means for providing the product with the greatest possible appeal to -- and ultimate satisfaction for -- the consumer."^{1/} Such a definition must seem strange or stilted when separated from its intended frame of reference -- that of planning for the development of tourism.

Clearly, ROCAP activities in marketing can be evaluated only in relation to one or more versions of what the term includes. No single definition, nor any single kind of marketing specialist, can be considered as exclusively authoritative. In fact, there can scarcely be specialists in marketing, as such -- there can only be specialists in some one or more aspects of marketing.

For present purposes, it seems useless to burden the reader with our own arbitrary definition of "marketing;" instead, we shall try to make clear the concepts which have governed the evolution of goals and activities under ROCAP programs.

^{1/} Compton Advertising, Inc., Marketing Action Plan for the Development of Tourism in Central America, (December 1969), p. i.

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PHASE ONE

THE ROCAP/MRI EFFORTS IN MARKETING TO DATE

II. GOALS AND OVERALL OBJECTIVES

ROCAP goals in marketing went through two rather distinct stages after 1963. The rationale for these goals appears to have been well developed and well understood by Mission personnel. Moreover, the goals were logically related to broader U.S. and CACM objectives in general economic development, many of which were necessarily dependent upon progress in marketing. (Support for these assertions will follow.)

A specific, regional orientation has characterized ROCAP goals throughout both stages. This was obviously to be expected. The country USAID Missions have been active, in varying degrees, in helping national organizations to solve their respective marketing problems. ROCAP sought to find solutions for marketing problems of regional significance, working primarily through the regional organizations. In practice, of course, there is no arbitrary line dividing regional from national problems; the division of labor between ROCAP and the country Missions has varied according to circumstances.

First Stage

During the first stage, ROCAP's marketing goals were related primarily to intraregional trade and only secondarily to marketing outside the region plus development of tourism. With a regional market available to national industry and agriculture, ROCAP sought to expand trade flows and reduce marketing costs by:

- . Helping manufacturers and intermediaries to adopt appropriate marketing systems
- . Training personnel for marketing management functions

. Fostering new institutional relationships in the marketing process.

The rationale and the general goals were plausibly developed. Much of the rationale was set forth in the first bimonthly progress report under MRI contract AID-ROCAP 34, in April 1965. Working materials suggest that essentially the same approach had been well formulated and broadly accepted for "Operation Market" considerably prior to the start of contract ROCAP 34.

The first bimonthly report cited Rostow's "national market concept" as a source of orientation. After describing the existing problem, the report continued as follows:

The solution to the problem? The problem is based on the historical Central American local trade and importation methods of doing business. The goods won't move until the prices come down and people can afford to buy; the prices won't come down until a less costly system of distribution is initiated -- and this is where "Operation Market" can and is helping.

The old-fashioned "exclusive distributor" method of selling in Central America is just too expensive. Because this system results in slow turnover of merchandise, the exclusive distributor or importer has to get a high profit. This system is inhibiting trade between Central American countries and it keeps prices up to the point where few Central American consumers can afford, especially items in the food line, that are considered "necessities" in more economically advanced countries.

In order to correct this situation, "Operation Market" is counseling, on request, with individual manufacturers and processors throughout Central America. Every product and every manufacturer already contacted has to have a separate marketing plan. However, the basic marketing principles are the same. "Operation Market" is dedicated to bringing down distribution costs by bringing manufacturers together with brokers -- where feasible, helping brokers in their day to day operations; by counseling with manufacturers on packaging, merchandising, shipping, pricing, advertising, and accounting.

Thus far, one of the biggest obstacles to the practical reduction of consumer prices in Central America has been the lack of qualified, experienced "food brokers."

Although approximately 90% of all food items sold in the U.S. are sold through the broker system, "Operation Market" has had to start from scratch in training and helping to establish "brokers" in Central America. This project has been further complicated by the fact that the current food "distributors" are really not clear-cut "distributors." In many cases, a so-called "distributor" will act as "exclusive distributor," a "wholesaler," a "wagon-jobber," a "broker" and a "retailer" all rolled into one.

In order to remedy this situation "Operation Market" is currently developing plans to modernize the C.A. distribution system by:

1. Helping set up food retailer buying cooperatives throughout Central America.
2. Institutionalizing "Operation Market" techniques and methodology via a year's training program for 8-10 Central American nationals beginning next month.

... To sum up: manufacturers cannot succeed in the Central American Common Market without:

1. A mass market.
2. A marketing plan that sells -- the main problem is selling not manufacturing.
3. Low prices -- the key is "price."

... "Operation Market" will continue to help Central American manufacturers develop "tailor made" marketing plans, it will also help implement those plans and it will train local personnel in modern marketing. The goals of this program, simply stated are: more goods for more people in Central America at lower prices.

The underlined words (more goods for more people in Central America at lower prices) may be taken as a brief statement of project purpose, in the sense in which this term is now used in AID's evaluation efforts.

The foregoing paragraphs explain the intended work of "Operation Market" much more fully than either contract ROCAP 34 or the subsequent contract AID/la 470. However, no inconsistency between the two is evident.

Under ROCAP 34, the contractor's primary duties were set forth as follows:

(a) Call on manufacturers throughout Central America and Panama and, after offering to provide marketing counsel, appraise manufacturers' marketing problems and opportunities, if manufacturers so desire.

(b) Call on distributors, including retailers and retail associations throughout Central America and Panama, to determine their capabilities and interest in handling new lines under a new distribution system.

In addition, the contractor was to undertake research as requested by the Director of ROCAP, assist in the formulation of marketing policy objectives of regional institutions, conduct training seminars as required, and continue the implementation of objectives and projects initiated earlier under the "Operation Market" program.

The scope of work for contract AID/la 470 was essentially similar. The contractor was to provide Central American manufacturers and food brokers with technical advice in (1) market research, (2) market planning, (3) advertising and promotion, (4) organizing for marketing, and (5) implementing and executing suggested plans. The contractor was also to provide training programs for qualified individuals of the public and private sectors in all phases of marketing. Buying operations of food retailers were to be studied, and guidance was to be provided in the organization and operation of retailers' buying cooperatives. Finally, a study was to be prepared on the feasibility of a Central American organization taking over the funding and execution of "Operation Market."

By mid-1967, the rationale and goals of "Operation Market" were being outlined in a PROP which was forwarded to Washington on September 12. In the PROP, a series of specific targets were set forth. These may be summarized as follows:

- . Train 15 more marketing managers during 1967-68 in a third session of the operation market course.
- . Establish a continuing program in a Central American institution which would provide training similar to the above for 20 to 25 students annually.
- . Incorporate with the above program a series of marketing seminars to reach a minimum of 150 businessmen annually, starting by 1969.
- . Train faculty for the above courses and seminars by fairly intensive efforts during FY's 1969 and 1970, and by efforts of diminishing intensity in FY's 1971 and 1972.
- . Organize and assist retailer buying associations in three or four of the CACM countries, following the pattern already established in Costa Rica.
- . Increase the number of advisory contacts under the Manufacturer-Broker Advisory Program to 200 in FY 1970 and 250 in FY 1972, as compared with 110 at the time when the PROP was drafted.
- . Increase the number of established "Broker-Distributors" to 25 at end of FY 1968 and to 50 by the end of FY 1971.
- . Conduct additional in-depth marketing studies so that the number completed at the time of the PROP (10) would be increased to 20 by the end of FY 1968, 40 for FY 1969, 60 for FY 1970, and 150 by the end of FY 1972.

The foregoing targets clearly did little to describe the characteristics or performance of the marketing system desired for 1972, when end-of-project status was to be

achieved. In this sense, the specification of goals left much to be desired. At most, the targets related to project or contract outputs. They are perhaps better described as targets for intermediate inputs; trained individuals, advisory contacts, and marketing studies are more akin to means than ends in the present context.

Day-to-day reports of contract activities from February 1965 through February 1969 (the span of the first two of the seven contracts) show a continuing preoccupation with the provision of training and counseling to facilitate intra-regional trade flows and to reduce marketing costs between the manufacturer or processor and consumer. This orientation, it appears, was logically chosen as the contribution which ROCAP efforts in the field of marketing could make to broader U.S. and Central American objectives for economic and social development.^{1/} It reflected careful thinking about qualitative goals; these could not easily have been reduced to quantitative targets such as a reduction of "x" percent in marketing margins.

There is less evidence of concern to involve regional organizations in the training and counseling activities. Here, ROCAP and the contractor were faced with the perpetual dilemma in AID's efforts for institutional development: Does one begin with the institution or the activity? To begin with the activity risks the possibility that it will remain simply that; to wait for the institution risks the possibility that no activity will ever start. The choice made was to begin with the activity and to try to transfer it to an appropriate institution. In our experience, this approach is not necessarily inferior to starting with the institution.

Finally, let us state that ROCAP efforts in marketing from 1965 to 1968 were not primarily aimed at improving performance in the marketing of unprocessed farm products. Whether these products were to be assembled, stored, and processed as is the case of the basic grains, or were simply to be moved in their natural state to the final consumer, the marketing problems represented were left largely untouched by "Operation Market." It seems appropriate that

^{1/} For discussion of the role of marketing in economic development see Riley et al. op. cit., chapter 1, and the work of Walter Rostow cited therein (View from the Seventh Floor, [N.Y.: Harper & Row, 1964]).

these matters were left for study and action in the individual countries, with such assistance as could be provided by the several USAID Missions. An exception is the case of studies related to a regional system of storage and price stabilization for the basic grains. This effort was supported by SIECA (the Permanent Secretariat for Central American Economic Integration) and ROCAP (although not primarily through the two "Operation Market" contracts).

Second Stage

By about 1968, industrial development had assimilated many of the opportunities for import substitution arising from the CACM. Chances for increased exchange earnings from the major traditional exports were limited by competitive conditions and by such institutional arrangements as the International Coffee Agreement and the U.S. sugar quotas. Attention therefore turned to an intensified examination of possibilities for developing nontraditional exports and tourism.

The turning point came with President Johnson's visit to Central America in mid-1968. A year earlier, however, an amendment to contract AID/la 470 provided for expanding the scope of work by including a preliminary survey of prospects for trade between the CACM and LAFTA countries.

Studies and other efforts directed toward promotion of tourism, moreover, had been continuing for several years. A regional study by the Porter International Company, for example, was completed for CABEI in July 1965. In 1967, a tourism film entitled "Central American Holiday" was produced in association with "Operation Market" activities. Considerable effort was also devoted to promoting tourism through assistance to tours by members of the Advertising Association of the West (AAW).

Shortly after President Johnson's visit, a special export development adviser was named to work with ROCAP, the USAID Missions in the five CACM countries, and regional and national organizations. He arrived in January 1969, at approximately the same time as new emphasis on export marketing and tourism became evident in the sequence of the five MRI contracts which followed AID/la 470. These covered the period from February 1969 through March 1971 (chart 1). The

two contracts made directly between ROCAP and MRI (nos. 75 and 84) gave heavy emphasis to marketing assistance related to nontraditional exports. They also called for assistance to SITCA, the regional tourist development agency. The ICAITI contract with MRI required participation in up to three export marketing trials and training for executives involved in exporting nontraditional farm products. Other work required under ROCAP 75 and 84 involved more general assistance and seminars on marketing problems, not excluding those associated with exports.

Contract 75 also called for efforts to decrease dependence on imported foodstuffs by aiding the formation of farm cooperatives and by assisting them to expand and stabilize markets for existing and new crops. Furthermore, the two contracts with Landivar University covered continuing assistance in the training of students for work in marketing and in assisting the newly born movement for retailers' buying cooperatives.

In the group of five contracts and associated documentation, there is very little identification of objectively verifiable targets related to goals or even to project outputs. This gap has been filled, to some extent, in a new PROP for "Export Expansion," dated March 12, 1971. This PROP, we understand, is considered a transitional paper, subject to early revision. At present, the project goal is "to increase the level of exports of nontraditional products from the Central American countries." The project purpose is "to improve the capacity of the Central American countries to evaluate, promote and participate in such export opportunities."

End-of-project status would see that eight producer/exporter groups were structurally and economically self-sustaining and were exporting profitably. Regional support organizations (CABEI, PROMECA, ICAITI, and INCAE)^{1/} would be technically and operationally capable of performing their functions as developed in the project. The private sector would have developed a capability to establish and expand

^{1/} PROMECA is the Programa Centroamericana para el Fomento de las Exportaciones; ICAITI is the Instituto Centroamericano de Investigacion y Tecnologia Industrial; INCAE is the Instituto Centroamericano de Administracion de Empresas.

exports of nontraditional products. These desired results seem to express a general line of thinking that has governed project activities for some months.

On the whole, it appears that goals, purposes, and output targets were not as carefully defined in the second stage as in the first stage, at least until a very recent date. The objectively verifiable targets which appear in the contracts relate mostly to what we have termed "intermediate inputs," such as the minimum number of seminars to be given per year.

In the case of the two ROCAP contracts (75 and 84), there seems to have been a clear meeting of the minds between the Mission and the contractor on the kind of activities intended and the nature of goals sought. Though these points may not have been adequately reduced to writing, they seem to have been well understood, judging by the evidence from our interviews and from a variety of available documents.

The same does not seem to be equally evident for the work with Landivar University; in fact, our interviews have produced evidence that a lack of this kind of understanding led to mutual dissatisfaction. The norms for technical assistance to university programs have been emerging through experience in hundreds of such contracts throughout the world during the last two decades. But neither Landivar University nor the contractor had previously participated in such contractual arrangements to any great extent. As a consequence, unrealistic expectations seem to have prevailed on both sides. Without a genuine meeting of minds on goals and purpose, no contract language or documentation could have been adequate to assure satisfactory results.

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III. INPUTS

The efforts of professional technical assistance personnel represent the major input for ROCAP's marketing programs. Logistic support of various kinds, plus outlays for such activities as participant training, are of complementary importance in the total financial package. In any case, the ROCAP inputs for marketing must be reviewed in relative as well as absolute terms. ROCAP inputs, for example, need to be seen in relation to inputs for marketing activities by the several USAID Missions of the CACM countries.

Quantitative Aspects

Between February 1965 and March 1971 the seven MRI contracts have provided approximately 250 man-months of professional talent for ROCAP marketing activities (table 1). Since September 1968, the ROCAP agricultural adviser has devoted the equivalent of some 20 man-months to agricultural marketing problems. Between January 1969 and June 1970, the special export adviser devoted approximately 17 months to marketing problems in the region, in association with ROCAP and the several Missions. The above inputs total 287 man-months, without taking into account contributions from many other professionals whose efforts have involved elements of one sort or another properly identified as marketing work.

In view of this sizable total, it may be surprising to note that, since about 1964, the USAID Mission in Guatemala alone can account for nearly 200 man-months of professional input in activities related to agricultural marketing. Similarly, we have identified some 72 man-months of professional input for agricultural marketing work by the USAID Mission in El Salvador, 40 by the Mission in Costa Rica, and 36 by the Mission in Honduras, over the same time span.

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Table 1. MRI Contracts in Effect and Professional Man-Month Inputs, 1965/71

Item	Year ending					
	2/28/66 ^{a/}	2/28/67	2/29/68	2/28/69	2/28/70	2/28/71
<u>Contract months covered:</u>						
ROCAP - 34.....	13	12				
AID/1a - 470...			12	12		
ICAMA - URL....				1	11	
ROCAP - 75.....					12	
LAN - U.....					1	11
ROCAP - 84.....						12
ICAITI.....						11
<u>Professional man-months:</u>						
W.V. Patten....	13	12	12	12	12	12
M.F. Rodriguez.	13	12	12	12	12	12
W. Guild.....	4	2	3.5	0.5		
E.O. Hawkins...		6.5	5.5			
A.B. Douglas...			1	11	1	1
Raul Sandino...			4.5	10		
Rene de Leon...				2	12	5
F. Sagebien....			1.5	1		
C. Stewart.....			1			
V. Viquez.....				0.5		
O. Arce.....				0.5		
Raul Samayoa...					12	12
C. de Leon.....						4.5
S. Weinstein...				1	11	
Total.....	30	32.5	41	50.5	60	46.5

a/ Covers a 13-month period beginning 2/1/65.

Source: Data supplied or verified by W.V. Patten of MRI, Inc., to complete table drafted by RRNA.

Problems of classification obviously limit the precision of any such estimates. Yet it seems clear that the input of professional technical assistance in marketing by the country Missions has been appreciably larger, in total, than the input by ROCAP. Note that no account of assistance by the country Missions for nonagricultural marketing is included in the foregoing, although there have been appreciable inputs in this connection.

Problems of classification make it even more difficult to set ROCAP's marketing inputs in perspective, for ROCAP has no projects classified, per se, as marketing projects. Much of the marketing input, including all of the early MRI input, falls under the general heading of Industrial Development and Trade Promotion (project 002 and successor or closely related projects). As noted earlier, this category accounts for only about 13 percent of total ROCAP grant expenditures through FY 1970. Perhaps more than half of this total can be considered inputs for marketing activities, and some portion of the expenditures on projects under the heading of agriculture and natural resources can be similarly classified. The teaching of marketing represents at least some small portion of total expenditures for education. Improvement of statistics also provides direct support for marketing work, although it is classified under the heading of public administration. In total, then, it appears reasonable to conclude that at least 5 to 10 percent of ROCAP's accumulated grant expenditures have been primarily associated with efforts to solve marketing problems.

The total value of the seven MRI contracts was \$740,638. This amount represents about 3 percent of accumulated grant expenditures, and slightly more than 10 percent of expenditures for all U.S. contract personnel.

Professional efforts under the MRI contracts have been distributed among a wide range of activities in proportions which appear to correspond reasonably to the various established goals and targets. In quarterly reports covering the year ending February 28, 1967, professional time inputs were classified according to various activities; a similar classification has now been developed for the entire 1965-71 period (table 2). One may conclude that practically every activity mentioned in the various contracts received at least a minimum of attention, although admittedly very scant attention in several cases. The distribution of efforts was in reasonable harmony with the emphasis indicated by the various statements of goals, targets, duties, or scopes of work. Given

Table 2. MRI Professional Man-Months, by Major Activities, 1965-71

Activity	Man-months in year ending					
	2/28/66 ^{a/}	2/28/67	2/29/68	2/28/69	2/28/70	2/28/71
Training.....	6.1	7.3	7.3	4.1	13.5	4.3
Field mktg. studies.....	5.5	6.6	6.8	2.5	1.5	2.0
Advising mfgs. and brokers.....	10.8	9.3	12.6	11.6	2.0	--
Retailer buying cooperatives.....	1.1	2.2	7.0	7.0	7.0	3.0
Tourism.....	3.5	3.1	3.2	2.4	2.5	1.2
Nontrad. export development.....	--	--	--	8.3	13.5	18.9
Import substitution.....	--	--	--	4.2	6.2	--
Administration	3.0	4.1	4.1	4.3	4.5	5.5
ROCAP and regional institutions.....	--	--	--	6.1	9.3	11.6
Total.....	30.0	32.5	41.0	50.5	60.0	46.5

^{a/} Covers a 13-month period beginning 2/1/65.

Source: Data supplied by W.V. Patten of MRI, Inc., to complete table drafted by RRNA.

the very general nature of the language of the contracts (expressed in such words as "counsel," "train," "assist," "improve," "conduct six seminars," "participate in up to three export marketing trials"), we find no evidence of appreciable "demotions" (a word used in the task order) in a quantitative sense.

Training

During the life of the first two contracts (ROCAP 34 and AID/1a 470), the "Operation Market" training course was given in three consecutive years, with a total of 33 graduates. A somewhat abbreviated session in 1970 included up to seven students but produced only five graduates. The untimely deaths of two earlier graduates reduced the total number to 36. Many of these are still working with the firms or organizations from which they came to the course or by whom they were sponsored. Most have duties which provide considerable opportunity to draw on their training in marketing.

Field Studies

The 40 marketing trainees participated in 26 "Field Marketing Studies" of Central American business firms. MRI files include rather lengthy reports for about half of these cases. Usually, a class of approximately 10 students spent some 2 weeks visiting a plant, studying records, interviewing company personnel, and perhaps questioning a sample of customers, prior to preparing a written analysis and recommendations.

Counseling Service

By January 1969, the number of manufacturers listed for the "Marketing Counseling Service" was approximately 90, and some 20 "brokers" were listed in connection with the "Food Broker Distributor Program."^{1/} Notes on 400 to 500 individual conferences with these manufacturers and brokers appear in MRI files. Certain individual firms were involved in as many as 25 conferences, apart from the considerable

^{1/} Some firms were listed more than once because of multi-country involvement or combined activity in manufacturing and distributing. A few mergers or terminations have taken place since January 1969.

amount of interviewing that took place with those chosen for the student "Field Marketing Studies."

Other

The flow of resource inputs through other activities is not so easily quantified. MRI personnel participated in (1) assisting retailer buying chains in all five CACM countries; (2) some 50 or more seminars, with average attendance of about 50 persons; and (3) developing the food marketing curriculum at Landivar University, which now has about 45 students in the third year, 65 in the second year, and 140 in the first year, for a total of about 250.

Qualitative Aspects of Inputs

The professionals who worked under the seven MRI contracts had both training and experience in matters related to certain aspects of marketing. This is detailed in the available biographic resumes, demonstrated by the content of project reports, and confirmed by our interviews with a wide variety of informants. Those professionals making the largest time inputs were highly qualified in their respective areas of specialization; those used as short-term consultants had appropriate qualifications for their respective assignments. Two who consulted on the development of the retailers' buying cooperatives, for example, had gained experience in the formation of such units in Puerto Rico and Costa Rica. Moreover, the specialist who was assigned the bulk of the responsibility for forming the cadenas outside Costa Rica had been instrumental in helping to develop the pioneer unit in that country. Others employed for terms of a year or so had acquired practical experience providing specialized background for at least major elements of the work they were asked to undertake.

Most of the training and experience of MRI staff was in the marketing of consumer products. This gave strength in such areas as advertising, promotion, and merchandising in general. Preparation was much more limited in relation to the marketing of agricultural products between the farm and the processor or central market. Functions in the marketing of unbranded products or raw materials differ considerably from those involved in marketing differentiated consumer products.

There is little evidence that the MRI professionals had extensive training or experience in export marketing, in the principles and practices of cooperative organization (a highly specialized field in itself), or in public policy as it relates to the marketing of agricultural and other products. The available curriculum vitae show no substantial advanced training in business administration, economics, statistics, or public administration.

The language capability of the team represented no significant barrier to its work; we heard of only minor difficulties in this respect. One American member of the team was completely fluent in Spanish; most others were able to communicate with at least reasonable effectiveness.

MRI's professional qualifications appear to have been strongest for the work originally contemplated under "Operation Market." In 1964, there was a real need for promotional activity to stress the potential contributions of new approaches to marketing in Central American economic development. The focus of "Operation Market" was on the marketing of consumer goods, and the professionals were chosen to correspond to this focus. As programs evolved, however, these professionals were drawn into many kinds of work for which they were prepared primarily by their growing intimacy with the Central American marketing scene. Toward the end of the period they found themselves involved in problems of marketing agricultural products, in attempts to assist the development of rural cooperatives, and in the analyzing of export market potentials -- tasks for which they had little specific professional preparation except their long experience in the general area of marketing.

To some degree, the MRI personnel preserved their effectiveness under these circumstances by pairing their talents with those of other specialists. For example, the ROCAP agricultural adviser contributed his knowledge of systems analysis to the design and support of activities in which MRI personnel were involved. Similarly, between 1968 and 1970, the special export adviser made contributions to activities in which MRI was joined. Still, the MRI team tended to "go it alone" in activities where more collaboration might have been useful.

The foregoing paragraphs deserve some further interpretation in relation to the norms for professional competence

in foreign assistance programs. As a rule, it has proven difficult in such programs to make effective use of highly qualified individuals with narrow specialties, except in combination with broadly experienced generalists. The latter are indispensable, especially when they are familiar with the country or area in question and can communicate in the local language; the former can contribute effectively only under special circumstances. Given these considerations, the overall professional qualifications of the MRI team appear to have been reasonably appropriate to the goals being pursued, and particularly to the goals of the first stage of "Operation Market."

IV. PERFORMANCE

We turn now to a three-part examination of the various ROCAP/MRI marketing activities. First we shall review the major groups of activities and their more or less direct outputs. Thereafter, we shall examine certain aspects of economic performance in the CACM as a whole. From these will emerge the major strengths and weaknesses of the ROCAP/MRI marketing efforts.

Activities and Their Outputs

Major groups of ROCAP/MRI activities include:

- . Recent efforts to develop nontraditional sources of foreign exchange earnings
- . Assistance in developing retailers' buying cooperatives
- . The counseling work with manufacturers and "brokers," including the detailed studies by student groups
- . The "Operation Market" course and the efforts to institutionalize it at Landivar University
- . Other efforts.

Our review of these activities and their outputs will follow the order of this listing, which is distinct from the order in which these activities emerged (see chart 1).

Developing Nontraditional Sources of Foreign Exchange Earnings

Intensified efforts to develop nontraditional exports from Central America followed soon after President Johnson's visit in 1968. One step was to arrange for a display of potentially exportable products at the White House in September 1968. The newly named special export adviser made some of the arrangements in Washington, and the USAID Missions were asked to gather samples to be included in the display. ROCAP/MRI personnel participated in identifying and collecting products from 80 to 100 Central American manufacturers, in coordinating the entire effort, and in producing a list or directory.

Subsequently, the display moved to New York, where it was viewed by a select list of high executives of retailing firms, upon direct invitation from the White House. In succeeding months, officials of some of the same firms traveled to Central America for contacts with manufacturers. In all of these efforts, MRI personnel played an important, but not an exclusive, role in providing coordination, support, and publicity.

The direct output of these activities can be measured mainly in terms of the contacts established between buyers for several large U.S. firms (such as Macy's and Sears Roebuck) and several Central American manufacturers with interest in exporting. A shipment of children's clothing from the Sikaffy firm in Honduras to Macy's followed in mid-1969, and was well publicized as an example of results from the program. Additional shipments from this and other firms have been slow to follow. A lesson from this experience is that many Central American manufactured products, for one reason or another, are unlikely to find wide acceptance at this time on the United States market. Specifically, the output of most Central American manufacturers and artisans is well below the needs of large U.S. merchandisers. A high degree of selectivity is needed in efforts to pair suppliers with buyers.

The Agricultural Planning Project. Marketing had not received much attention under ROCAP's Agricultural Planning Project for some time prior to September 1968. A new agricultural adviser arrived at this time, precisely when export development was being emphasized. Marketing assistance in agriculture suddenly received new attention in a PIP prepared in December 1968, and in efforts to produce a revised PROP

a year later. In early 1970, ROCAP issued PIO/T No. 596-026-3-00025, which placed special emphasis on the need for "...a trained staff of marketing specialists to assist several Central American institutions in their development programs, particularly in the field of marketing technology applied to nontraditional agricultural exports." This led to the negotiation with MRI of contract ROCAP 84, which was revised on April 1, 1970 in accordance with a revision of the PIO/T; and also to the ICAITI contract with MRI, Ltd., scheduled for completion on March 31, 1971.

Both contracts gave primary emphasis, in their respective ways, to assisting the private sector in marketing (and the related technical aspects of marketing) nontraditional agricultural products for export. Under the ICAITI contract, MRI, Ltd., was to conduct a training program for executives in export marketing operations for nontraditional farm products. It was also to take part in at least three producing and export trials. Under ROCAP 84, MRI, Inc., was to provide marketing advice and assistance to SIECA, to other regional institutions, and to the ROCAP agricultural adviser in coordinating the marketing action phases and in scheduling all area inputs for the region's Agricultural Planning Project. Business management assistance to agricultural groups throughout the region was also to be provided upon request by the individual USAID Missions; the contractor was to assist in organizing and presenting marketing seminars; and advice and assistance was to be given to SITCA, the regional tourism organization.

Participation in the production and export trial for cucumbers at Teculután in the Zacapa Valley was probably the most significant, in terms of outputs, of the MRI activities under the ICAITI and ROCAP 84 contracts. Following an earlier trial on a plot of two manzanas (1.4 hectares), arrangements were made for an agricultural cooperative to produce cucumbers for export to the United States during the winter of 1970-71. To some degree, this activity paralleled others involving the production for export of cantaloupe in El Salvador and Honduras.

All three trials probably owe something to the inspiration of an "Air Marketing Seminar" held in San Salvador in February 1969 under sponsorship of the local USAID Mission, the Government of El Salvador, and Pan American Airways.^{1/}

^{1/} Lloyd I. Homes (compiler), Report: Air Marketing Seminar

The sizable Mexican shipments of horticultural crops to U.S. winter markets had not gone unnoticed;^{1/} shipments of cucumbers from Belize to the large Florida market at Pompano Beach had made considerable headway; and scattered shipments of cantaloupe from El Salvador to Florida had been made for a decade. All these factors contributed to hopes that the CACM countries could become important suppliers of fresh or processed horticultural products for U.S. markets.

The cucumber trial. Teculután was considered a favorable location for the cucumber trial for a number of reasons. The Zacapa Valley provided a favorable economical and geographic setting; local producers had considerable experience in growing and processing tomatoes and other related crops; and the locality was partway between the Caribbean shipping port and Guatemala City, where export rejects could be sold on the fresh market.

Initiative for the Teculután trial can be traced to two origins: First, the efforts of a long-established U.S. fresh-produce grower/broker (Orbit Sales Company of Pompano Beach, Fla.) to develop new sources of supply for winter produce; second, the enthusiasm generated in ROCAP for testing a systems approach formulated by its broadly trained agriculture officer in efforts to expand nontraditional agricultural exports from Central America.^{2/}

By 1969, Orbit Sales had abandoned brief efforts to establish supply sources in Mexico and Jamaica, and was engaged in making various onsite studies and trial plantings in Central America. These investigations led them to conclude that the Zacapa Valley was suited to meet their needs,

for Agricultural Products, San Salvador, February 19-21, 1969. Approximately 200 pages, including documents numbered from 1 to 14.

^{1/} C. John Fliginger et al., Supplying U.S. Markets with Fresh Winter Produce, Agricultural Economic Report 150, (Washington, D.C.: USDA, Economic Research Service, 1969, 159 pp.).

^{2/} Much of the history is documented in a paper, "Agricultural Development in Central America--Rapid and Revolutionary Changes in Non-traditional Exports," presented by Oliver L. Sause, ROCAP Director, at a Mission Directors' Meeting in Washington, D.C., February 23-24, 1971. Additional information will be found in the final contract report of MRI, Ltd., to ICAITI (April 1971).

and they approached GOG, USAID/G and ROCAP officials for information and guidance in developing an export operation. ROCAP found this almost an ideal opportunity to test a seed-to-harvest systems approach for expanding nontraditional exports, and therefore arranged to provide certain technical assistance services through ICAITI and MRI, Ltd.

A local brokerage firm (FRYCO) founded by a small group of Guatemalans, including a former contract employee of MRI, Ltd., eventually joined with Orbit Sales in a venture called EXIMCO. This group received financial support from CABEI to install packing facilities, and it arranged for contract production of cucumbers with the local cooperative (CARSVO).

The local growers' cooperative included 200 or more members with a land area in excess of 1,000 hectares. Approximately 120 hectares of cucumbers were planted in successive cycles during the winter of 1970-71 by some 60 members of the cooperative. The growers obtained production credit from SCICAS (the national production credit agency) and technical assistance from a number of sources, including an expert of Orbit Sales (Mr. Amos Moore) and an Israeli Mission working in the Zacapa Valley at the request of the Ministry of Agriculture. A host of problems was encountered, including many of scheduling, but sizable quantities of cucumbers were shipped for sale at relatively favorable prices. At one point, total sales f.o.b. Miami were estimated at more than half a million dollars. The trial was far from an unqualified success in the minds of the various groups associated with it, but it served the purpose of opening possibilities for larger and more successful ventures in the future.

In this trial, MRI personnel made important contributions. Contacts between buyers and sellers were developed or facilitated; coordination was provided in finding solutions for many perplexing marketing problems; and the results are presently being publicized, partly with documentation by photos taken during the course of the trial. Without such activities, it is difficult to suppose that the trial would have come to an equally favorable conclusion. Yet the MRI contributions were limited; they represented only threads extending through a fabric of efforts by many individuals and organizations; the significance and efficiency of the MRI contributions in the total mix is only subject to conjecture.

For comparison, it would be relevant to view evidence on public inputs to assist exports of cucumbers from the Belize area. These exports were in progress before the trial at Teculután.

The cantaloupe trials. MRI played a much less pervasive role in the two cantaloupe trials; essentially this role was limited to establishing a broker contact and to making occasional observations. In El Salvador, the USAID/USDA agricultural marketing adviser and the National Ministry of Agriculture provided needed promotional and technical assistance. The cooperative in Usulután shipped more than 10,000 cases of cantaloupes, while several individual growers shipped at least as many more. Here again, results have been less than fully satisfactory to those most concerned. Nevertheless, experience was gained, suggesting the probability of more successful results in the future.

In Honduras, the Instituto Nacional Agrario played a leading role in the organizational aspects of a trial which also led to sizable shipments of cantaloupes to U.S. markets. Publicity on the two cantaloupe trials is being developed by MRI for use in conjunction with the results of the cucumber trial.

Other contributions to the export of nontraditional products. A year after the February 1969 Air Marketing Seminar in San Salvador, MRI personnel helped to stage similar seminars in each of the CACM countries. Specialists were brought from the U.S. through the assistance of the region's special export adviser. These seminars undoubtedly helped to pave the way for the three trials which followed. We found the presentations favorably remembered in several countries.

Other MRI seminars and advisory assistance of a miscellaneous nature no doubt included some content related to the development of nontraditional exports. The training program in export marketing will be treated in connection with the "Operation Market" course, of which it can be considered a fourth session. In general it seems to have been the least satisfactory of the four in the views of a sample of trainees, partly because it focused only to a limited degree on the special problems of export marketing.

In May and June of 1970, a Trade Mission of 20 leaders from the private and public sectors of the CACM countries

and Panama studied meat export possibilities in nine countries of Europe and in Israel. The special export adviser, ROCAP, and the USAID Missions collaborated in the arrangements, with no direct participation by MRI personnel. The group discovered price and other limitations to the further development of meat exports to the countries that were visited; results were described by several informants as essentially negative. However, the group assembled considerable information which is available in its report.^{1/}

Tourism. Activities of the regional tourism organization (SITCA), formed in 1965, are primarily represented by the dynamic efforts of its Secretary General. As Director of Tourism in Guatemala in 1966, he had occasion to be aware of the generous assistance extended to Central America by the Advertising Association of the West. The activity "Operacion Amigo," in which ROCAP and AAW collaborated, was a great success in the view of the Secretary General. MRI personnel played an important role in establishing this collaboration. More recently, MRI personnel have assisted in arranging for widespread distribution and showing in the United States of the film "Central American Holiday." This seems to represent one of the major outputs of recent MRI assistance to SITCA.

Progress in regional efforts for tourism expansion between 1967 and 1970 is set forth in a PROP dated December 31, 1970, entitled "Regional Tourism Expansion." SITCA is said to enjoy the confidence and respect of the Central American Tourism Council and the various national tourism institutes; tourism incentive laws exist or are pending; CABEI is actively supporting tourism investment; and regional tourism promotion is being conducted in an organized manner. Notwithstanding this progress, we found the national institutes still thinking primarily in parochial terms. Moreover, the various countries still seem far from reaching agreement on such obvious innovations as a single tourist card. Thus the real significance of the help extended to SITCA by ROCAP/MRI remains to be determined.

1/ USAID/ROCAP, Report of the Central American Meat Trade Mission to Europe and Israel, July 1970 (approx. 100 pp.).

Assistance in Developing Re-tailer Cadenas

Contract AID/1a 470, effective March 1, 1967, took note of the retailers' buying cooperative that had already been established through efforts of the USAID Mission in Costa Rica, and called for efforts to establish additional groups, assist them, and study them. The bulk of the study and organizational effort took place during the ensuing 2 years, but limited inputs for continuing assistance have been provided through the two Landivar University contracts.

The counseling efforts of MRI personnel led to organization by 1969 of at least one cadena de detallistas in each of the five CACM countries. The status of the cadena movement was reviewed in the latter part of 1970 by the specialist who had been instrumental in their formation.^{1/} Our interviews in each of the five countries confirmed, and slightly updated, his principal findings. The original group in San Jose, Costa Rica, has flourished, and eight more cadenas have been organized in that country. Those formed elsewhere have maintained at least a tenuous existence.

The Cadena San Jose, officially organized in 1965, now has 150 members. It stocks 1,750 items in its warehouse and furnishes more than \$3 million worth of commodities to its members, at an administrative expense of less than 2 percent of sales. It has an active board of directors, 22 employees, and perhaps 12 to 15 percent of the grocery business in its area. A subgroup of the membership has already purchased land for a new warehouse site and is accumulating construction funds to overcome the limitations imposed by the present 3,900 square feet of warehouse space. The chain is beginning to use its private brand, and has plans to expand into the distribution of produce and meats at a later date. Officers have shown a readiness to help other chains, and interest exists in the eventual formation of national and regional federations of cadenas.

According to the Douglas report, the nine chains in Costa Rica have a total of 495 members. The second largest

^{1/} Arthus B. Douglas, Status Report on Food Retailer Buying Cooperatives (Cadenas) in Honduras, Costa Rica, Nicaragua, El Salvador, and Guatemala (a contractor's report to Marketing Research International, Ltd., October 31, 1970, 31 pp).

(Cartago) has annual sales in excess of a million dollars, and sales for the nine were approaching \$7 million. At least one, however, was close to the vanishing point.

The chain formed in Tegucigalpa (CADEHSA) now has about 50 members, only half of whom are active. It handles 70 to 100 items, with sales equivalent to some \$25,000 per month, according to the treasurer.

In mid-1970, students in the MRI training course made a price comparison study which showed that the chain was able to effect some savings for its customers on certain items carried. Prices on approximately 53 basic food and nonfood items (exclusive of different package sizes) were tabulated for 19 members, 14 Honduran nonmembers and six Chinese shops. An RRNA calculation of weighted average prices to consumers shows that members' prices for all products averaged lower for 51 percent of the items sold by all competitors, higher for 30 percent of the cases, and the same for 19 percent. Appreciable differences favoring the cadena members were found in all cases except that of nonfood items sold in the Chinese shops. Such items were priced higher in the cadena shops as often as they were priced lower.

A second group in Honduras, the Cadena de Detallistas del Sur, was organized in the border area seriously affected by the conflict with El Salvador. At the start, it was assisted by the OAS in emergency food distribution activities. It has now reached the point of attaining legal status and of beginning orthodox operations, and has approximately 60 members.

Both the organizations in Honduras are counseled and assisted by the Centro Cooperativo Tecnico Industrial, and by a representative of CCTI who was sent to the "Operation Market" course in 1968. There is considerable enthusiasm in CCTI for helping to organize more cadenas and to assist those already formed. Both existing cadenas have many problems to resolve.

CADELSA, the San Salvador unit, began in 1968 with 31 members. Although they have much to accomplish and represent only 1 percent of all food retailers in San Salvador, they have probably advanced farther than the groups in Honduras and Nicaragua. The latter, also formed in 1968, has operated

with only 11 members, some of whom are more active than others. Operations are on a relatively small scale and reflect the limited amount of technical assistance received.

In both Guatemala and El Salvador we heard of sharp differences among the members, strongly suggestive of a lack of understanding of the fundamentals of cooperation. Where cooperatives represent an important element in the traditional culture (as in the Scandinavian countries and to a degree in Costa Rica), they have a strong chance of success; where such an understanding is not a part of the cultural heritage, long and intensive efforts are usually needed before cooperatives take root.

The effort to foster retailers' buying cooperatives was a plausible approach to "more and cheaper food for more people," notwithstanding the difficulties almost certain to be encountered in getting cooperatives to take root in Latin America. This approach, moreover, could help to maintain the small tienda operator in business through effective price competition, which would not have been the case if efforts had been directed toward fostering the more conventional type of supermarket chain.

An alternative approach to improving food marketing might have focused on the central market facilities of major cities. Such efforts, however, have already been underway with assistance from the USAID Missions, and the problem has few regional implications.

Counseling with Manufacturers and Distributors

Counseling with manufacturers and distributors was already a part of "Operation Market" when contract ROCAP 34 took effect. In the year ending February 28, 1967, project records show that more than 25 percent of MRI's professional time was spent on this activity, rising to almost 50 percent when time for the field marketing studies with some of these same firms is added.

In the final report on contract ROCAP 34, prepared early in 1967, progress in establishing the "food broker" system was noted. At that time, some 15 Central American manufacturers were said to be marketing successfully through

a modern system of food brokers. It was noted, however, that none of the manufacturers or brokers was self-sufficient; further advice and counsel were required.

We found little evidence that the "broker" concept of "Operation Market" has taken hold. Such evidence did not emerge in our interviews with some 25 executives of the 90 manufacturer and 20 broker contacts listed in MRI records, or in additional interviews with public officials and others conversant with marketing problems. A number of informants questioned the validity of this concept for one reason or another. We find it difficult to accept the relevance of the typical North American brokerage operation in the distribution of branded consumer products in Central America. Significantly, at least two CACM countries have acted to perpetuate the exclusive distributor by legislation; a heavy price is enacted for terminating his contract.

Distribution relationships have undergone limited change in the direction sought under "Operation Market." Manufacturers are taking a more direct part in distribution than was common a decade or so ago, and this may reflect the efforts of MRI. Some executives in manufacturing recalled the MRI counseling efforts on individual marketing problems while others did not, which is only natural as time passed and personnel turned over. Those assisted with the field marketing studies had varying impressions. One executive still had a copy of the report on his desk for ready reference; others had difficulty in recalling the circumstances or content of the study. Among the latter group, a company president finally recalled a group of students with impractical ideas, yet one of his prized current products had been mentioned as a recommended addition in an MRI counseling report.

We gained the distinct impression of growing recognition of marketing problems over the last decade. Most of our informants noted this and had one suggestion or another for more educational efforts in this field. On the other hand, we found a considerable reluctance to consider expending money (company or personal money, that is) for the improvement of marketing skills. In other words, more training is an excellent idea if it is paid for by someone else. Few marketing managers thought that their company needed to make special efforts to train a replacement for them, in case they advanced to a higher echelon. In two firms, at least, we did find considerable interest in placing specially qualified

personnel in key marketing positions; others may be beginning to see the need.

The Courses in Marketing

A marketing training program was one the major activities developed under contract ROCAP 34. Plans for the training were outlined in a letter of February 17, 1965 from Mr. Patten to Mr. Napolliello, Industry Officer of USAID/El Salvador. The training was to cover marketing theory and practices, both in the classroom and in the field. It was to add to the shallow reservoir of at least minimally trained marketing personnel in the CACM countries. Subjects to be covered were listed as follows:

- . Creating marketing programs for manufacturers
- . Market research techniques
- . Advertising and promotion
- . Merchandising
- . Sales
- . Distribution
- . Packaging design
- . Gathering and analysis of CACM market information.

The first course began on July 19, 1965 and terminated on July 5, 1966, with 10 students graduating. A second course ran from October 1966 to July 1967, with 12 graduating. Eleven more graduated in July 1968 from what was intended to be the last course. A subsequent request from Honduras for a course on export marketing led to enrollment of an additional seven students during 1970, making a total of 40 participants.

The original entry requirements for the course specified a minimum of a high school education, but at least half of the students had university training. Upon meeting with the second group, Mr. Guild concluded they compared favorably in aptitude and intelligence with the first group. His tour report for the period from October 10 to November 15, 1966 included a highly favorable evaluation of the results of the first "Becado" program. In his words, "most of the credit for this remarkable achievement in marketing pedagogy belongs to William V. Patten....Manuel Rodriguez has been an ideal assistant to Patten."^{1/}

^{1/} See volume 3/6 of MRI reports.

USAID Missions nominated trainees and paid their travel and per diem expenses; private firms and public agencies sponsoring the trainees paid their salaries; ROCAP provided the instructional program through MRI. Trainees were expected to return to employment with their sponsor, and to share their new knowledge through teaching courses and other contacts.

Course format. The typical training program ran for approximately 9 months, excluding a 2-week vacation period. Two weeks were devoted to a series of orientation lectures in the fundamentals of marketing. Lectures totaling 4 to 5 hours a day were given at ROCAP headquarters, mostly by Messrs. Patten, Guild, and Rodriguez of MRI. The balance of the program was largely devoted to in-depth "field studies" of various Central American companies. These were arranged through the USAID Mission and were almost always of the companies from which the participants were drawn. At the request of the owner or general manager, the studies examined either the overall operations or some troublesome aspect of the company's business.

Upon visiting the company, one or more students would be assigned to study particular elements of the marketing operations: sales, advertising, merchandising, distribution, market research, and packaging. Their reports generally concluded with a section on recommendations.

The MRI trainees worked closely with the appropriate employees of the company being studied. They had access to company records, customers, and vendors. At the close of each working day a group meeting was held. Each student would then review his progress, raise problems he had encountered, and attempt to coordinate his work with that of the other students. A faculty representative acted as moderator and resource person. The final report was put together by a committee of students, reviewed and edited by the MRI faculty representative, and ultimately presented to the owner/manager of the company.

A visit to the United States by students and a faculty member was included in each program. The purpose was to expose the students to sophisticated marketing operations at the manufacturer, middleman, and retail levels. The first three groups visited California, while the fourth went to North Carolina.

A more detailed analysis of the first year's program shows that less than 10 percent of course time was allocated to classroom lectures; 20 to 25 percent to classroom discussions of the field studies; some 35 percent to field work on operations of individual firms; 10 to 15 percent to surveys of consumers and retailers, including price studies; and 5 percent to the observation trip to the United States.

Content. The introductory 2-week lecture period in each course concentrated in the following broad areas of marketing:

- . Principles of sales
- . Merchandising and advertising
- . Packaging and labeling
- . Price structure
- . Distribution
- . Production.

Each of these subjects was treated in one or two lectures and was occasionally accompanied by brief "handouts" or printed notes relating to the subject under discussion. "Cases," in the Harvard Business School (INCAE) sense, were not used.

The content of the second part of the program had wide substantive variations. The emphasis given to any particular marketing function was obviously dependent upon the nature of the company being studied. In every study, the groups devoted some time and consideration to most of the major marketing functions.

Student and company reactions. Predictably, reactions to the training program and to the field studies varied.^{1/} Some students proposed a number of changes in format and content. One commonly suggested change was the extension of the initial phase to include more lectures and other classroom activities. A student occupying a key management position in a major CACM company felt that a minimum of 50

^{1/} We interviewed 12 of the students, one or more representatives of each of six firms subjected to the student field studies, and various other individuals with direct or indirect knowledge of the course.

percent of the time should go to classwork. Another student felt that frequent quiz sessions and examinations were essential to spur participants to greater efforts.

The companies that were studied also had wide-ranging comments. One company manager pulled a well-thumbed copy of the report from his top desk drawer, stating that he referred to it frequently in making decisions. Another company president was impressed mainly by the impracticality of the students' suggestions. The passage of time, top-level personnel changes, and changes in corporate structure made it difficult to determine the extent of practical use to which many of the studies had been put.

Conclusions. The design and implementation of any training program is a highly subjective matter. Inevitably the content and format reflect the experience, academic backgrounds, and personal philosophy of the guiding individuals. In this respect the MRI training programs ran true to form.

None of the key MRI personnel had extensive previous experience in designing or teaching a marketing training program. They had, on the other hand, excellent experience in the analysis of marketing problems and in the development of creative marketing programs. It was therefore almost inevitable that their course emphasized the direct study of marketing operations and minimized either the theoretical or the classroom approach.

The design of the program was innovative and produced some creditable results. On the other hand, far more time could have been spent in the classroom, with a variety of methods being used, including lectures, case studies, workshops, visual aids, and discussion of assigned readings.

Numerous readings and case studies relating to all sizes and types of Latin American businesses were available in Spanish through the Intercollegiate Case Clearing House in Cambridge, Massachusetts, even in 1965, and since then the number has been expanded considerably. In addition, INCAE represented a resource for materials for the teaching of marketing; it was little used in the courses discussed herein.

On the whole, the training programs of "Operation Market" achieved the goals originally established. Thirty-eight Central American students were given a background in basic marketing methods and concepts. They learned how to analyze marketing problems in a logical framework. Executives of the companies for whom studies were conducted had an intensive exposure to these same methods.

A multiplier effect was achieved when a number of the students took up the teaching of marketing at the university level and at several national productivity centers. The center in Guatemala alone presently schedules more than 20 courses on topics in sales and marketing, with series at both "intermediate" and "executive" levels. Here, as at CCTI in Honduras and elsewhere, graduates of the "Operation Market" course have shown a commendable sense of responsibility for passing along their recently acquired knowledge of marketing concepts and practice.

MRI participation in efforts to "institutionalize" the course in the food marketing institute at Landivar University was short lived and not very successful. (Landivar was also receiving assistance from St. Joseph's of Philadelphia.) Our informants indicate that personality conflicts within the university, as well as between university personnel and their various advisers, limited the opportunity for effective performance by MRI. In chapter II we indicated that there may never have been a genuine meeting of minds between MRI and Landivar on goals and purpose. Nevertheless, the Institute of Food Marketing (ICAMA) has now entered the third year of a program that is significant for the teaching of marketing in Central America. Thus far, instruction in the 4-year curriculum for a degree with specialization in food marketing has been mostly in basic university subjects (such as mathematics), and only to a limited degree in specialized marketing subjects. The specialized instruction given to date, it should be noted, has been provided in considerable part by instructors associated with MRI either as employees or trainees.

Other Marketing Activities

Another activity contemplated under contract ROCAP 75 involved work with SIECA, CABEI, and other regional organizations in "... planning the requirements for and utilization of Central American crops to decrease dependence on imported foodstuffs." This activity was to include assistance in the

formation of farmer cooperatives, as well as work with them and with processors to expand and stabilize markets for existing and new crops. This line of activity was bracketed under the label of "import substitution"; this caption may not have been entirely appropriate to convey the nature of the intended activity.

It appears that this activity was originally intended to include considerable assistance to implementation of the Protocol de Limon, involving regional programs for grain storage and price stabilization. MRI personnel did produce very brief reviews of several existing studies on grain storage and visited some storage facilities, but political and economic disruptions in the CACM area made the time inopportune for the achievement of regional agreement on the stabilization program for the basic grains. Significant output of this activity was practically nonexistent.

In fact, one could scarcely have expected a reduction in imports of one of the major items -- wheat. The actual performance of the CACM with respect to food imports will be noted in the next section.

At least two short courses to provide assistance to farm cooperative groups were developed by MRI personnel; the lecture materials are included in MRI reports. In the absence of the USAID cooperative adviser in Guatemala, discussions were held with a group of hog producers interested in operating as a cooperative. In addition, some consultation also took place regarding the development of a food processing plant.

Another line of activity involved surveys of trade possibilities between the CACM and LAFTA countries. Pursuant to an amendment of contract AID/la-470 dated April 26, 1967, MRI personnel undertook substantial travel in South America. Resumes of numerous interviews with leaders in the private and public sectors of the countries which were visited appear in MRI reports. Conclusions with respect to trade possibilities were not strongly favorable, and efforts were discontinued without evidence of significant impacts on actual trade flows. There is little evidence of substantial analytical preparation for the trip.

It has been called to our attention that publicity efforts by the MRI team may have been overdone in certain

cases involving investment decisions and commercial arrangements. Private entrepreneurs often prefer to develop their plans and to negotiate outside the spotlight. We cannot evaluate the specific complaints that were voiced except to conclude that they are theoretically logical. There is clear evidence, however, that the aggressive publicity efforts of the MRI team have generated strong personal responses -- either pro or con -- from the individuals with whom they have been in contact. In some cases, this seems to have strengthened their effectiveness; in other cases it has weakened it. We also conclude that, as efforts have tended to spread over a diversity of activities, they have also tended to become superficial. This may be considered only natural as additional lines of work are added to ones already in progress.

Impacts on the CACM Economy

ROCAP/MRI activities in marketing were obviously intended to influence the performance of the CACM economy. Extreme caution must be exercised, of course, in imputing cause and effect relationships to any parallelism between these economic trends and the ROCAP efforts. It would be patently ridiculous to conclude that these efforts have been the only cause of change in CACM economic performance, and it would be difficult to fix their preeminence among causal factors. The most that can be said is that there was a happy coincidence between economic performance and ROCAP activities in marketing.

The coincidence is evident, for example, in the rise in the total volume of CACM intraregional trade (table 3). Under moderately stable price levels, the volume of trade doubled between 1965 and 1970, notwithstanding the disruptive effects of armed conflict, border closings, and certain unilateral quota restrictions that have been imposed. This is clear progress, but it was well underway before initiation of "Operation Market." The volume of intraregional trade doubled between 1960 and 1963 and tripled between 1960 and 1964. Most of the growth between 1965 and 1970 must therefore be attributed to forces already in effect before the initiation of the present ROCAP/MRI efforts.

The sizable gains in trade represent almost prima facie evidence that the program goals expressed as "more goods for more people at lower prices" are being realized to some degree. This rests on the assumption that trade growth has been more the result of economies made possible by the larger internal

Table 3. Value of CACM Intraregional Trade, 1960-70

Year	Dollars (000's)
1960.....	32,676
1961.....	36,806
1962.....	50,848
1963.....	72,098
1964.....	106,188
1965.....	135,503
1966.....	174,735
1967.....	213,958
1968.....	258,294
1969.....	249,014
1970.....	299,400 ^{a/}

a/ Preliminary.

Source: SIECA, Anuario Estadístico Centroamericano de Comercio Exterior, 1968, p. 1 for 1960-68 figures; and SIECA, Statistical Department, for 1969-70 figures.

market than by protectionism for that market as a whole. Consumer price indexes, to be sure, have not declined, but they may well be lower than they would be if the internal economies had not been realized. Evidence that consumers can buy more food and other goods for a day's wages would be helpful if it could be found (which, to date, it has not).

Intraregional trade in foods and related items has grown during the decade, although not as rapidly as it has for nonfood items. Total annual CACM trade in the food-related classes of products (0 -- foods; 1 -- beverages and tobacco; and 4 -- fats and oils of animal or vegetable origin) rose from the \$17 million level in 1960-61 to over \$40 million in 1965 and to more than \$60 million in the 1968-70 period (table 4). These products represented half of all CACM intraregional trade in 1960-61, but less than a fourth of such trade from 1968 through 1970. During the same time period the flow of food items from outside the region has increased much more slowly (chart 2). Data on physical quantities of three important categories of imports show that receipts of dry whole milk declined between 1964 and 1969, and flour imports almost disappeared, while the combined imports of wheat and wheat equivalent in flour rose at about the same rate as for all foodstuffs (table 5). The three commodities accounted for 46 percent of foodstuff imports from outside the region in 1964 and 48 percent in 1969.

Altogether, the available evidence does not suggest that ROCAP/MRI marketing efforts have contributed greatly to the attainment of the goal to increase trade by reducing marketing costs. It seems more plausible that much of the trade growth is due to such factors as the loans and technical assistance that have contributed to infrastructure development and industrial investment in general.

As for the goal of expanding nontraditional exports, it is obviously too early to expect major changes as a result of ROCAP efforts. Between 1960 and 1969, nontraditional exports from the CACM countries to the rest of the world doubled in value, and rose from 19.4 to 23.6 percent of total exports (table 6). Again, gains during the period of the ROCAP/MRI efforts clearly represent a continuation of trends already in existence. Impacts of recent efforts to expand exports of horticultural crops remain to be demonstrated in the future.

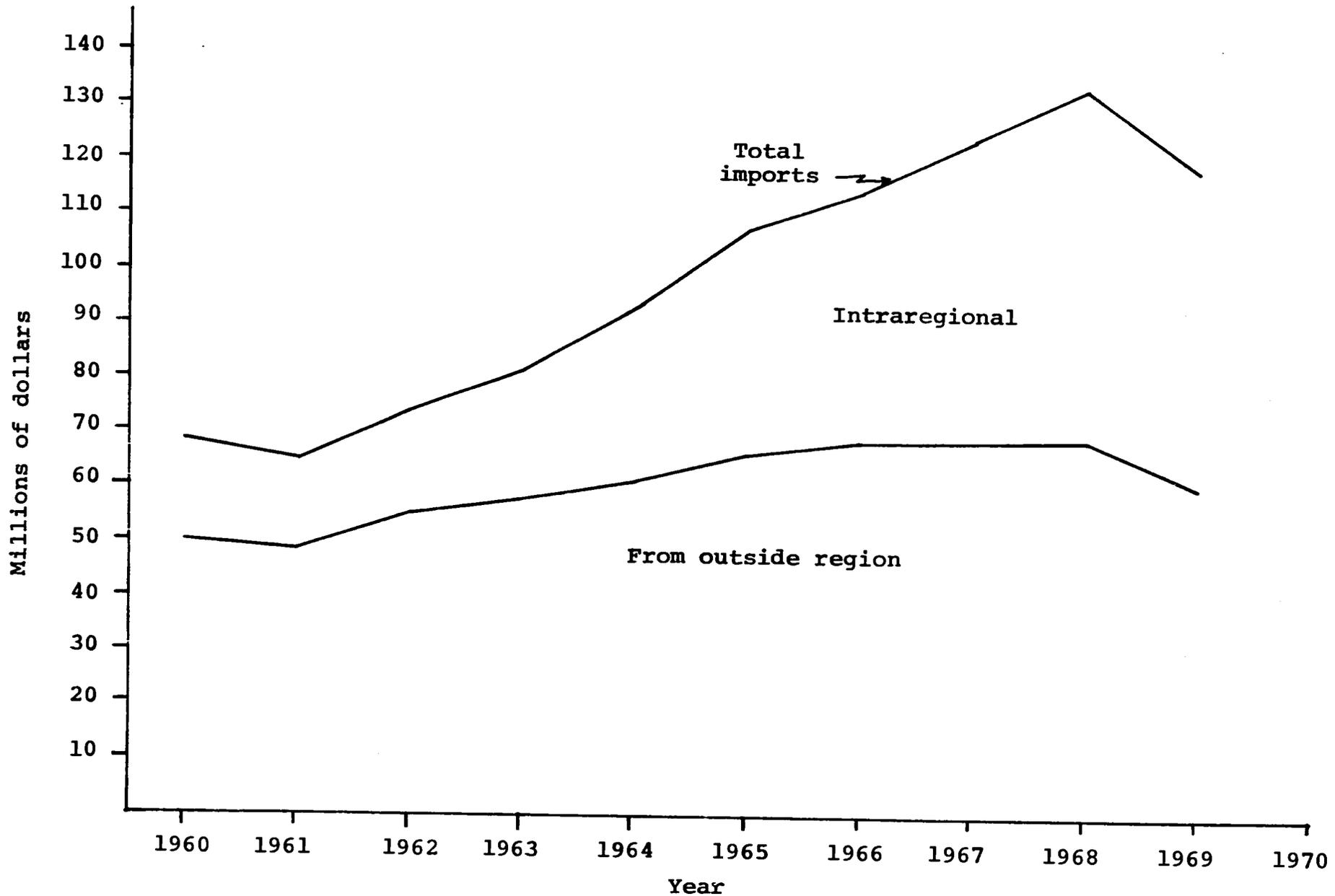
Table 4. Imports of Food and Selected Nonfood Items by
CACM Countries, 1960-70
(in millions of U.S. dollars)

Item	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Total imports:											
Foodstuffs.....	57.7	55.6	62.6	69.6	81.5	89.0	96.0	105.0	112.6	99.0	n.a.
Beverages and tobacco...	5.0	4.4	5.0	5.0	5.2	5.9	6.4	7.5	7.0	6.5	n.a.
Fats and oils.....	5.1	5.5	7.1	6.2	6.6	12.3	12.0	11.9	13.6	12.4	n.a.
Total.....	67.8	65.6	74.6	80.8	93.3	107.2	114.5	124.5	133.3	117.8	n.a.
Within CACM:											
Foodstuffs.....	14.9	14.6	22.2	21.6	29.5	35.9	39.1	47.8	54.6	48.1	55.2
Beverages and tobacco...	1.1	0.9	1.0	1.1	1.4	1.9	2.4	3.3	2.9	2.9	3.9
Fats and oils.....	1.6	1.7	1.8	1.6	1.6	3.7	5.2	5.4	7.1	6.3	6.7
Total.....	17.6	17.3	25.0	24.3	32.5	41.5	46.7	56.4	64.5	57.3	65.8
Outside CACM:											
Foodstuffs.....	42.8	41.0	40.3	48.0	52.0	53.0	57.0	57.2	58.1	50.9	n.a.
Beverages and tobacco...	3.8	3.5	4.0	3.9	3.8	4.0	4.0	4.3	4.2	3.6	n.a.
Fats and oils.....	3.5	3.8	5.3	4.6	5.0	8.7	6.8	6.5	6.5	6.1	n.a.
Total.....	50.1	48.3	49.6	56.5	60.8	65.7	67.8	68.1	68.7	60.5	n.a.

Note: Totals may vary due to rounding.

Source: Assembled by RRNA from SIECA, Anuario Estadístico Centroamericano de Comercio Exterior, 1964-70. Items include Sections 00 - Productos Alimenticios, 01 - Bebidas y Tabaco, and 04 - Aceites y Mantecas de Origen Animal y Vegetal.

Chart 2. CACM Imports of Food Items, 1960-69



Source: SIECA, Anuario Estadístico Centroamericano de Comercio Exterior. Food items include Section 00 - Productos Alimenticios, 01 - Bebidas y Tabaco, and 04 - Aceites y Mantecas de Origen Animal y Vegetal.

Table 5. Selected Imports by CACM Countries From Outside
the Area, 1964-69

(in thousands of metric tons)

Year	Wheat	Flour	Total wheat equivalent ^{a/}	Dry whole milk
1964.....	134	59	215	11.2
1965.....	185	51	256	9.7
1966.....	154	57	211	9.8
1967.....	217	35	266	7.9
1968.....	255	11	270	8.3
1969.....	252	7	261	8.9

^{a/} Flour converted on the assumption of a 72-percent extraction rate.

Source: Derived by RRNA from SIECA, Anuario Estadístico Centroamericano de Comercio Exterior, 1964-69.

Table 6. CACM Traditional and Nontraditional Exports to Rest of World, 1960-69

Year	Total exports	Traditional exports ^{a/}	Nontraditional exports	Nontrad. as pct. of total
	----- millions of dollars -----			
1960...	409.8	330.3	79.5	19.4
1961...	417.9	338.2	79.7	19.1
1962...	462.9	381.8	87.2	18.8
1963...	520.4	422.1	98.3	18.9
1964...	568.1	467.4	100.6	17.7
1965...	626.0	525.3	100.7	16.1
1966...	666.6	547.2	119.4	17.9
1967...	651.0	515.2	135.7	20.8
1968...	704.3	556.1	148.2	21.0
1969...	721.7	551.4	170.3	23.6
1970...	793.3	n.a.	n.a.	n.a.
Avg. annual growth rate (pct.)	6.5	5.9	8.8	

^{a/} Includes coffee, bananas, sugar and cotton.

Source: PROMECA, Valor de las Exportaciones de Centroamerica Fuera de la Region, Anos 1960 a 1968, PF-14-2/70 and SIECA, Anuario Estadistico Centroamericano de Comercio Exterior, 1969.

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PHASE TWO

THE FUTURE ROLE OF ROCAP

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V. NEEDS, PRIORITIES, ORGANIZATION

The importance of continuing efforts to improve marketing in Central America is now widely recognized. Key issues relate to the needs, their priorities, and how they can best be satisfied.

Efforts to solve the many existing problems should not be highly compartmentalized in programs for marketing as such. Marketing decisions are integral elements of practically all economic activity. A decision to produce usually implies a decision to market, while a decision to consume implies a decision to buy. Throughout the region, much more information and much improved understanding are needed by the individuals who make decisions which -- whether they realize it or not -- involve marketing functions. This applies to urban consumers who are ill informed about the choices they face in spending their weekly food budget; to rural producers who lack information about alternative markets for their products and sources of production inputs; to those entrepreneurs who have to bridge the gap between production and consumption potentials; and to public officials whose decisions affect marketing.

Many of Central America's needs in marketing can be lumped under the heading of "improved information." Information needs are great, and range from more adequate treatment of marketing concepts in the classroom to the kind of "marriage-making" which is accomplished by introducing a potential producer to a potential buyer. Such information must be put to direct use by decision-makers in both the private and public sectors.

There is also need for direct public intervention to provide marketing services and to regulate and help the performance of marketing functions. We shall discuss information and other needs under the following topics:

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- . The teaching of marketing
- . The physical infrastructure
- . The institutional infrastructure
- . Fostering new enterprise
- . Coordination for integration.

The Teaching of Marketing

Although we did not perform an intensive review of instructional institutions and programs throughout Central America there is considerable evidence that teaching efforts in marketing are extremely limited. Students who expect to find careers in business, in agriculture, or in public service need opportunities to learn much more about marketing concepts, principles, practices, problems, and institutions than is now taught. Needs are not yet fully satisfied at the graduate level; there are even greater needs for continuing education and for undergraduate instruction.

Graduate Level

At the graduate level, coursework in marketing is included as part of the MBA training offered by INCAE (The Central American Institute for Business Administration) at Managua. This program is strongly supported by the Harvard Business School, largely funded by grants from ROCAP. INCAE is currently seeking to become less dependent upon ROCAP grants, yet at the same time to expand its output of MBA's to meet the larger needs of the 1980's. However, this is expensive education. Only a limited number of firms are likely to feel that they can afford to recruit executives at the salary levels implied by INCAE training; many others seek managers trained at a less advanced level.

Neither INCAE nor other Central American institutions provide much marketing instruction at the graduate level for those seeking careers -- public or private -- in agriculture. Students preparing for such careers often do so outside the region, where some but not all will be exposed to appropriate instruction in matters related to marketing.

Continuing Education

Continuing education in business administration, with some marketing content, is provided under a variety of programs. INCAE has offered a number of short courses (4 days

or less each) in business administration. CENDAP (the Productivity Center in Guatemala) offers approximately 25 short courses in marketing subjects for middle- and upper-level business executives; additional courses treat related aspects of business administration. Marketing courses are also to be found in the productivity centers of other Central American countries. We found that a private school in Costa Rica has served local businesses by providing short-course training to several thousand sales people, also giving more intensive training in marketing subjects to a few dozen supervisory workers. We also found that some of Central America's larger firms provide in-house courses for their employees.

Continuing education probably offers the most effective path for quick impact in satisfying Central American educational requirements in marketing and associated aspects of business administration. This education reaches individuals likely to put their knowledge to immediate use.

Continuing education courses may be presented at three different levels: (1) top management; (2) middle management; and (3) the sales, clerical, and operational level. A study made for the USAID Mission in Colombia in 1961 confirmed for Latin America a fact already well established for the United States -- that courses at the middle management and operational levels are far more effective when offered to employees of those firms whose top management is already conversant with the principles and materials to be presented. INCAE has already exposed more than 1,000 leading Central American businessmen to modern management thinking through its MBA, AMP, and Asociado Programs, as well as through its 4-day seminars. Clearly, continuing education at the middle management and operational levels should begin with employees of the firms under such leadership.

There is interest at INCAE in working in this direction, and a feeling that collaboration with the productivity centers in the several countries is called for. Participants or their employers should be expected to pay at least part of the costs for instruction, but additional costs would be involved in course development. Whether or not the program could be made wholly self-supporting would require further study; ROCAP should encourage investigation of possibilities.

Intensive counseling assistance has been provided to a number of Central American business firms through the

International Executive Service Corps, with highly satisfactory results in a number of cases that have come to our attention. Firms should be encouraged to make fuller use of this kind of assistance. Other resource organizations include the International Marketing Institute of Cambridge, Massachusetts, which provided a well-received series of lectures at the Guatemala Productivity Center. The USAID Missions, as well as ROCAP, are in a position to encourage the use of such assistance, with ROCAP taking a coordinating role.

An important but underutilized resource for Central America consists of the brochures and pamphlets on the management of small businesses, available through the U.S. Small Business Administration.^{1/} Various instructors' manuals are now being translated into Spanish by RTAC (AID's Regional Technical Aids Center); additional items should be screened for possible translation by a committee of Central American businessmen and productivity center staff members. Wide-spread distribution could help to achieve a major breakthrough in local marketing and business management effectiveness. The usefulness of many of these publications, in fact, would extend beyond the CACM area to much of Latin America. ROCAP should explore with RTAC the possibilities for making fuller use of the resource.

Another resource of significance to continuing education for marketing is the directory of cases and readings, including considerable material in Spanish, which is available at small cost from the Intercollegiate Case Clearing House, headquartered at the Harvard Business School and funded by the Ford Foundation.

Undergraduate Level

We have mentioned efforts by Central American businesses to provide short-course training related in some degree to marketing. These efforts suggest a growing recognition that education can contribute to solving marketing problems and making businesses more successful. In some degree, present conditions parallel those experienced in the United States in the latter part of the 19th and early 20th centuries when competitive pressures led businessmen to study and

^{1/} See publication lists SBA 115-A and SBA 115-B of the Small Business Administration (Washington, D.C., 1971).

practice scientific management as espoused by Taylor, Urwick, Follet, Fayol, and Gilbreth. About the same time, Wallace Donham at Harvard was helping to raise business education from the trade-school level of accounting courses to the sophistication now evident in courses at that institution as well as at Stanford, Chicago, Pennsylvania, and other leading universities.

The U.S. experience suggests that undergraduate education in business administration, including marketing, has had major impacts on the performance of industrial and commercial organizations.^{1/} The flow of future executives to business firms begins at this level, rather than at the graduate level. Undergraduate curricula in business administration in the public and private universities of Central America are not highly developed, and we understand that their marketing content is almost nonexistent. The nearest opportunities for such training are at the Institute of Technology in Monterrey, Mexico, and at the Escuela de Administracion y Finanzas in Medellin, Colombia. At Landivar University, the recently instituted curriculum in food marketing has barely reached its third year. That a program in this highly specialized area is even underway is surprising, given the limited development of training in marketing in general.

A number of the business leaders whom we interviewed acknowledged the difficulty of recruiting junior executives with appropriate training. Some choose to invest in upgrading the training of secondary school graduates, others accept university graduates with only limited direct preparation for careers in marketing or other aspects of business administration; others look for those trained abroad; a few may be prepared to pay the starting salaries expected by graduates of INCAE.

Hopefully we have made our point: Efforts to provide strong undergraduate training in business administration, with considerable emphasis on marketing, are clearly needed. Training should stress the application of theoretical and factual knowledge from such fields as economics, statistics, and psychology in solving the practical management problems of various kinds of Central American businesses. Closely

^{1/} Robert A. Gordon and James E. Howell, Higher Education in Business (N.Y.: Columbia University Press, 1959).

related and equally significant is the need to strengthen the marketing and management dimensions of training for public service and entrepreneurship in the agricultural sector.

Some division of responsibility between two universities might do much to satisfy these pressing regional needs. Strengthening of the existing program of ICAMA at Landivar University may provide part of the answer, especially in meeting some of the needs of the private sector.^{1/} In addition, the resources of the University of Costa Rica might be supported by those of the Public Administration Institute (ICAP) and the Demographic Center (CELADE) in a program pointed toward the needs of both public and private sectors with some emphasis on the use of statistics in matters related to marketing. We mention these institutions primarily for illustrative purposes; further examination of possibilities by ROCAP seems warranted.

The resources that can be marshalled in the near future to strengthen undergraduate preparation in marketing will have greater impact if they are concentrated at one or two institutions that will serve needs of the region as a whole. Specific provision should be made for the development of an associated capability in research related to public policy for marketing. University-to-university contract assistance deserves study, providing an appropriate setting or settings can be identified. This statement, of course, implies no judgment that ROCAP's total resources and priorities would permit such assistance either now or later.

Beyond foundation courses in liberal arts subjects and basic courses in administration, the curricula developed would hopefully provide an opportunity for the study of such matters as:

- . Marketing decisions in private business administration
- . Statistical foundations for economic analysis related to marketing

^{1/} A subject now being studied with the cooperation of FUPAC (the Federacion de Universidades Privadas de America Central) and Michigan State University.

- . Public administration and policy formation in relation to marketing

- . Marketing functions involved in the movement of agricultural products from farm to processing plants or central markets.

At the Escuela de Administracion y Finanzas in Medellin, Colombia, there is a well developed cooperative work-study plan that should be considered in Central America. Under this system, students are paired for the purpose of alternating periods of study with periods of work for a given employer at a given job. One of the pair works while the other studies full time in a cycle whose duration may vary from 6 to 12 weeks. Such a system might well be adopted in any new undergraduate program in business administration.

Regardless of developments along the lines suggested above, INCAE has a role to play in helping to strengthen undergraduate teaching related to marketing and business administration at the several national universities. The efforts already being made to supply case materials for teaching represent a step in the right direction and should be mutually beneficial. A graduate school with no undergraduate relationships lacks an important ingredient for success.

The Physical Infrastructure

The movement of goods from producer to consumer almost always involves the use of important physical facilities, both publicly and privately owned and run. Highways and ports, for example, usually represent major public investments, whereas the vehicles and ships that use them are likely to be privately owned.

Transport costs represent major impediments to:

- . Increasing Central America's nontraditional exports

- . Drawing more tourists to the region

- . Developing regional specialization and integration.

These handicaps are not easily resolved.

Central America occupies a favorable geographic location for shipping to both east coast and west coast markets of North America, as well as to other parts of the world. The area has also benefited from the Pan American Highway, which has carried much of the increasing CACM trade over the last decade, prior to interruption of traffic through Honduras. Much still remains to be done, however, to provide secondary highways and farm-to-market roads that link rural areas with the major cities and external markets. San Jose, Costa Rica, for example, still lacks a highway connection with Limon, the country's principal east coast seaport. With regard to ocean shipping, sea transport designed for the specialized handling of bananas has little relevance to the flows of other commodities. The inexpensive tramper services are said to leave the Isthmus more frequently for Europe and Japan than for the United States.

New export flows are not easily initiated in the face of high transport costs, and transport costs are not easily reduced in the absence of high volume flows. This is particularly true for air transport, where steady two-way traffic is the sine qua non for effective service. Recent attempts to ship sizable volumes of horticultural products to U.S. winter markets have encountered the problem of the backhaul, as well as the difficulties inherent in irregular volumes.

Moreover, air fares are considered to impede the development of tourism. Excursion fares from New York to London are substantially cheaper than from New York to Guatemala, although the latter distance is only two-thirds as great.^{1/} The contrast with New York to Puerto Rico fares is especially striking. There is not a single excursion fare from New York, Miami, or Los Angeles to Central America among the hundreds of flights listed in Pan American's current timetable.

^{1/} Harry G. Clement, The Future of Tourism in Guatemala (a report prepared by H. Zinder & Associates, Inc., under contract with the Government of Guatemala, 1970), p. 61.

Storage facilities and central markets are other important needs for marketing agricultural products. AID loans are helping to provide more grain storage facilities in several Central American countries, and studies have also been directed toward the improvement of central markets in Guatemala and San Salvador. Such efforts have been mainly the responsibility of the several USAID Missions, and should be continued by them.

An extensive review of infrastructure needs is well beyond the scope of this evaluation. Continued infrastructure investment, however, clearly represents an important part of the total package needed for more effective marketing in Central America. The ROCAP loans to CABEI have provided important resources for this type of investment. Other organizations such as the World Bank and the Inter-American Development Bank have also provided substantial support. Continued support from ROCAP and other organizations appears needed for the future.

The Institutional Infrastructure

Marketing is conditioned by a complex of laws, regulations, organizations, and other social institutions. In a dynamic environment, this complex requires almost continuous change to serve society's needs. Here, we can only suggest a few of the steps needed to facilitate Central American economic development, integration, export expansion, and tourism for the CACM.

Protectionism

Much of the Central American manufacturing industry has flourished under substantial tariff protection, but this now represents a handicap to the promotion of exports. Various consultants have noted that a number of Central American products might find considerable favor on U.S. and other markets if they could be priced more competitively.^{1/} The effects of import duties and export taxes on trade flows need careful study to provide a basis for sound policy decisions.

^{1/} See, for example, Bruce Pomerance, "Report on Central American Survey Trip: 11/10/68-11/25/68," 16 pp.

Research

Having suggested economic analysis of the impact of protectionism, we cannot point to the Central American organization best qualified to undertake it. In fact, there seems to be no organization adequately developed to undertake comprehensive research on economic and social problems with a strong regional orientation. Perhaps the University of Costa Rica comes closest to having the technical capability for such research, but at present it has no special mandate to focus on regional problems. INCAE clearly has a regional orientation, but this is primarily with respect to problems of private businesses rather than of public policies. SIECA has done much to improve the factual basis for research, but may not yet be ready to deal effectively with the analysis of major policy alternatives. ICAITI stands ready to conduct certain kinds of technical research, but has neither background nor staff for comprehensive economic and social research. Thus we see a definite need for building the capabilities of some one organization for economic and social research with a strong regional orientation.

Data Collection and Statistical Analysis

Serious limitations will be encountered in strengthening economic and social research until procedures for collecting and analyzing data are improved. An encouraging note is the recent success of ROCAP-assisted efforts to make intra-regional import and export data available after a period of 2 months instead of 2 years. Other comparable gains can probably be achieved at modest cost if priority needs are clearly identified and analyzed. Unfortunately, recent efforts to achieve more comprehensive improvements through a periodic household survey did not meet with success, but much can still be done through the use of appropriate sampling techniques. The need remains for major changes and improvements in the collection and analysis of basic economic and social data.

Grades and Standards

The system of visual inspection underlying most local trade in agricultural and other commodities is poorly adapted for use in international commerce. Although the transportation of ungraded or inadequately graded merchandise is commonly wasteful, it is especially so in shipments over long distances. Central America cannot expect to expand her sales

of agricultural and other commodities on world markets without adopting and applying grades and standards useful to the buyers. As classification systems are introduced, there must be adequate regulatory authority and resources to assure that norms are observed. This should be no less true for products traded nationally and intraregionally.

Other Regulatory Functions

Gaps and excesses in the performance of regulatory functions are no doubt numerous; here we shall mention only two minor but revealing examples. The first concerns the long-sought Central American tourist card, which could represent one contribution to simplifying border formalities. That additional steps beyond this one are needed to simplify these formalities is illustrated by an account of a recent auto trip made by a national tourism director between a neighboring country and his own. Upon arriving at the first border station, he found the local authorities had just started their lunch period; an hour later, after being cleared to depart from the first country, he found that another hour's wait would be necessary because the authorities of the second country had just begun their noon repast.

Market Information

In many cases, Central American businessmen have only limited access to knowledge about markets and marketing. Within the CACM itself there is no regional market news service for agriculture. A limited amount of current information on agricultural markets is collected and published at the national level, as in El Salvador, for example.

In Costa Rica, the Center for Promotion of Exports and Investments publishes a page of "Market Opportunities" in its monthly circular. Recent issues contain 20 to 30 listings such as the following:

A Toronto company wants to import wrought iron floor lamps.

Two German firms and one from England want to purchase processed fruits, vegetables, and juices.

This activity represents a small start toward filling an important information void of sizable proportions. It also leads us to the topic of export expansion.

Fostering New Industry

Central America's traditional exports are mostly traded on established commodity markets. Conversely, the development of nontraditional exports calls for establishing "one-to-one" relationships between individual buyers and producers. This is a complex process, involving preliminary identification of potential products and markets, specific efforts to establish contacts between buyers and sellers, and many kinds of supporting efforts. Although many of the needs are clear, there remains considerable controversy about approaches to satisfying them, including the question of organizational roles. We shall approach the subject by providing a view of needs as developed in a recent Central American conference; listing the principal entities concerned with export development; reviewing recent work on identifying potentials; and suggesting approaches for the future.

A Symposium View of Needs

One view of needs is reflected in the resolutions of a Central American Symposium on Export Development (organized by PROMECA and funded by CABEI with the cosponsorship of UNCTAD/GATT) which was held in San Jose, Costa Rica, between October 11 and 16, 1970.^{1/} The resolutions favored action along the following lines:

1. Strengthen national organizations in export promotion and give leadership to joint actions by public-private sectors.
2. Establish regional organizations with directors from national organizations and PROMECA acting as executive secretariat to coordinate national activities in export promotion and formulate regional policy.

^{1/} PROMECA, Informe del Primer Simposium Centroamericano de Fomento de Exportaciones, October 1970. Report plus 15 annexes.

3. Establish regional fund for financing nontraditional exports, channeling local and international resources.
4. Activate studies in export credit insurance.^{1/}
5. Support activities developed by the maritime associations of the Central American Isthmus in lowering transportation costs.
6. Encourage necessary efforts in public and private sectors to solve problems of intra-regional transportation.
7. Request from PROMECA and the international organizations more resources in order to train personnel and execute programs of export development.
8. Request from the organizations belonging to the General Treaty of Economic Integration the elaboration of a "modus operandi" for the application of resources that support promotion and diversification of export programs.
9. Create fiscal incentives for industries or persons exporting nontraditional goods outside the area (temporary imports and tax refunds).
10. Stimulate in the best possible way the formation of export enterprises for Central American goods outside the area.
11. Ask from OAS and its executive organization, CIAP, establishment of subsidiary of Inter-american Center for Commercialization (CICOM) in Central America.

Entities Concerned with Export Development

An imposing array of public and private entities are now concerning themselves, in some degree, with export

^{1/} One of our informants reported difficulty with the nationally provided maritime insurance which he was required

development in Central America. There is clearly a need for continuing efforts to improve coordinated action by these groups; the need for many additional organizations seems less certain. Those already active may be grouped in the following 10 classes:

1. The regional institutions, including SIECA, CABEI, ICAITI, and INCAE.
2. ROCAP and the several USAID Missions.
3. The U.S. commercial attaches in some countries.
4. Personnel of other foreign governments, including Israeli Technical Assistance Missions in the Zacapa Valley of Guatemala and in Honduras.
5. The international development assistance organizations, including the Inter-American Development Bank, the World Bank, the Food and Agriculture Organization of the United Nations, and the Center of International Commerce of GATT/UNCTAD.
6. Ministries and central banks of the five national governments, including particularly such agencies as the Direccion General de Economia y Comercio of the Ministry of Economy in Honduras, and the Department of Agricultural Marketing of the Ministry of Agriculture in Guatemala.
7. National industrial development institutions (public sector), including INFOP in Guatemala, INSAFI in El Salvador, INFONAC in Nicaragua, and BANFOM in Honduras. These institutions promote industrial development in general. INFONAC and INSAFI have also given special attention to export industry, the latter by providing assistance to 30 outlying handicraft centers. INSAFI commissions, finances, and eventually sells their production through a retail/wholesale display and salesroom in San Salvador.
8. The private financieras which were established with loan and other assistance from AID, and which have industrial development objectives that are not necessarily related to exports. These include the following:

to use for small-scale export shipments. Although this insurance was expensive by comparison with that available from external sources, claim settlements were realized only after long delay.

- a. Financiera Industrial y Agropecuaria, S.A.
(FIASA) - Guatemala
- b. Financiera de Desarrollo e Inversion, S.A. -
El Salvador
- c. Financiera Hondurena - Honduras
- d. Corporacion Nicaraguense de Inversiones
(CNI) - Nicaragua
- e. Corporacion Costarricense de Financiamiento
Industrial, S.A. (COFISA) - Costa Rica

9. The national export institutions (private and mixed). Currently active are (a) the Centro de Promocion de Exportaciones e Inversiones of Costa Rica, which has been receiving the help of an export adviser contracted with assistance from USAID/CR, and (b) the Centro Nacional de Fomento de Exportaciones (CENAFE) in El Salvador. Both of these institutions are members of the Centro Interamericano de Promocion de Exportaciones (CIPE) of the Organization of American States (with headquarters in Bogota, Colombia), which in turn is affiliated with the Asociacion para el Fomento de las Importaciones e Exportaciones de Occidente (AFIMEXO). The formation of additional centers is pending in Guatemala and Nicaragua. The various countries have also agreed in principle to organize national export commissions that would include broad representation from both public and private sectors.

10. National and regional chambers of industry, chambers of commerce, and individual trade associations. FECAICA (the Federacion de Camaras y Asociaciones Industriales de Centro America) is the regional association which includes national chambers and associations of industry of the five countries. A broader grouping, which would bring together private industrial, commercial, and agricultural groups, has been proposed under the name of FEDEPRICA.

Identifying Potentials

Over the last 6 or 8 years, considerable effort has been expended in the development of lists of products with export possibilities. In 1965, for example, possibilities in foods for export were analyzed under one of four "industry opportunity" studies prepared for CABEI, with financial assistance from ROCAP. As a result, it was proposed that feasibility studies be undertaken for the following six

products: shrimp, scale fish, tunafish, pineapple, hard and filled candies, and banana puree.^{1/}

A more comprehensive study, in four stages, was initiated in 1966 through a ROCAP-supported CABEI contract with Elrick and Lavidge, Inc., who engaged the Economist Intelligence Unit, Ltd. as a subcontractor.^{2/} The lengthy series of reports, completed after 2 years of study, covered the following four stages:

- . Evaluation of supply conditions in Central America and selection of products for market research
- . Detailed survey of markets for the selected products in 13 countries (U.S.A., Canada, the United Kingdom, France, West Germany, Italy, the Netherlands, Belgium, Norway, Denmark, Sweden, Switzerland, and Japan)
- . Identification of potential buyers and pilot selling in the U.S. of 13 Central American products selected on the basis of the market research studies (shirts, trousers, bras, tobacco, cigars, fresh vegetables, hard candy, tropical fruit pulp, furniture components, TV/radio cabinets, veneer and core stock, parquet, flowers and ferns)
- . A study of the appropriate form for a Central American export development and promotion institution, based on a review of local conditions and an examination of existing export institutions in the Philippines, Mexico, and Japan.

In 1967, CABEI and SIECA formed a staff group (partly funded by ROCAP) to conduct an export development program known as PROMECA (Programa Centroamericano para el Fomento de las Exportaciones). This group has published at least a

1/ Arthur D. Little, Inc., Investment Opportunities in the Central American Common Market: Foods for Export (A report to CABEI, June 1965, 39 pp.).

2/ Elrick and Lavidge, Inc., a series of 18 reports with various titles (Chicago, 1967-68, approx. 1,600 pp.).

dozen reports dealing with exportable products and possible export markets.

We have already referred to a September 1968 meeting at the White House in Washington, D.C., with a display of some 55 potentially exportable Central American products. These included 11 textile items, 10 foods and beverages, seven handicraft items, and a dozen other offerings. Subsequently, six representatives of large U.S. merchandising firms visited a total of 150 plants in Central America and prepared reports on the export potentials of products that were seen. These reports covered the following product categories:

1. Footwear (R.H. Fesler of Associated Merchandising Corporation)
2. Giftware and Home Decorative Accessories (B. Pomerance of Allied Stores Corporation)
3. Clothing (R.J. Leavee, R.H. Macy & Co.)
4. Fabric and Piece Goods (T. Keating of J.C. Penney, Inc.)
5. Wearing Apparel (O. Yonkers of W.T. Grant Co.)
6. Textile Products, Furniture, Decorator Items, and Miscellaneous Specialties (G.E. Voyer of R.H. Macy & Co.)

Public and private agencies in the several countries, frequently with assistance from the respective USAID Missions, have also been active in developing lists of exportable products and possible markets. When the results of the efforts assisted by ROCAP and/or the USAID Missions are combined, it is easy to list up to 100 or more products which have been studied intensively or which at least have been seriously considered in terms of their export potentials (table 7).

Sizable inputs have already been invested to identify potential exports and markets. Further efforts in this direction warrant only low priority. As seems entirely proper, emphasis has already turned to efforts to assist the establishment of "one-to-one" contacts between producers and buyers, and to other steps necessary to facilitate flows of

Table 7. Central American Products Whose Export Potentials Have Been Mentioned in Recent Reports

Class	Specific products	Exports outside CACM, 1969 (000's of \$)	Particular countries suggested _a /	Report or reference _b /
Meat.....	Fresh/frozen beef	56,341	n.s.	1, 2
	Tinned sausage	n.a.	G, ES, CR	4, 11
Seafood.....	Shrimp	6,264	n.s.	3
	Canned tuna	n.a.	n.s.	3
	Frozen fish, fishmeal	n.a.	n.s.	4
Wood products.	Sawn timber and logs	17,153	G	4
	Veneer, corestock, plywood	572	n.s.	5
	Doors and windows	6	G	4
	Parquet	n.a.	n.s.	5
	Furniture and components	31	G or n.s.	4, 5, 18
Flowers and ferns.....	Various fresh	941	n.s.	5
Fresh fruits/vegetables...	Cantaloupe and honeydew	40	ES, H	6, 7, 8
	Strawberries and blackberries	n.a.	n.s.	6, 8
	Limes	0.1	ES	9
	Pineapple	255	n.s.	3
	Various fruits	82	n.s.	6
	Cucumbers	n.a.	n.s.	6, 7, 8
	Peppers	20	n.s.	6, 7, 8
	Okra, eggplant, squash	n.a.	n.s.	6, 7
	Tomatoes	n.a.	n.s.	6
	Onions and garlic	67 (1968)	n.s.	8
	Yuca	n.a.	n.s.	8
	Various vegetables	121	n.s.	6

continued--

Table 7. Central American Products Whose Export Potentials Have Been
Mentioned in Recent Reports continued--

Class	Specific products	Exports outside CACM, 1969 (000's of \$)	Particular countries suggested ^{a/}	Report or reference ^{b/}
Processed fruits/ vegetables...	Tropical fruit pulp	116	n.s.	5
	Tomato paste and puree	n.a.	n.s.	5
	Banana puree	n.a.	n.s.	3, 4
	Canned vegetables	n.a.	n.s.	4
	Various specialty items	n.a.	n.s.	4, 10, 11
	Lime extract	n.a.	ES	9
	Jams and jellies	7	ES, N	9, 11
	Plantain and yuca chips	n.a.	N	11
	Pickles	n.a.	ES	11
	Fruit juice and canned fruit	n.a.	G	4
Miscellaneous foods.....	Honey	841	N	11
	Cookies		ES	11
	Sesame seed	2,900 (1968)	n.s.	12
	Vegetable oils	362 (1968)	n.s.	4, 12
	Cashew nuts	n.a.	n.s.	8
	Starch	15	n.s.	4
	Beverages.....	Asuardiente	n.a.	N
Rum		n.a.	N, ES	4, 11
Vodka		n.a.	ES	11
Beer		6	N	11
Tobacco and related.....	Leaf	3,793	n.s.	5
	Cigars	244	n.s.	5
	Menthol	n.a.	ES	9

continued--

Table 7. Central American Products Whose Export Potentials Have Been
Mentioned in Recent Reports continued--

Class	Specific products	Exports outside CACM, 1969 (000's of \$)	Particular countries suggested ^{a/}	Report or reference ^{b/}
Textile items.	Bed clothing	n.a.	G, CR	4, 11
	Towels	29 (1968)	G	4
	Clothing lining	n.a.	CR	11
	Embroidered cloth	20 (1968)	ES	11
	Commercial knitting threads	694 (1968)	ES	11
	Fabrics, piece goods	65 (1968)	n.s.	11, 13
Wearing ap- parel.....	Canvas and straw hats	n.a.	CR, N	11
	Children's clothing	n.a.	H, G, CR	4, 11
	Jeans and denim	n.a.	H, CR	11
	Underwear	38 (1968)	G or n.s.	4, 5
	Mens and women's clothing	n.a.	N, ES	4, 5, 11
	Sports coats and sweaters	n.a.	G	4
	Socks	3 (1968)	G, ES	4, 11
	Various	444	n.s.	14, 15
	Leather goods.	Shoes	205 (1968)	N, G, ES
Sandals		159 (1968)	CR	11
Handbags and suitcases		n.a.	N, G	4, 11
Wallets		n.a.	CR	11
Heels		2	N	11
Clothing items		n.a.	G	4
Rubber goods..		Miscellaneous industrial or household items	1	G
Giftware/ home decora- tive acces- sories.....	Hardwood bowls, vases, etc.	n.a.	N, G, ES	4, 9, 11
	Mineral products	2	CR	11, 17
	Miscellaneous pottery, reed, wood	n.a.	n.s.	17

continued--

Table 7. Central American Products Whose Export Potentials Have Been
Mentioned in Recent Reports continued--

Class	Specific products	Exports outside CACM, 1969 (000's of \$)	Particular countries suggested ^{a/}	Report or reference ^{b/}
Handicrafts...	Coffee bean, gold jewelry	n.a.	CR	11
	Sisal bags, hammocks, lithographs, crystalware	n.a.	N	11
	Indian type clothing, cloth blankets, wood carvings, toys	n.a.	G	4
Miscellaneous items.....	Hand tools	1,401	G	4
	Pharmaceuticals		G	4
	Insecticides, fungicides		G	4
	Glycerin		G	4
	Cosmetics and dentifrices		G	4
	Beeswax		G	4
	Rubber sandals		CR	11
	Zippers and bobby pins		ES	11
	Pencils		ES	11
	Plastic shoes		ES	11
	Eyeglass frames		ES	11
	Phonograph record covers		ES	11
	Lamps, lighting fixtures		ES	11
	Spark plugs, brake linings, batteries		ES	11
	Machetes and axes		ES	11
Packaging materials		ES	11	
Stainless steel cutlery		ES	11	

^{a/} G = Guatemala; ES = El Salvador; H = Honduras; N = Nicaragua; CR = Costa Rica; n.s. - not specified.

^{b/} Numbers identify the reports on the following pages.

Source: Assembled by RRNA team from studies indicated. Recent import levels from SIECA reports.

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Table 7. Central American Products Whose Export Potentials Have
Been Mentioned in Recent Reports continued--

1. Centro de Comercio Internacional (GATT/UNCTAD). "El Mercado de la Carne de Vacuno en Europa Occidental y Japon." A report made for PROMECA. October 1969.
2. Oscar H. Cordon. Report of the Central American Meat Trade Mission to Europe and Israel. USAID/ROCAP. July 1970. Also Informacion Suplementaria al Estudio: El Mercado de las Carne de Vacuno en Europa Occidental y Japon. SIECA. 1970.
3. Arthur D. Little, Inc. Investment Opportunities in the CACM: Foods for Export. CABEI/ROCAP. June 1965.
4. Banco de Guatemala, Departamento de Investigaciones e Industriales. Estudio Preliminar para Determinar las Posibilidades de Exportacion de Manufacturas Guatemaltecas. Memorandum No. 19-69. August 1969.
5. Elrick and Lavidge, Inc. Foreign Markets Study. A report for the Central American Bank for Economic Integration. 5 vols. 1968.
6. Alfred Van Hoven. "Report by the Director, Produce Purchasing, Grand Union Stores (USA) on a visit to Central America at Invitation of ROCAP." November 6, 1969.
7. Lloyd I. Holmes (compiler). Air Marketing Seminar for Agricultural Products. San Salvador. February 19-21, 1969.
8. MRI, Ltd. "Directorio de Exportacion para Productos Agricolas del CACM." Un Informe para el Institute of Food Marketing, Rafael Landivar University. November 1969.
9. Government of El Salvador with assistance of Commercial Attache of U.S. Embassy. "Report on Export Opportunities." (Draft material.)
10. PROMECA. El Mercado de Nueva Orleans para Productos Alimenticios Procesados. Investigacion Piloto. January 16, 1970.
11. September Meeting of White House/State/AID with Council for Latin America. Special Working Group on Central America Export Promotion. Central American Export Possibilities. Collected by U.S. country teams in Central America. Prepared by "Operation Market." September 4, 1968.
12. A.G. Kovorkian et al. Oilseed Crop Study. Prepared for CABEI by a USDA team under PASA with AID. Preliminary report April 1968. Final report February 1969.
13. T. Keating. "Fabrics and Piece Goods." A report by a J.C. Penney Company, Inc., representative on a visit to Central America, made at invitation of ROCAP, 1969.

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Table 7. Central American Products Whose Export Potentials Have
Been Mentioned in Recent Reports continued--

14. R.J. Leavee. "Clothing Export Possibilities." A report by an R.H. Macy & Co. representative on a visit to Central America, made at invitation of ROCAP. 1969.
15. O. Yonkers. "Wearing Apparel." A report by a W.T. Grant Co. representative on a visit to Central America, made at invitation of ROCAP. 1969.
16. R.H. Fesler. "Footwear." A report by an Associated Merchandising Corp. representative on a visit to Central America, made at invitation of ROCAP. 1969.
17. Bruce Pomerance. "Report on Central America Survey Trip, November 10-25, 1968, on Textiles and Home Decorative Accessories." Sponsored by AID/ROCAP.
18. R.B. Priest. Gerente Departamento de Mercaderia y Laboratorio de Pruebas, Sears Roebuck and Co. Encuesta Sobre Instalaciones de Fabricas de Muebles en Centroamerica. A report prepared by the manager of the Marketing Department and Testing Laboratory of Sears Roebuck and Co., made at the request of AID/ROCAP. July 3, 1970.

such products as fresh fruits and vegetables, packaged specialty foods, flowers and ferns, furniture components, handicrafts, and men's suits.

Developing "One-to-One" Relationships

Providing sufficient information to establish "one-to-one" relationships between individual buyers and producers becomes a key need in efforts to develop Central America's nontraditional exports. Knowledge that a market exists in country "A" for product "X" is of little significance if potential producers in country "B" are not aware of a mechanism for selling in that market. Producing for foreign markets can involve high risks in the absence of specific contractual understandings. This is particularly true when uncertainties exist about desired specifications, about the availability and cost of transportation, about satisfying regulations affecting trade, and about the reliability of trading partners.

Many products are unlikely to move into export except as they are "produced to order" to meet the specific requirements of a given market and/or buyer. For example, although cucumbers have long been produced in Central America, no exporter could have been expected to make profitable shipments simply by acquiring supplies on the public markets or at the farm during harvest season. In the Zacapa trial, growers planted specifically for export, on the basis of what seemed to be reasonably firm contractual relationships with an export group and a U.S. brokerage firm. For a number of products, this is essentially the kind of "one-to-one" relationship that must be developed before production can be initiated. Even in this case, however, the arrangements left much to be desired in relation to what was needed for continuing success.

Many potential export items are already being produced in a form and on a scale suitable for small-scale international marketing. Trade fairs and permanent industrial exhibits, both in the country and abroad, provide one means of initiating necessary contacts between potential trading partners. CENAFE's industrial display room in San Salvador has generated an appreciable number of inquiries during its short existence. The monthly newsletter listing of "Market Opportunities" by the Center for Promotion of Exports and Investments in Costa Rica is an almost costless step toward acquainting sellers with buyers. Certain linkages between efforts

to promote exports and efforts to promote tourism also need to be recognized. However, the establishment of an awareness of possible trading partners is only a necessary preliminary toward actual export shipments; both partners need ready access to qualified counsel to solve the specific problems that will almost inevitably arise before contracts can be made and fulfilled.

Organizational Roles in Export Expansion

Many Central American entrepreneurs want to begin export production or to expand their output; we interviewed a number of entrepreneurs who were interested in specific product possibilities. CABEI already lists more than 65 proposals for export investment projects, to be considered for financing under the recent AID loan. In nearly all cases, technical assistance of one sort or another will be needed if projects are to be developed successfully. Most of the potential exporters are aware of some of the elements needed for success; few have anticipated all the necessary steps, or have studied the required time-phasing in the detail that would characterize an adequate systems approach. Providing such assistance, we believe, is the crux of the export expansion problem at present.

The ROCAP approach. ROCAP's thinking also emphasizes the importance to potential exporters of technical assistance incorporating the use of a systems approach along the lines that proved helpful in the horticultural export trials of 1970-71. The broader "system" or "design" for extending this kind of technical assistance, however, seems to rest on the construction of new institutional channels and work that proceeds from the top down rather than from the bottom up. This is partly evident in the Export Expansion PROP of March 12, 1971 (project 033); it emerged more clearly in our conversations with ROCAP officials.

The ROCAP approach begins with action to join CABEI, ICAITI, INCAE, ROCAP, and FEDEPRICA (the latter is a comprehensive grouping of the private interests represented in chambers of industry, commerce, and agriculture, and has yet to acquire full organizational status) in a regional export coordinating board. This board would then guide performance of the functions embraced by the strategy set forth in the PROP:

- . Fairly broad-ranging market research resulting in the identification of specific potential markets for Central America; and the arraying of product priorities
- . Preliminary feasibility analyses of Central American capability to respond to potential markets
- . Motivation of entrepreneurs and the bringing together of potential buyers and sellers in a dialogue
- . Design of export pilot projects of sufficient magnitude to compete in world markets, and identification of the types of firms to be revamped or created, of the management of the technical assistance that must be brought to bear, of needed credit resources, of legal and/or bureaucratic constraints and needed incentives, of other impediments to be overcome, etc.
- . Continuing promotional and technical assistance to bring the project into existence and to the point where activities are profitable and self-sustaining and the producer/exporter is reasonably able to cope with all of the problems associated with private sector development processes.^{1/}

The PROP indicates that CABEI/PROMECA would have the role of "...market identification, determination of priorities, preliminary identification of Central American response capability, generation of private sector interest and support, and overall coordination in project design and early promotional/technical assistance phases." ROCAP support would be provided through Pro-Ags with CABEI/PROMECA for items identified in the PROP as Unit of Management 033.1 (Export Institutions Development). ROCAP funding for this management unit in FY 1971 through FY 1975 includes the following:

^{1/} Export Expansion PROP of March 12, 1971, pp. 10-11.

Market research consultants	\$ 80,000
Market research training	18,000
Marketing consultant firm - promotion	270,000
Feasibility/management studies	185,000
Operation/promotion costs	<u>140,000</u>
Total	\$693,000

According to the PROP, CABEI/PROMECA is expected to develop a contractual relationship with INCAE for "...(1) preliminary studies of the feasibility of Central American response to markets identified, and (2) pilot project design, management consultation, and management training...."

ICAITI's role, as set forth in the PROP, would be to offer, on a cost-recovery basis, such skills as it develops through supporting the formation of producer/exporter groups. The PROP calls attention to ICAITI's mandate as the region's industrial technological research and technical assistance institution, and calls for a Pro-Ag relationship with ICAITI "...following along the lines of ROCAP Pro-Ag 70-14, with a more precise focus based on the last year's experience and the project strategy outlined in this paper." It was through Pro-Ag 70-14 that ICAITI undertook to participate in private sector export activities for shipping perishables to the U.S. winter market. In the Pro-Ag, ICAITI expressed a wish "...to amplify its ability to meet the more specialized needs of agro-industrial development and to participate actively in this development." The meaning of "participate" becomes more explicit in ICAITI's 1970 contract with MRI, Ltd., where ICAITI noted its desire "...to obtain technical facilities and services in Guatemala to develop and carry out a program of regional agricultural export systems development." This cast ICAITI in a role considerably removed from its earlier one of providing research and technical assistance services in industrial technology on a cost-recovery basis.^{1/} The

^{1/} The purposes and objectives set forth in ICAITI's charter all relate to studies of raw materials, products, production processes and existing production enterprises, and to cooperation in promoting scientific and industrial research and training. This orientation is reflected in the availability of services such as the following: developing new processes; adapting industrial processes to regional raw materials; finding new uses for waste materials; investigating manufacturing processes on a pilot-plant scale to determine their

need and logic for doing so is not entirely clear, nor has ROCAP made clear how far it will go in assisting ICAITI to assume this promotional role in the future. ROCAP funding for contractor assistance for promotion appears as a line item under Management Unit 033.1, which is identified with CABEI/PROMECA rather than with ICAITI.

In any case, considerable ROCAP support to ICAITI would be provided for items identified in the PROP as Unit of Management 033.2 (Regional Export Assistance). Proposed funding for this unit in FY 1971 through FY 1975 includes the following items:

Research institution marketing consultant	\$ 20,000
Short-term consultants - commodity specialists	50,000
Commodity specialist training	36,000
Laboratory expendables	25,000
Workshops and seminars	120,000
Contribution to project activities and supporting research	<u>525,000</u>
Total	\$776,000

ROCAP direct project coordination costs are shown under Unit of Management 033.3 (Export Project Coordination). The following items are included:

Project manager	\$170,000
Assistant project manager	70,000
Management consultant	10,000
Local secretary	20,000
TDY assistance	25,000
Travel, invitational travel, seminars	40,000
ROCAP contract staff	<u>15,000</u>
Total	\$350,000

Proposed funding for the three subunits of the PROP from FY 1971 through FY 1975 totals \$1,819,000.^{1/} Included are contract services amounting to \$640,000. A full and

economic feasibility; preparing quality standards and developing quality control programs (see ICAITI's current brochure).
^{1/} For annual details, see appendix C.

explicit distribution of this sum by line items does not appear in the PROP, although the bulk of the sum appears to fall in Management Unit 033.1

End-of-project status would see at least eight producer/exporter groups operating successfully. Although the prototypes for these operations are the trials involving cucumbers and cantaloupes, ROCAP has stated it has no wish to concentrate only on agricultural commodities.

The design for export expansion revealed in broad outline by the PROP rests almost wholly upon the initiative of CABEI/PROMECA, and perhaps also of ICAITI (in a new promotional role), for investigative and promotional efforts, supported and coordinated by ROCAP. The PROP proposes substantial funding for contractor assistance and other inputs to implement these efforts, details of which obviously remain to be specified from time to time over the next 5 years in PIPs, Pro-Ags, and PIOs.

Under this approach, it should be noted, the private firm enters the picture (or is created) only after market and product potentials have been identified and analyzed -- or perhaps only in the course of designing an entire project.

Moreover, the PROP gives no indication that ROCAP assigns a specific role to the national industrial and export development institutes and/or centers already organized in each of the CACM countries. Several of these are concerned with across-the-board industrial development, while others (like CENAFE) are more narrowly concerned with export expansion. In any case, firms producing for export are likely to be producing also for domestic markets and will have many of the problems that are common to all industrial development.

An alternate approach. We concur with ROCAP's current emphasis on fostering nontraditional exports, as well as on the considerable need for technical assistance to private enterprise in exploiting export opportunities. However, we have reservations about the approach proposed to providing this assistance. Our reservations can be traced to doubts about three premises that underlie the strategy and proposed action of the PROP.

First, we question the premise that substantial additional efforts are needed to identify specific potential markets for Central America and to array product priorities, in the abstract. Many efforts will bear fruit only when some one producer or producing group is ready to develop a specific production and marketing plan, or when some buyer or buying group decides to seek out and to arrange a local source of supply. AID should now concentrate on activities to help individual parties in the detailed planning necessary to bridge the gap between production and export.

Second, ROCAP appears to feel that Central America needs coordination at the regional level because it lacks supply capacity to produce world market quantities. Certainly few Central American producers of nontraditional exports are prepared to meet the supply requirements of even a single North American merchandising firm such as Sears or Macy's. This has been repeatedly noted by ROCAP consultants in the last few years. It is not equally evident, however, that a pooling of output by producers from several countries is an appropriate solution for this problem. For a number of products, in fact, there may be only one plant with appreciable export potential, and the appropriate course of action may be to assist such plants in developing relationships with market sectors of corresponding scale.

It is significant that the three so-called export trials in which ROCAP collaborated in 1970-71 have each proceeded on an almost purely local basis within three different countries. Moreover, cantaloupes from several different producers in Honduras and El Salvador were routed through distinct channels to widely separated markets. In Honduras, for example, production fostered by the National Agrarian Institute (INA) was forwarded to one broker in Miami, while the output of an independent producer went to a different broker in New York. This independent grower has experience based on his having planted cantaloupes in 1968, while El Salvador has been exporting cantaloupes for at least a decade; hence the word "trial" is perhaps a misnomer in this connection. Although new approaches were clearly involved, the cantaloupe production activities are best described as at least four separate undertakings rather than as one or two trials with any substantial regional participation or coordination.

Even the technical assistance provided from regional agencies appears to have been very limited in comparison with

that provided from local sources in El Salvador and Honduras. More assistance from regional agencies was involved in the cucumber production effort in the Zacapa Valley of Guatemala, but local entities such as the Guatemalan Ministry of Agriculture and the national Production Credit Agency (SCICAS) were also deeply involved. In any event, the focus of this trial was clearly local, and produced no implication that cooperation from suppliers of several countries would be necessary to effective export of cucumbers.

Third, it is questionable that expertise acquired by regional institutions through participation in eight export trials is more relevant and transferable to new ventures than expertise that could be acquired by national entities in their respective areas. In any event, we suspect that each new venture will have enough unique aspects to require highly individualized assistance oriented to local conditions.

We conclude that the promotional and technical assistance needed by private industry can be provided more effectively through the offices of national agencies or organizations, such as the existing industrial and export development institutes and/or centers, than through the direct efforts of regional organizations relying for local contacts on ad hoc arrangements with a variety of trade associations or other local groups. The primary need is first-stop, comprehensive assistance that is readily available to prospective exporters through a broadly capable and well-established entity in their own country. The fulfilling of this need, we acknowledge, will not be easy.

The regional organizations, of course, would continue to provide strong support for national efforts through the financial resources of CABEI, the technological capabilities of ICAITI, the educational programs of INCAE, and the general secretariat role of SIECA. These organizations would continue to need ROCAP support not only for programs extending to all countries of the region, but also, perhaps, for activities on a subregional basis. CABEI and ROCAP, for example, might be able to develop plans to place one or perhaps two export systems advisers in field locations appropriate for serving two, or perhaps four, of the countries where the USAID Missions appear to have no long-range plans for providing such advisers on an individual basis. ICAITI would need ROCAP assistance to intensify its existing capability for providing services on a cost-recovery basis in industrial technology; it would not need to undertake new promotional

efforts that are out of keeping with its primary role. INCAE would define a broader role for continuing management education and service to the region's industrial community.

Whether such assistance is provided by the USAID Missions (as is now done in El Salvador, Costa Rica, and Guatemala) or is provided on a regional basis, it is urgently needed. An export systems adviser stationed in Managua might serve Nicaragua and one additional country. In each case, the adviser would work with a local entity in his respective country or countries of assignment. We suggest the subregional approach not as a firm recommendation, but as an alternative approach among various possibilities for fostering export expansion.

Fostering Inbound Tourism

The current status of regional efforts to develop inbound tourism was briefly reviewed in chapter IV. Needs and proposed actions at regional and national levels for a 5-year period have been set forth in a fairly comprehensive manner, first in a concise statement prepared by SITCA,^{1/} and later in a more elaborate contract report.^{2/} The expressed needs range from construction of highways, airstrips, and resort hotels to promotional efforts, modifications in regulatory procedures, and training of personnel.

The problem of constructing highways and other basic infrastructure is not exclusively related to tourism, although certain projects are highly significant for this industry. Even resort hotels are not patronized exclusively by tourists from other countries. Nevertheless, projects for tourism infrastructure outside the capital cities can now be presented for financing by CABEI, which can apply for this purpose up to \$5 million from a recent AID loan. A major study to determine areas of highest tourist potential is now in its second phase. This work is proceeding under a CABEI contract with TECNIBERIA.

1/ SITCA, Plan Turistico de Integracion y Desarrollo de Centroamerica y Panama a 5 Anos Plazo (Managua, November 1969, 34 pp.).

2/ Compton Advertising, Inc., Marketing Action Plan for the Development of Tourism in Central America, (December 1969, 150 pp.).

Interim action on other fronts is proposed in a PROP for "Regional Tourism Expansion" (ROCAP project 034). This PROP places primary emphasis on the establishment of a Central American Tourism Organization (CATO) to represent both the public and private sectors in tourism development. The PROP's main features are the provision of budget support for SITCA and CATO, and also the funding of several studies and consultant activities. Specific categories of proposed assistance for FY 1971 through FY 1975 are as follows:

Route studies and plan preparation	\$ 80,000
Training course consultants	100,000
CATO organization consultant	50,000
Film distribution	12,000
SITCA office support	30,000
CATO establishment support	50,000
CATO studies/activities	<u>55,000</u>
	\$377,000

Of the ROCAP funds, a total of \$242,000 are for contract services. For the same period, the cooperating agency cash contribution is set at \$450,000, and support expenditures at the national level are estimated at a total of \$1.5 million. Although the PROP was prepared at the end of FY 1970, we understand that the choice and design of some proposed studies and training activities are already subject to review and possible revision.

Notwithstanding the 5-year action plan that was developed in some detail, we sense a need for a systems approach to planning for tourism development, along the lines already found useful in the export expansion trials. The actions proposed in the PROP on an interim basis appear to be appropriate elements in moving toward end-of-project status. However, we find no evidence to suggest that they should necessarily be the first (or the last) steps in a carefully time-phased comprehensive effort.

Clearly, total needs are large in relation to the accomplishments that can be expected in the near future. Perhaps an adequate strategy for the present is the maintaining of at least minimum pressure for progress on a difficult problem. This seems to be the true intent of the budget and study support provided by the PROP. Before large expenditures are made, however, we suggest that plans be reviewed with an independent and highly qualified adviser on tourism development. Here, as elsewhere, improved performance of

marketing functions is practically inseparable from overall industry development.

The Role for CACM Institutions

ROCAP has helped to create and support the major organizations needed for regional integration. Several of these are strengthening the region's work in marketing. It therefore makes sense for ROCAP to continue its efforts to strengthen the leadership of SIECA and CABEI in coordinating their own activities with those of SITCA, ICAITI, INCAE, other educational institutions, the national tourism institutes, and such entities as the national institutes and centers for industrial and export development. Specifically, ROCAP should:

- . Encourage SIECA to take a stronger hand in improving regional data collection and to contract with some of the national or private universities for economic analyses needed in regional development planning
- . Encourage CABEI to make fuller use of the industrial and export development institutes and centers for generating significant investment proposals
- . Encourage INCAE to broaden its service role to Central American business in general
- . Back both SIECA and CABEI in their efforts to push national tourism institutes (through SITCA or CATO) to collaborate toward regional objectives. (SIECA's approach might logically be through assistance in improving data on tourism, while CABEI's would be through its lending program.)
- . Continue to assist ICAITI to strengthen its primary role as an institute of industrial technology that provides services to industry on a cost-recovery basis.

Central American regional organizations and the several national governments both have much to do in strengthening marketing. Correspondingly, both ROCAP and the several USAID Missions have important roles to play. Details of these roles must be worked out on a day-to-day

basis in the light of circumstances. Hard and fast rules are not called for. Under present circumstances, we would rely heavily on a regional organization (SITCA) to lead efforts to overcome barriers to tourism development, whereas we see an important role for national institutions (such as INFONAC and CENAFE) as continuing local sources of export advisory assistance to the private sector. For the latter purpose, some AID help could continue to flow through the several country Missions (as now occurs in El Salvador, Guatemala, and Costa Rica); in both cases, regional institutions such as SIECA and CABEI must provide strong support to other institutions, based on continuing guidance and support from ROCAP. Most important is that AID avoid cementing itself into a position: Because it supports regional organizations relevant to marketing, it should not lose the ability to meet needs best satisfied by national organizations. We have no doubt that such needs exist.

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APPENDIXES

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APPENDIX A.
DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

January 19, 1971

Mr. Jerome Jacobson
Robert R. Nathan Associates, Inc.
1200 18th Street, N.W.
Washington, D.C. 20036

Dear Jerome:

This letter constitutes a work order under our Sectoral Evaluation Contract. It requests you to prepare a prospectus for an evaluation of ROCAP activities in the field of Marketing.

The following scope of work should be used to guide you in your preparation for this evaluation. Much of the marketing assistance provided by ROCAP in Central America has been done by a single contractor--MRI International--working with various Central American organizations.

AID has financed seven contracts with Marketing Resources International for a total cost of \$740,638. Work began in 1965 and is still continuing under three contracts. MRI has been working in the following areas of marketing:

1. At first, under Contract AID-ROCAP 34 costing \$178,558 the objective was to assist the Central American countries establish regional institutions which would promote intra-regional commerce, regional industrial development and bring foreign investors into the area.
2. A larger contract AID-LA 470 for \$265,180, from 1967 to February 1969 was executed for the purpose of assisting the CA private sector create marketing systems that would make it possible for Central Americans to obtain consumer products at reasonably low prices. This was called "Operation Market" and resulted in the establishment of the CA Institute of Food Marketing at Landivar U. in Guatemala.
3. In an effort to decrease the CA countries' dependence on food imports, AID financed Contract AID-ROCAP 75 for \$95,500. Other objectives of the contract were to help set up farmer cooperatives, develop export markets for CA non-traditional agricultural products and assist in attracting more tourists to Central America.

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4. Contract ICAMA/URL N/N costing \$43,000 called for further work with the Food Marketing Institute including helping the Institute implement its marketing program for CA retail food cooperatives.
5. The purpose of Contract AID-ROCAP 87 for \$64,000 is again to help the region develop its non-traditional agricultural exports but at the operational level. Under this contract, MRI has been working through SIECA, through the Instituto de Nutricion de Centroamerica y Panama (INCAP) and the Secretaria de Integracion Turistica Centroamericana (SITCA). Completion of this contract is scheduled for February 28, 1971.
6. MRI has been continuing its work with the Food Marketing Institute under Contract LANDIVAR u. N/N costing \$10,000 and scheduled for completion January 31, 1971.
7. Contract ICAITI N/N costing \$94,000 calls for MRI to conduct with ICAITI a training program for executives in export marketing operations for non-traditional farm products and take part in at least three producing and exporting trials. This contract will be completed March 31, 1971.

The evaluation should, therefore, (1) establish whether the goals were properly and precisely set forth in each of the activities listed, (2) determine whether any effort was made to relate goals to any overall U.S. and Central American Common Market objectives in the field of marketing and (3) determine how effectively the objectives of the AID contracts have been carried out in terms of:

- (a) quality and degree of professional excellence of the contractor's lines of action,
- (b) quality and degree of professional excellence of contractor's personnel assigned to project,
- (c) demotions from contract scope of work,
- (d) whether, regardless of findings in (a), (b) or (c) the results of MRI work in the marketing field has had any measurable impact on Central American marketing needs, or systems.

This evaluation should also consider the principal Central American needs in marketing, especially with respect to the promotion of exports and the development of tourism and the significance of AID assistance in meeting these needs in relation to the economic development and/or furthering economic integration in Central America.

Given the conclusions from the above evaluation, what appear to be the current programs and the appropriate division of responsibility of the principal Central American regional organizations and individual governments which should be given priority in further foreign assistance in the marketing field? Which requirements could probably be met most effectively through the ROCAP program and which ones through bilateral programs? Should these changes, if any affect the way in which ROCAP administers its marketing activities?

A detailed list of AID contracts with MRI and a summary of the activities undertaken in each contract is attached to assist you in your research.

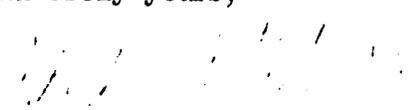
You are requested to do the necessary research and prepare a complete prospectus for the study telling us how you plan to go about it, how long it will take, how much it will cost, who you will use, what data you will collect, and what is the scope of your total activities.

In the course of preparing this prospectus you should, of course, make any necessary contacts with AID officials, including the country desk, development resources and program people, and with me.

Fifteen copies of the prospectus are required.

Please feel free to call on me or my staff at any time during the preparation of this prospectus.

Sincerely yours,


Shepard J. Hollander
Director, Office of Program
Operations and Evaluations

Enclosure: List of Contracts
with MRI

APPENDIX B

Summary of ROCAP Grant Expenditures, 1963-71
(in thousands of dollars)

Project title/activity	Expenditures		
	Actual FY 1970	Total through FY 1970	Estimated FY 1971
Total technical assistance.....	3,733	25,599	5,429
Industry and Mining:			
Industrial development and trade promotion.....	319	2,826	113
Commercial and industrial planning.....	210	255	228
Export expansion.....	185	185	539
Regional tourism expansion (SITCA).....	--	--	135
Subtotal.....	714	3,266	1,015
Education:			
Textbook development.....	470	3,099	390
Development of institutions of higher education.....	389	3,161	773
Business administration (INCAE)	395	1,017	574
Regional education planning/ research (OCEPLAN).....	46	46	134
Subtotal.....	1,300	7,323	1,871
Public Administration and Safety:			
Improvement of statistics and census.....	160	1,533	56
Customs policy and administra- tion.....	70	403	130
Legal publications and studies.	90	387	62
Fiscal and monetary planning...	51	113	124
Subtotal.....	371	2,436	372
Manpower planning and develop- ment (labor).....	236	1,884	402
Civil aviation and telecommuni- cations.....	67	1,655	25

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Summary of ROCAP Grant Expenditures, 1963-71
continued--

(in thousands of dollars)

Project title/activity	Expenditures		
	Actual FY 1970	Total through FY 1970	Estimated FY 1971
Agriculture and natural resources.	76	946	193
Housing and urban development.....	--	--	123
Human resources development (British Honduras).....	34	71	136
Health and demographic studies....	(222)	362	312
Capital markets development.....	--	--	30
Technical support.....	1,100	4,410	950
Miscellaneous terminated projects.	57	3,246	--

Source: Department of State, Agency for International Development, ROCAP,
Project Budget Submission, FY 1972: September 1970. Unclassified.

APPENDIX C. Project 596-11-260-033, Export Expansion: U.S. Funding Projection -
Life of Project

Unit of management/cost component	Prior year	FY 71	FY 72	FY 73	FY 74	FY 75	Life of project
596-11-260-033.1 Export institutions development							
Market research consultants.....	--	30	20	20	10	--	80
Market research training.....	--	--	12	6	--	--	18
Marketing consulting firm - promotion.....	94	90	90	90	--	--	364
Feasibility/management studies.....	--	25	50	50	35	25	185
Operation/promotion costs.....	--	30	50	50	10	--	140
Subtotal.....	94	175	222	216	55	25	787
596-11-260-033.2 Regional export assistance							
Research institution marketing consultant.....	--	10	10	--	--	--	20
Short-term consultants - commodity specialists.....	18	15	15	10	10	--	68
Commodity specialist training.....	--	12	12	12	--	--	36
Laboratory expendibles.....	--	5	10	10	--	--	25
Workshops and seminars.....	--	40	40	25	15	--	120
Contribution to project activities and supporting research.....	113	150	125	125	75	50	638
Prior year - miscellaneous.....	24	--	--	--	--	--	24
Subtotal.....	155	232	212	182	100	50	931

continued--

APPENDIX C. Project 596-11-260-033, Export Expansion: U.S. Funding Projection -
 Life of Project continued--

Unit of management/cost component	Prior year	FY 71	FY 72	FY 73	FY 74	FY 75	Life of project
596-11-260-033.3 Export project co-ordination							
Project manager.....	--	10	40	40	40	40	170
Assistant project manager.....	--	--	35	35	--	--	70
Management consultant.....	--	10	--	--	--	--	10
Local secretary.....	--	--	5	5	5	5	20
TDY assistance.....	--	--	10	10	5	--	25
Travel, invitational travel, seminars.....	--	5	15	10	5	5	40
ROCAP contract staff.....	--	15	--	--	--	--	15
Subtotal.....	--	40	105	100	55	50	350
Total.....	249 ^{a/}	447	539	498	210	125	2,068

^{a/} All prior year obligations in Pro-Ag 70-14 (Project 033.2).

Source: ROCAP PROP of March 12, 1971.

APPENDIX D. GLOSSARY OF ACRONYMS

<u>Spanish</u>	<u>English</u>	<u>Name and/or English identification</u>
	AAW	Advertising Association of the West (U.S.)
AFIMEXO		Asociacion para el Fomento de las Importaciones e Exportaciones de Occidente (Association for Promoting Western Hemisphere Imports and Exports)
BANFOM		Banco Nacional de Fomento (Honduran Development Bank)
BCIE	CABEI	Central American Bank for Economic Integration
	CACM	Central American Common Market
CADEHSA		Cadena de Detallistas Hondurenas, S.A. (Chain of Honduran Retailers, Inc.)
CADELSA		Cadena de Detallistas de El Salvador (Chain of Retailers of El Salvador)
CARSVO		A producers' cooperative in the Zacapa Valley
	CATO	Central American Tourism Organization (proposed)
CCTI		Centro Cooperativo Tecnico Industrial (the Honduran Productivity Center)
CENDAP		The Guatemalan Productivity Center
CELADE		Centro Latinoamericano de Demografia (Latin American Demographic Center)
CENAFE		Centro Nacional de Fomento de Exportaciones (El Salvador Export Promotion Center)
CIAP		Comite Interamericana de la Alianza para el Progreso (Interamerican Committee of the Alliance for Progress)
CICOM		Centro Interamericano para la Comercializacion (Interamerican Marketing Center)
CIPE		Centro Interamericano de Promocion de Exportaciones (Interamerican Center for Export Promotion, OAS)

<u>Spanish</u>	<u>English</u>	<u>Name and/or English identification</u>
CNI		Corporacion Nicaraguense de Inversiones (Nicaraguan Investment Corporation)
COFISA		Corporacion Costarricense de Financiamiento Industrial, S.A. (Costa Rican Industrial Investment Corporation)
	EXIMCO	A joint venture formed in Guatemala by FRYCO and Orbit Sales Co.
FECAICA		Federacion de Camaras y Asociaciones Industriales de Centroamerica (Central American Federation of Chambers and Associations of Industry)
FEDEPRICA		Federacion de Entidades Privadas de Centroamerica (a proposed federation of organizations of industry, commerce, and agriculture)
FIASA		Financiera Industrial y Agropecuaria, S.A. (a Guatemalan lending firm)
FRYCO		A Guatemalan firm
FUPAC		Federacion de Universidades Privadas de America Central (Federation of Private Universities of Central America)
ICAITI		Instituto Centroamericano de Investigacion y Tecnologia Industrial (Central American Institute of Industrial Technology and Research)
ICAMA		Instituto Centroamericano de Mercadotecnia de Alimentos (Central American Institute of Food Marketing)
ICAP		Instituto Centroamericano de Administracion Publica (Central American Institute of Public Administration)
	IESC	International Executive Service Corps
INCAE		Instituto Centroamericano de Administracion de Empresas (Central American Institute of Business Administration)
INFONAC		Instituto de Fomento Nacional (the national development institute of Nicaragua)

<u>Spanish</u>	<u>English</u>	<u>Name and/or English identification</u>
INFOP		Instituto Nacional de Fomento de la Produccion (the national development institute of Guatemala)
INSAFI		Instituto Salvadoreno de Fomento Industrial (Industrial Development Institute of El Salvador)
	MRI, Inc.	Marketing Resources International, Inc. (U.S. firm)
	MRI, Ltd.	Marketing Research International, Ltd. (Guatemalan firm)
OEA	OAS	Organization of American States
PROMECA		Programa Centroamericana para el Fomento de las Exportaciones (Central American Program for Export Development)
	ROCAP	Regional Office for Central America and Panama (AID)
	RRNA	Robert R. Nathan Associates, Inc. (a U.S. firm)
	RTAC	Regional Technical Aids Center (AID)
SCICAS		The Guatemalan Production Credit Agency
SIECA		The general secretariat for economic integration of the CACM
SITCA		Secretaria de Integracion Turistica Centroamericana (the regional tourism institute)
URL		Universidad Rafael Landivar (Landivar University)
	USDA	U.S. Department of Agriculture