

# Trade Developments

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## Trade Capacity Building in Central America—E-commerce *Project Summary*

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FROM THE AMERICAN PEOPLE

When the United States and five Central American countries concluded negotiations for the US-Central America Free Trade Agreement (US-CAFTA), the U.S. government identified e-commerce for export as an area for which these countries required technical assistance. USAID worked with Nathan Associates Inc. to develop two training programs in e-commerce—a regional program for representatives of the five governments, as well as regional institutions, and a program for private sector "multipliers" in each country.

### **Regional Programs for Regional Needs**

The regional program for government representatives helped governments identify ways to promote e-commerce for export through carefully targeted actions and policy changes that address the most severe barriers and that provide effective assistance to successful exporters. Participants included representatives of export promotion agencies and agencies assisting small and medium companies, dealing with e-government for export

(e.g., customs), implementing CAFTA, building national competitiveness, as well as agencies involved in consumer protection and supervision of telecommunications infrastructure, financial institutions, and business practices. Subjects included digital signature laws, financing, infrastructure, successes in Chile and Mexico, fraud and consumer protection, and the terms of the CAFTA. Program presentations and agenda can be downloaded from <http://www.tcb-project.com/tcb/level1.php>.

### **Country Events for Multipliers**

Nathan also worked with USAID to develop training programs for each country over a period of 10 weeks. Participants consisted of 40-80 private sector entrepreneurs, consultants, trade associations, training institutes, and government officials. Participants were carefully selected to ensure high potential for spreading ("multiplying") the knowledge imparted during the training events to a wider audience of clients, association members, associates, and constituents.

## Results

Short-term project results included development of week-long training programs for 40 government representatives and five programs for 300 private sector representatives on how to use the Internet to promote exports. Using the materials and information provided during the courses, program participants will be able to help their clients, association members, associates, colleagues and constituents better use the Internet to carry out e-business for export.

## Lessons Learned

The following observations are based on the comments and suggestions of program participants, who shared their experiences with financing, infrastructure, business planning, and market awareness:

- Small businesses need access to financing for hardware and software, which is currently not available in most countries.
- Governments need to promote the use of the Internet by supporting construction of sustainable high-speed networks. At present, public networks are too costly, slow, and unreliable for consistent use by businesses, particularly outside urban centers.
- Companies need to realize that running an e-business involves more than setting up a website. Customers in the United States and other developed country markets have very high expectations for online transactions, including security, responsiveness, accurate online information, and reliable dispute resolution.
- Many governments see the Internet as a mechanism for small artisan producers to reach massive audiences, but these expectations are not based in the reality of how individual shoppers purchase such goods, or how large U.S. and European buyers supply their customers. Used correctly, the Internet can be a successful marketing tool, but branding, quality and extent of product lines, reliable logistics, and customer relations will drive actual sales.

Many participants requested follow-up activities that focus exclusively on the realities of their particular country, while recognizing the value of the international experiences presented by the trainers. Many also expressed interest in receiving more hands-on training, particularly in the use of Open Source software.

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