

REGIONAL MANAGEMENT EDUCATION INSTITUTIONS
IN CENTRAL AMERICA AND MEXICO

A PRODUCT OF TECHNICAL COOPERATION
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REGIONAL MANAGEMENT EDUCATION INSTITUTIONS
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FOREWORD

The following report is a baseline review of management education institutions serving the Central American region and Mexico. It is the product of two visits by the consultant during the first six months of 1980 in conjunction with NASPAA's ongoing technical cooperation in public administration education in the region.

The purposes of the review were:

1. To identify a number of key aspects of regional management education institutions, e.g., clients served, roles played in the region, strengths and weaknesses, and prospects for collaboration to mutually enhance their resources and capabilities.
2. To determine the existing network of inter-institutional relationships, e.g., regional institutions with national ones, regional with regional, regional with extra-regional.
3. To lay the groundwork for a flow of communications between NASPAA and the training centers, among the institutions themselves, and between those institutions and others outside the region and respect to research activities, teaching and curriculum materials, and operational concerns.
4. To help identify the role that U.S. development assistance might play in strengthening management capabilities in the region, especially with respect to better management and service delivery to the rural and urban poor in Central America.

The report is being released in order to further the information exchange and inter-institutional communication which the NASPAA project is designed to foster.

E. Philip Morgan
Project Director

Institutions Serving the Region

Although the primary focus is upon the two management training institutions mentioned above, two other organizations are also involved in this review. One is the Inter-American Institute of Agricultural Sciences, founded in 1942 and now headquartered in San Jose, Costa Rica; the other is the National Institute of Public Administration of Mexico, first created in 1955 as the Institute of Public Administration and reorganized under its present name in 1977. The Mexican institution might well be considered regional in influence owing to its relationships to some ten or more state institutes of public administration throughout Mexico and the ties it maintains with ICAP in Costa Rica and the National Institute of Public Administration in Nicaragua.

Only the Central American Institute of Public Administration is officially a regional organization in that it exists by agreement among the five Central American nations and Panama with officials of each country represented on its governing board. First created in 1954, ICAP has from its inception enjoyed the support of the United Nations which has provided it with leadership and continues to help staff the Institute by assigning UN employees to the faculty. Inasmuch as each Central American country and Panama contribute from their budgets to the financial support of ICAP, each is entitled to participate in ICAP training programs and to receive such other services, such as consulting assistance, that the Institute may be able to provide. ICAP has been able to broaden its base of support beyond the

United Nations and government contributions it receives. The Inter-American Development Bank has financed studies of management in government corporations and the preparation of instructional materials, the Ford Foundation is financing a research project, and banks in the region have provided scholarships for students in the graduate program. Currently, a major grant is being sought from the Canadian Development Research Center in Ottawa.

The Central American Institute of Business Administration, founded in 1963 and now having its principal offices and educational facilities in Managua, Nicaragua, is not an official regional organization, although it has unsuccessfully sought such status. It does, nevertheless, provide services throughout the Central American and Panama region. Initially, INCAE received considerable financial backing from the Ford Foundation through the Harvard Business School, and this support lasted for a number of years. In addition, the U.S. Agency for International Development has been a significant contributor, particularly through a loan for construction of the Institute's physical plant outside Managua. Various business institutions in Central America and other countries have contributed to INCAE's support, as have some of the Central American governments on an irregular basis. Most of the Institute's training and research projects have been self-supporting or funded by special grants or contracts. Substantial tuition charges are made for students enrolled in the Master's degree program, as well as those who enroll in the senior management programs and special training courses.

The Inter-American Institute of Agricultural Sciences is likewise not a Central American regional organization but rather a dependency of the Organization of American States (OAS), from which it receives its funding. The presence of its headquarters in Central America has provided opportunities for special

forms of collaboration with ICAP and INCAE whenever the latter undertake projects involving rural development or the agricultural sectors.

The National Institute of Public Administration of Mexico, although a membership organization with around 600 members, receives direct financial support from the Mexican government. It is obviously not a Central American regional organization, but it maintains contacts in the region and is in position to collaborate with those institutions located there.

The Varied Programs for Management Development

There is considerable similarity among the programs of the business and public administration institutes. All three offer Master's degrees in administration, engage in research, offer short courses and seminars, and maintain linkages with other institutions in their fields. Each produces and publishes materials from time to time and engages in consulting work. In contrast, the Inter-American Institute of Agricultural Sciences has been dedicated from the time of its creation to research in and dissemination of agricultural technology. Its management concerns have, consequently, been limited to the agricultural and rural development sectors.

The Central American Institute of Public Administration

When first created under the joint auspices of the five Central American governments and the United Nations, ICAP was called the Higher School of Public Administration Central America (ESAPAC), and it retained this name until 1967. Panama became a supporting member in 1961, thus expanding the base of support and extending the geographic range of the institution's activities. Its principal function was the training of public officials of the participating governments through formal courses of varying length in a number of technical specialties,

such as customs administration, budgeting, financial management, and postal administration, plus the holding of seminars and conferences for senior officials to discuss and exchange ideas on common administrative problems of the region. In addition, the School conducted various research studies, published the results, and was available for consultation on matters within its competence. Much useful information was gathered for the benefit of the participating governments, and eventually the number of public employees trained in the School's numerous courses mounted into the thousands. Although United Nations support continues, the size of the contributions from the governments of the region has increased substantially, this being one indication at least that the work of the Institute has been appreciated by its clients.

In 1967 the participating governments and the United Nations reorganized the School and changed its name to that of Instituto Centroamericano de Administración Pública (ICAP), but in spite of a broader mandate the training, research, and publications programs remained essentially the same until the early 1970's. However, about the time of its reorganization, the Institute began to receive support from the Inter-American Development Bank in the form of scholarships for the study of Central American integration and its problems. This led in the mid-1970's to broader programs of collaboration on other topics, such as problems of decentralization and the management of decentralized state enterprises. Considerable research and investigative work went into the development of course materials, and in the past year a number of texts were issued under joint sponsorship of ICAP and the Bank.

In spite of its many accomplishments, the leadership and staff of the Institute came to realize that fundamental changes in administrative practice and manpower development were not taking place at a sufficiently rapid rate to enable the

Central American countries to achieve their development objectives. A new approach seemed to be needed — an approach that would have greater influence on the leadership ranks of the governments. At the same time, the activity of ICAP was taking on a more academic and professional cast. More earned doctorates had come to characterize the qualifications of faculty members, and more basic rather than only applied research was being undertaken. The decision was made to create a postgraduate academic program in public administration leading to the Master of Public Administration degree. Such a program, it was hoped, would meet a major need in the region, for no university in Central America or Panama offered postgraduate training in this field. It was also hoped that the new program would attract to the Institute those persons who would soon exercise leadership roles in the national and local administrations of their countries. With better prepared leadership, it is believed by supporters of the new program, more rapid social change and economic development will take place in the countries that support and benefit from the Institute.

The new Master's degree program is supported jointly by ICAP and the University of Costa Rica, with the collaboration of the Consejo Superior Universitario Centroamericano (CSUCA). Thus it has the support of the universities of the region. When the program was inaugurated on June 23, 1980, thirty-five students were enrolled, some from each of the Central American countries and Panama. The two-year program was designed with NASPAA standards clearly in mind, and given the content of the program and the high quality of the faculty to conduct it, the new degree should be the equivalent of one of the best in the United States.

ICAP will continue to conduct short-term, non-degree training programs for public officials, but it seems clear that the major thrust in the near future is going to be in support of the Master's degree program, on research related to it,

and on further development of texts and teaching materials needed for it. ICAP is determined to establish itself as a center of excellence in public administration in Central America and in Latin America generally, leaving to national institutions and schools the more routine training of middle and lower level public officials. ICAP will stand ready to assist such national centers, but it sees its own role as one of intellectual development of the field, research, and stimulation rather than conduct of training activities better and more economically carried out by national institutions.

As a center of excellence and intellectual development in the public administration field, ICAP has held and will continue to sponsor round tables, seminars, and study sessions involving leaders in the field. For instance, a round table on public administration education was held in May of the current year with participants from Canada, Germany, and the United States, and presided over by Costa Rica's planning minister.* At the same time, ICAP was providing its facilities to an international working group on an encyclopaedia of public administration. This group is headed by Jorge Avilés of Canada and includes Jocelyn Jacques of Canada, Klaus König of Germany, Arne Leemans of the Netherlands, Dwight Waldo of the United States, Oscar Oszlack of Argentina, and Gildardo Campero of the Office of Administrative Reform of the Mexican Presidency. The kind of intellectual interchange involved in these activities is characteristic of ICAP's current and evolving interests.

ICAP has worked cooperatively with IICA on various occasions, but the relationship is neither formally structured nor particularly close. However, both IICA and ICAP seem willing to expand their mutual contacts and areas of cooperation. This could easily include a rural development management option in ICAP's

* Those involved were Jocelyn Jacques of Canada, Klaus König of Germany, and the author, plus the Minister of Planning of Costa Rica, Wilburg Jiménez Castro.

Master's degree program. Such an option would have the double advantage of preparing more people for rural development administration while adding appreciably to the quantity and quality of research being conducted on the subject in Central America and Panama.

The Central American Institute of Business Administration

The unique sponsorship of the Central American Institute of Business Administration by the Harvard Business School has given INCAE a special character.* In the Harvard Business School tradition, the Institute remains dedicated to the case method of instruction, although other techniques are employed from time to time; its primary focus is on top management, that is, on those who make policy decisions in business or government; and it maintains a constant search for new materials, new experiences in management, that are written up and added to the large and ever-expanding store of cases. The Institute maintains offices in each of the Central American countries and Panama, and it uses such facilities for its short courses and special training programs as well as contact points for consulting assistance.

INCAE has a two-year Master's degree program in business administration offered in Managua, and around ninety persons enroll each year, although by the second year the cohort group is usually down to about sixty-five. Also each year, a six-week Top Management Training Program is offered in one or more of the Central American countries or in nearby locations such as Colombia, Ecuador, or the Dominican Republic. Over 1500 executives have participated in the twenty-six such programs conducted over the past sixteen years. Special courses of various kinds are offered for specific organizations or groups of people when demand exists and funding is available. Consulting assistance is provided to business organizations and

* President John F. Kennedy requested the Harvard Business School to undertake the sponsorship of INCAE after his visit to Costa Rica in 1963.

government agencies on a fee basis, and the Institute actively pushes its consulting business.

Over the years, INCAE has found that an increasing number of its student body and special course clientele is made up of individuals already employed in the public sector or who expect to enter public service as a career. There are several reasons for this, although at the outset such a development apparently was not anticipated. One reason is the large number of public enterprises operating in each of the Central American countries and in Panama, many engaging in activities that in the United States and many other countries lie in the private enterprise domain. Another is the extensive role of government as principal employer throughout the region. Graduates beginning their careers with private enterprise often move over into public service later. Finally, the private sector has not developed as rapidly as the Institute's founders anticipated it would despite the establishment of many new industries in all the countries. The result is that approximately forty per cent of the Institute's student body and its course participants are already in the public sector or expect to enter it when their education is completed.

The Institute has responded to its environment by adding an optional specialization in public administration, not only to anticipate the future roles of its graduates but also better to equip those going into private enterprise to deal with public sector relationships that are so important to Central American businessmen. Special courses are also available within the Master's degree program or outside of it to prepare participants for the political interface between business and government.

From its inception, INCAE has stressed the economic and social development of the region as a key reason for its existence and the content of its programs.

This focus has facilitated the development of a growing concern for the rural areas and the development problems of agriculture and agro-business. In the mid-1970's, INCAE became much involved in rural development, partly with Ford Foundation funds for development of case materials, but more specifically with a grant from the Regional Office of AID for conduct of a series of training sessions in program management for top officials of agricultural ministries and autonomous institutions in the rural development sector. The training sessions were conducted in 1977 and 1978, and a subsequent evaluation by an outside specialist employed by AID rated them as generally successful on the basis of a number of appropriate criteria. INCAE has continued to offer short-term training sessions in rural development administration, tailoring them to specific needs of participants and utilizing an expanding group of case materials.

INCAE's rural development efforts have been variously perceived in Central America. There are complaints that they have served primarily the needs of the large-scale agriculturists and agro-industry to the neglect of the small farmer and landless farm workers and their problems. Others feel that such a focus is appropriate, given the agricultural export economies of the Central American nations. However, the Institute itself does not consider its focus to be on large-scale agriculture but rather on identifying and resolving problems of the agricultural and rural development sectors generally, including those of the small farmer and farm worker. These problems frequently require decisions within the structures of government ministries and other service delivery organizations, such as rural development institutes and rural development banks, and often the problems must be taken to the highest levels for effective decisions. Case materials used in the training activities bear out INCAE's view of what it is doing. INCAE is not training small farmers in farm management to be sure, and

this has never been viewed as its proper role.

INCAE has maintained its close working relationship with the Harvard Business School, but it has also developed useful contacts with the Indian Institute of Management at Ahmedabad, the Asian Institute of Management in the Philippines, and the Instituto de Estudios Sociales y Administrativos (IESA) of Venezuela. These relationships involve interchanges of lectures, research findings and papers, case studies, and other documentation. This network, plus an advisory committee at Harvard, have been vital elements in INCAE's development.

Nevertheless, INCAE's role in its own region remains uncertain. A Ford Foundation evaluation team faulted the Institute several years ago for failing to identify itself adequately with its environment through basic research, and suggested that the organization would remain a marginal operation, always in search of funding for lack of adequate institutionalization and enduring support from its clientele, public and private. Its dedication to case studies was suggested to have precluded more basic research into regional development problems and the means of resolving them. There were many trees, but the forest remained unidentified. Further funding for INCAE was not recommended.*

The Sandinista Revolution in Nicaragua in 1979 created a number of new problems for INCAE. The Institute was created, after all, to train private sector executives, and the revolutionary movement is clearly socialist in orientation and cannot fail to result in a greatly reduced role for the private sector in Nicaragua, if it is able to retain any role at all. The anomaly of the situation is obvious. Also, INCAE had received strong support from the previous Nicaraguan government. For INCAE, the initial consequence of the successful revolution was occupation of the campus by military forces. However, work was permitted to con-

* It may or may not be significant that the Ford Foundation shortly after this evaluation made a grant of \$100,000 to ICAP to prepare an administrative history of Central America.

tinue with military observers present. Gradually the situation eased as the nature and usefulness of the Institute's training and educational activities came to be realized, and troops were withdrawn. Subsequently, the revolutionary government has turned with increasing frequency to INCAE as a training and consultancy resource badly needed by a new set of officials with little or no management experience.

INCAE remains in a crisis situation, nevertheless. Serious discussions as to its future have included the possibility of moving to another country, most likely Guatemala, but possibly Panama or Costa Rica. Resources and various operations of the Institute are being managed on a decentralized basis to minimize exposure. At the same time, every effort is being made to convince Nicaraguan officials of the international character of the Institute, its usefulness to Nicaragua, and its willingness to help the new government by training managers and helping resolve management and administrative problems. The Board of the Institute, an international group headed by a Salvadorean industrialist, has resolved to keep the Institute functioning in Managua. A critical issue seems to have been overcome in that the Institute is reported to have been exempted from a requirement of the Council of Higher Education that higher education institutions give the Council veto power over employment of faculty and over contracts for work outside of Nicaragua, and that the Council be favored with copies of all correspondence sent outside the country. INCAE could not function under such restrictions or control.

However, perceptions outside of Nicaragua also have a bearing on the Institute's future and wellbeing. INCAE's adjustment to a socialist regime may influence private sector organizations, particularly those under very conservative leadership, against sending persons to Nicaragua for training or supporting fi-

nancially an institution that works closely with a socialist government. Business and government leaders may refuse to employ INCAE as a consulting or training institution, or worse still to employ its graduates. On the other hand, if the INCAE Board should decide to move the organization elsewhere, the Institute property and its other assets in Nicaragua would likely be seized immediately and all Nicaraguan support for its activities would be decisively ended. Thus a significant piece of the regional foundation of the Institute would be lost. About the best thing the Institute can do at present is try to ride out the storm and hope to emerge as a stronger institution for having done so.

Management Activities in the Inter-American Institute of Agricultural Sciences

The Inter-American Institute of Agricultural Sciences has conducted training activities since its inception, but for years there was no management component, even for agricultural programs and projects. However, with support from the U.S. Agency for International Development, a management training element was introduced in 1967 at the training center in Turrialba, Costa Rica, and a cadre of program management specialists was developed. The program was continued beyond the life of the AID project until 1976, after which date many of the management people were assigned to other activities within the organization. In 1977, a three-year project was undertaken with AID sponsorship to focus specifically on the management of agricultural projects and to deal with the interface between policy, politics, and administration in the rural sector. In 1978, the Kellogg Foundation sponsored a five-year project for what amounts to development of a management information network, with necessary training components included. The project got under way in 1979. A new AID-sponsored project in agricultural sector planning is opening up new areas of sectoral coordination in various countries, with the necessary involvement of planning ministries, agricultural minis-

tries, and all institutions involved in the rural development sector.

About six months ago, there was created within the IICA headquarters organization in San José a new Rural Development Subdivision, a small unit manned by only thirteen people. It has several functions, one of which is to serve as a documentation and information center on rural development. Perhaps its most significant function, however, involves reorientation of the Institute toward the realization that rural development is not synonymous with agricultural development, that it is much broader and includes a host of non-agricultural concerns, including development of useful economic activity for the 40 per cent of rural dwellers who are not now and are unlikely ever to be employed in agricultural pursuits. A key aspect of rural development involves coordination of a host of different activities and the institutions that conduct them, and here management again becomes a crucial factor. Thus IICA is concerned with and involved in management training, but at this point it forms no part of the organization's formal education programs. A Master's degree in agriculture offered at Turrialba jointly by IICA and the University of Costa Rica School of Agriculture includes no management training whatsoever, not even farm management.

Nevertheless, there continues to be a group of people in IICA trained in and dedicated to management in the rural development field. Thus, while IICA itself needs more of a management focus in some of its activities, particularly in its formal education programs, it has the capacity for cooperating with other institutions in the Central American region by bringing rural sector management components into their programs.

The National Institute of Public Administration in Mexico

The National Institute of Public Administration in Mexico (INAP) conducts a broad variety of programs and maintains a set of rather complex relationships

with a number of other management institutions both in Mexico and in other countries. In the academic area, a Master's degree in public administration is offered on a two-year (4 cycle) basis, with major emphasis given to general public administration, economics, methodology, and administrative techniques. A great deal of attention is focused on Mexican public administration and the environment in which it is conducted. This program is of recent creation and enjoys the support of the Office for General Coordination of Administrative Studies of the Presidency of the Republic and of the Organization of American States. The Institute is also a major training center for public employees, with many short courses being given on a variety of subjects, usually with the active participation of one or another government agency. Seminars are also offered from time to time, and numerous lectures are presented for the benefit of the public service community, often by distinguished individuals from other institutions with which the Institute maintains ties of mutual collaboration and support.

The Institute provides support and assistance to over ten state public administration institutes, offering them orientation, faculty resources, and training materials. The Institute carries out research projects and its personnel assist the Mexican government in administrative reform activities. It publishes regularly a newsletter called Acción, publishes monographs and books, and helps support the journal Revista de Administración Pública. Finally, the Institute serves as the Mexican Section of the International Institute of Administrative Sciences and maintains a variety of relationships with public administration institutions abroad. Among the latter are the John F. Kennedy School at Harvard University, the School of Public Administration at the University of Southern California, the University of Texas at Austin, American University in Washington, D.C., and the National Institute of Public Management in Washington, all of

which are NASPAA members. In addition, relationships are maintained with the Ecole National de Administration Publique in Quebec, Canada, the Central American Institute of Public Administration (ICAP), National Institutes of Public Administration in Argentina, Nicaragua, and Spain, the Getulio Vargas Foundation programs in Brazil, plus other institutions in Egypt, France, Italy, the German Federal Republic, the German Democratic Republic, Poland, and Cuba. The Spanish local government institute in Madrid is also a collaborator with the Mexican Institute. A requirement of such association is at least one event annually, often an exchange of lectures or joint participation in a research project, in which both cooperating institutions share responsibility.

Leadership and Staffing of ICAP and INCAE

The Central American Institute of Public Administration and the Central American Institute of Business Administration both are favored with strong leadership and each has a sizable, full-time professional staff of good quality. The directors of both institutions possess broad experience as managers and organizers and both possess the stature to move easily in the top political circles in the countries of the region.*

ICAP's teaching staff for the Master's degree program consists of ten full-time professors and seven additional professors who on a part-time basis teach a single course. Of the ten full-time people, six have doctorates, all have at least a Master's degree, and several have other advanced diplomas or professional degrees. The advanced degrees are held from such universities as California at Berkeley, California at Los Angeles, Chile, Colorado, FLACSO in Chile, New York at Albany, the Sorbonne in Paris, Southern California, San Di-

* It is interesting to note that at a conference of the International Association of Schools and Institutes of Administration held in Washington in 1979 the ability to provide strong leadership in the political arena was identified as a key factor in energizing educational programs in public administration.

ego State, and Sussex in England. The fields of study include economics, sociology, political science, public administration, business administration, hospital administration, and commercial engineering (essentially a degree in accounting and management unique to the University of Chile). In addition to academic preparation, nine of the ten professors have practical experience in government and/or private enterprise, and the tenth has extensive research experience in various countries of Latin America. Four of the professors are from Costa Rica, two are from Chile (although one of these is a naturalized American citizen), and there is one each from El Salvador, Guatemala, Honduras, and the United States.

INCAE's teaching staff for the Master's degree program consists of eighteen people, including the rector who is head of the Institute. All are teaching on a full-time basis. Twelve possess either the Ph.D. or the Doctor of Business Administration degrees, and three are candidates for the doctorate. All have at least a Master's degree or the equivalent. Five of the doctorates are from Harvard and others are from California at Berkeley, Louisiana State, Northwestern, Pittsburgh, Stanford, Washington University, Wisconsin, and California at Davis. Of those who are candidates, two are obtaining their degrees from Harvard and one from Yale. Fields of study include business administration, civil engineering, industrial engineering, economics, and others, but the great majority of the professors have their highest degrees in business administration. By nationality, four professors are Nicaraguan, as is also the rector, three are Colombian, three American, two Chilean, one Argentine. The others are from Latin American countries. Additional well-qualified faculty conduct the special courses and engage in consulting activity.

INCAE is governed as to general policy by an eight-man Board of Directors,

all of whom, with the exception of the rector who also serves as a member of the Board, are businessmen or industrialists in Central America. The governing body of the public administration institute is comprised of ministers of the six supporting governments, usually the ministers of finance. Taken together, the two institutions constitute a very significant management resource for Central America.

The National Institute of Public Administration in Mexico enjoys very strong government support and aggressive leadership. In terms of faculty, in contrast to the two institutions in Central America, there are but two full-time professors for the Master's program. Other teaching staff are drawn from the public service, the universities, or international organizations. There are full-time administrative staff, but even the director devotes part of his time to government service. It should be noted that in Mexico much less stress is placed on staffing academic programs with full-time professors or with individuals possessing American or European doctorates. In reality, part-time teaching is the rule and the Mexican licenciatura is the key earned degree for most professors.

It is difficult to compare the Inter-American Institute of Agricultural Sciences with the other three institutions in terms of leadership and faculty, for the basic functions are very different and the structure reflects this. It is true nevertheless, that there are a number of well-trained people in the field of management within the Institute, and these people, particularly in the Rural Development Subdivision, constitute a valuable resource for education and training in the management of rural development programs and projects and for conducting research in these areas of activity. The possibility of useful inter-institutional cooperation is good.

The Curricula of ICAP and INCAE

The leadership of ICAP made extensive use of the NASPAA guidelines in designing the postgraduate curriculum. The courses involve six trimesters of study covering approximately a two-year period. Extensive work is required in administrative theory, the social, political, and economic environment of administration in Central America, techniques and methods of management, research methodology, and specialization in problem solving involving field work and the application of appropriate techniques and methods in dealing with the problem under investigation. Ethical problems and issues are interwoven at various points throughout the program.

The rather heavy stress on the Central American administrative and socio-political scene would seem to be highly desirable if the graduates of the program are expected to be effective agents of change in their respective countries. The studies do not seem to be overly concentrated on the region, however, and appropriate work in comparative administration is required.

The first trimester of study seeks to provide a general grounding for all students in such fundamentals as scope and content of the social sciences, research methodology, and two alternatives among principles of economics, statistics, public law, or directed reading in an area in which the student may be weak. It is recognized that students entering the program will come with a wide variety of academic backgrounds. Quite appropriately, specialization takes place toward the end of the program and includes the field project mentioned above and presentation of a thesis.

This is the first year of the ICAP Master's degree program, and experience will no doubt suggest modifications in content and timing, as well as means for coping with background differences of students. The program seems to be off to

a good start with a somewhat larger enrollment than anticipated.

The curriculum of the INCAE Master's program is similar to that of business schools in the United States and a number of other countries. The first year's course work is common to all students and involves such basic material as accounting and principles of control, management decision making under conditions of risk and the statistical and methodological aids employed, the nature of organizations as human enterprises, concepts of marketing, financial analysis and forecasting, financial structure and investment decisions, macro and microeconomics and environmental analysis, production management, the preparation and analysis of cases including the writing up of case materials, and the study of English.

The second year's work permits specialization in particular management areas, plus advanced work in some of those subjects studied in the first year. Specific attention is given to the work of the business executive and the management of new enterprises, banking and finance, agro-industry, public management and the political and social environment of Latin America and Central America in particular. In the field of organization, focus is on the planning and implementation of change, social and economic development, and development policy. It is in the second year that the public administration option is available. Others are agro-industrial management, and banking and finance.

As indicated elsewhere, the case method is the most common method of instruction. However, other methods used include simulation exercises, role playing, management games, lectures, and field research. Individual research projects are required in each of the areas of specialization.

INCAE also uses the trimester or quarter system in organizing the school year. In the summer break between academic years, students are encouraged to

seek gainful employment to obtain practical experience and the Institute helps them find work opportunities.

Physical Facilities

The Central American Institute of Business Administration has by far the best physical facilities for the conduct of its programs, as compared to the other three institutions. Located on a hillside above and to the west of Managua in a rural area, the Institute has excellent classrooms, office facilities, library, audio-visual equipment, simultaneous translation facilities, restaurant and dining rooms, dormitories for single students, and apartments for married students. Some recreational facilities are available, including a swimming pool. The campus is not lavish in any sense, but it would seem to meet the program needs very well. Offices and training facilities in the other Central American countries appear quite adequate.

The Inter-American Institute of Agricultural Sciences is also well situated in a physical sense, with excellent new offices and training space on the outskirts of San José, Costa Rica. The facility is to be enlarged by further construction. The Institute also has facilities at Turrialba, Costa Rica, some miles out of San José, as this was once the Institute's headquarters and many activities continue to be conducted there.

Both the Central American Institute of Public Administration in San José and the National Institute of Public Administration in Mexico are in what might best be called provisional facilities. ICAP occupies a downtown office building in San José, with adequate offices for most faculty and staff. Classrooms are relatively small, which is all right for most purposes but inadequate for groups above fifty persons. The library collection is good, but space is inadequate. The location is noisy and inconvenient, with parking a very serious problem. A new site has

been chosen and plans are under way to build new facilities, but additional financing must be obtained before these plans can be carried out. It will probably be several years before better quarters become available.

Although not located in an office building or in the center of the city, the National Institute of Public Administration in Mexico is also quite inadequately housed. Office space is congested, classrooms are small, and the need for better quarters is obvious. In this case also, a new site has been chosen and plans are being formulated to build a new Institute building. Again, it may be some time before a new structure is ready.

Inter-Institutional Competition

There is a strong feeling of competition between the Central American Institute of Public Administration and the Central American Institute of Business Administration, a type of competition, unfortunately, that benefits neither institution. The gradual movement of the business institute into the public sector in its education, training, and consulting programs has fostered this competition, and it is heightened by the commonly-held perception among knowledgeable people that ICAP is a United Nations institution whereas INCAE is an offspring of the U.S. Agency for International Development and Harvard University. One hears comments continually that this or that institute is better than the other, that one is accomplishing miracles while the other is doing nothing useful.

It is true, of course, that ICAP has been and continues to be strongly supported by the United Nations and that INCAE has had major financing from the U.S. Agency for International Development and from the Ford Foundation through Harvard University. ICAP has been able to broaden its support base, and as a regional institution supported by the Central American governments

and Panama, it enjoys a status and source of funding that INCAE lacks. It continues to seek resources and to get them from the international banks and from foundations, but it is far from financial security. Its obligations to the countries of the region are extensive and its programs are costly.

INCAE lacks the security of being a regional institution supported by the Central American governments through annual payments from the national budgets. Its support from AID, apart from the loan to finance campus facilities, has been project related, not continuing institutional support. The Institute has been forced to get what support it can from businesses and project contracts and to charge rather substantial (for Central America) tuition and other fees. The institution remains in precarious financial condition and is understood to be currently in default on its loan obligations.

ICAP and INCAE are the only institutions in Central America that offer any form of postgraduate education in management, public or private. No Central American university does so or is in condition to do so. Indeed, with their relatively small student bodies of graduate students, these two schools are able to conduct their educational programs free of the endless political strife that is the bane of the national universities in most of the countries of the region. Yet ICAP has a university tie through the University of Costa Rica and enjoys the collaboration of the Central-American Higher University Council (CSUCA).

The programs of the two management institutes complement each other very nicely. The case approach used by INCAE has many advantages when applied to executive development training as well as ordinary business education; indeed, it may offer an ideal way to get to the very top level in government as well as business by involving ministers, program directors, and perhaps even presidents in the study of cases drawn from their own organizations or offices. The meth-

od offers many advantages in organization development (OD) training. It obviously has worked well in business school programs at the graduate level not only in the United States but in other countries as well, including those of Central America. On the other hand, the more traditional approaches employed by ICAP may provide a deeper grounding in the administrative culture and environment in which public activities are carried out. It gives less attention to decision making but more to management systems, structures, legal constraints, and individual development within bureaucracies. Both methods can deal with the interfaces between politics, policy analysis, and administration. Furthermore, neither method is exclusive to either institution.

Martin Landau of the University of California at Berkeley has strongly advocated the need to build redundancy into the institutional arrangements for education and training, particularly in the developing countries, because the rate of failure is high and the cost of failure very great in the absence of fallback structures. There is much wisdom in this view. In Central America, however, redundancy has not yet been approached, much less attained. There is no question of there being too many institutions; there are not enough, particularly at the national level. What is needed is a greater mobilization of those resources that are in place and available to deal with the seemingly insurmountable management problems of each of the governments of the region. To this end, collaboration and mutual support are needed, not in-fighting and destructive competition.

Occasionally, the Inter-American Institute of Agricultural Sciences has been touched by the ICAP-INCAE competition by reason of some sort of project relationship with one or another of the two institutions. At the moment, at least, IICA people seem to feel that their relationships have been more satisfactory with ICAP than with INCAE, but no close relationship exists with either institution.

The National Institute of Public Administration in Mexico is in no way involved in the ICAP-INCAE matter, but it does maintain a collaborative relationship with ICAP. The two institutions recently jointly edited and published a book on the application of systems models and techniques to development project management. Thus a working relationship between INAP/Mexico and ICAP is already established.

For those institutions that provide support for management education and training centers in the Central American region: the international banks, the United Nations, the Organization of American States, the U.S. Agency for International Development, and the foundations, the question should not be which institution to support or which is doing a better job. Both management institutions are vital to Central America, deserve support, and should be helped to improve the good job they are already doing.

The Central American Situation

Just a few years ago, the Central American scene was one of seemingly rapid economic development and political tranquility, fostered by the concept of a common economic market and the presence of a variety of regional organizations created to support regional integration and foster higher levels of mutual cooperation. To help further the goals of regional integration, the U.S. Agency for International Development established a Regional Office for Central America and Panama, headquartered in Guatemala, which functioned in addition to the country missions and undertook the promotion and support of projects of regional significance. It was the regional office, known as ROCAP, which helped get the Central American Institute of Business Administration established and loaned it money to build its physical facilities outside of Managua.

Today, the Central American situation is totally different. Some of the

consequences of the common market created stresses within the system, and these, heightened by a rather substantial migration of people across national frontiers, precipitated a brief but destructive war between Honduras and El Salvador. The common market never really recovered from this disaster, and the concept of integration was set back for years, if not permanently. Opposition to the repressive and exploitive regime of Anastasio Somoza in Nicaragua mounted after the disastrous earthquake that leveled Managua in 1972, and a popular revolution overthrew Somoza and his supporters in 1979. The nationalization of Somoza's properties and enterprises brought a host of economic activities into the public sector and accorded well with the socialist philosophy of the leaders of the new Nicaraguan government. Nicaragua is today struggling to recover from the physical and social catastrophes that have nearly wrecked its economy and overturned the social and political order. The future is obscure.

Opposition to a long-standing and oppressive oligarchy in El Salvador has developed into a state of semi-revolution characterized by continual violence, frequent assassinations carried out by extremists of both right and left, and a precipitous decline in economic activity. Many factories have been closed down, some burned down, and others have moved their operations elsewhere. The country is in chaos and a weak, partially military junta is striving to maintain order and bring about reforms that might ease the tensions. It is highly possible that a coalition of leftist forces will eventually overthrow both the present government and the reactionary oligarchy and establish still another socialist-oriented political and economic system in Central America. The situation is critical.

Guatemala is disturbed by daily acts of terrorism and political violence, and while revolution does not seem imminent, a polarization of political forces

is clearly underway and this does not augur well for the future. For the moment, at least, tranquility prevails in Honduras, but only Costa Rica and Panama can be characterized as stable and reasonably secure in their present political systems.

In view of these complex circumstances, it is hardly surprising that the United States is having difficulty developing and maintaining suitable policies in the region. The junta in El Salvador enjoys U.S. support, apparently because there is no other group or faction untainted by Communist domination that is capable of exercising authority. Support for the Marxist-Leninist junta of Nicaragua is certainly unenthusiastic and might easily be withdrawn should it take further steps to the left. To many it may appear that regional approaches to Central American problems are no longer appropriate or applicable.

It may well be, nevertheless, that regional approaches for the United States are now more important than ever before. Central America remains a geographic and cultural region regardless of the changes that may take place within and among its member states, and it is the sense of regional interest and commonality that may provide the most powerful moderating influence on the political scene. It is far more likely to be the influence of its immediate neighbors upon Nicaragua that restrains that country's leadership from setting up a Russian dominated Communist regime there than any other factor, including pressures from the United States. The same applies to El Salvador and Guatemala, and in the latter country as well as in some of the others, the role of Mexico as an interested neighbor should not be overlooked or minimized. This suggests that measures taken by the U.S. Agency for International Development that sustain or help restore the sense of regional membership and solidarity are very important and should be incorporated as part of United States policy for the area.

It is not suggested that the United States seek to foster either the economic or political integration of the region, even though U.S. policy tended to support such objectives in the past. It is enough in present circumstances just to help maintain and strengthen sentiments and symbols of mutual interest among the member nations so that each will realize that what happens in one of them affects all of them. ICAP and INCAE are both symbols and active promoters of regional concerns and programs. They are two of the strongest institutions that serve the region as a region, but they are also dedicated to the national development of each of the Central American countries and Panama. They are in position to help national programs and institutions engaged in social and rural as well as general economic development by improving management and increasing administrative capability of national leaders and officials. Thus support for both of them would seem to be very much in the interest of the United States.

The Role of ROCAP

The Regional Office for Central America and Panama of the U.S. Agency for International Development was created to serve regional needs. Individual country missions of AID serve each of the nations of the area, and these carry the bulk of development support activity. As steps toward integration have faltered in Central America, ROCAP's role has diminished and its usefulness has come into question. Most problems seem to be country specific and thus best dealt with by country programs carried out by the country missions.

This report suggests that there continues to be a very important role for a regional AID organization to play in Central America, and that this role involves helping maintain and strengthen regional institutions that usefully serve development activities in the region and which contribute to a sense of mutuality of interest among the countries of the area. This is particularly important in

the management field where two viable institutions, one an official regional organization and the other a non-official, private one, have demonstrated their value. Each has developed a series of programs of high quality, programs that draw the countries of the region together in common purpose. ROCAP can strengthen regional ties and aid national development management by giving support to the two institutions and perhaps to others that perform similarly useful functions.

It is strongly suggested that the role of ROCAP be strengthened and expanded and that it be provided with more adequate funding. This should include the authority to make non-project-related discretionary grants up to a limited amount when targets of opportunity are perceived. The Central American situation is extremely fluid and unstable, and it is very important that the AID program itself be made fluid and flexible, both at the regional and at the country level, if it is to have maximum impact in this highly sensitive situation in countries so vital to the United States.

ROCAP Options in the Management Field

Assuming that ROCAP is provided with adequate funding and authorization, a question still arises as to just what should be done with respect to the two management institutes. Essentially there are three alternatives:

1. Leave things pretty much as they are. Support would be provided on a project basis for the business institute programs that may be presented for funding. No support would be given to ICAP as it would continue to be viewed as primarily a United Nations responsibility.

There are a number of hazards associated with this option. One is that IN-CAE may go under for lack of adequate financial support and its unique contributions to management education and training in Central America will be lost. In the absence of any input to the public administration institute, American con-

tributions to management development in Central America will be lessened and restricted largely to the efforts of country missions. The programs of ICAP, which are currently open to American support and which provide a strong lever to influence national management improvement efforts, will be less effective than they might otherwise be. ROCAP itself will lose a key opportunity to justify its continued existence as a useful element of the AID program. Even should INCAE be able to survive the financial and political crisis in which it now finds itself, AID's input to management improvement in the region will remain minimal.

2. Pursue a moderate policy whereby redundancy and competition are encouraged as between ICAP and INCAE. Support for ICAP will be channeled through the NASPAA contract relationship, with possible financial support for fellowships or specific programmatic activities from ROCAP or country missions. Further support will be given to INCAE through individual projects, refunding of loan obligations, and other forms of support such as the financing of several faculty positions or an American university contract for INCAE assistance.

Such a course will serve further to identify INCAE as an American rather than a Central American institution, will provide only a temporary solution to a permanent problem, and will likely intensify the territorial or turf battle between ICAP and INCAE. Such outcomes would not be helpful to American interests or to the long-term future of INCAE. They would contribute nothing to the development of greater regional coherence; indeed, they could well work against it should INCAE be forced by political circumstances to move from Managua.

3. Adopt an aggressively supportive stance in which a vigorous effort is made to promote the regional institutionalization of INCAE and mutual cooperation and support between ICAP and INCAE to meet the commonly perceived need for management improvement in Central America. Financial support for joint projects that

involve both institutions will seek to promote cooperation and end the type of competition that has so far worked against acceptance of INCAE as an official regional institution by the Central American governments and Panama. Such a stance will provide equal access for both institutions to AID support for useful development activities.

There are many advantages to this approach and the risks seem minimal. Instead of harmful competition, cooperation and collaboration are promoted. Instead of having one official regional management development institution, a second is recognized, both supported by the governments of the area. The image of INCAE as an American dependency is lessened and possibly brought to an end. Both institutes will enjoy greater financial support and be able to strengthen their programs. Redundancy may eventually be achieved at the regional level, and better development of national institutions will be facilitated through the programs of the regional institutes.

It is possible, of course, that efforts to promote cooperation will fail. Should this happen, however, continued support of both institutes is not precluded. Such an outcome need not be viewed as a failure on the part of the AID program as long as the interests of both institutes are served and they both contribute to improved management in the region.

It is strongly recommended that the third option be chosen and put into operation. If ever there is a case where choice of the middle ground would seem to lead to certain disaster, this is it. The first option obviously leads nowhere.

A Vigorous ROCAP Program

It is urged that ROCAP develop a series of projects designed specifically to strengthen institutional capacity and management capability within the Cen-

tral American region by mobilizing the resources of the two management training centers located there, plus those of other relevant institutions active in the area, such as IICA and INAP/Mexico. Some of the sectoral institutions in the region may also have contributions to make. Projects should, where feasible, promote cooperation among the institutions and the sharing of research and training capabilities. Such projects might include, among others:

1. A jointly conducted survey of management needs over the next decade in Central America and Panama and the institutional resources available to meet these needs. Findings should include the order of priority in which the needs should be addressed and the nature of the activities to be undertaken by which institutions.

It should be noted that ICAP has already sponsored the preparation of a census of public administration people in each of the countries, and that several have completed it. With suitable modification, the same technique might be employed to identify human and institutional resources in the private sector. It is suggested that ICAP and INCAE undertake this project jointly, with ICAP assuming the lead role and project management responsibility.

2. A jointly conducted survey of the roles, functions, performance, and management resources of the numerous regional organizations existing in Central America, of which there are over a dozen. Means of invigorating these organizations should be suggested.

It is suggested that INCAE take the lead role in this project, with the collaboration of ICAP. The focus should be on identifying and strengthening management capabilities. Obviously, the outcome of this project is relevant to the informational needs of project 1.

3. A project to identify and mobilize the alumni of both ICAP and INCAE in each of the Central American countries and Panama. Alumni could be organized into management improvement associations in the respective countries.

The long-range plans of ICAP include the stimulation of various national associations (colegios), such as those of accountants, that are relevant to adminis-

trative improvement, to the end that they might actively engage in promoting better management in government. INCAE, because of its focus on executive training over the years, has a considerable number of alumni in key positions in government as well as business and industry. It is suggested that each institution work with its own alumni to bring about their active participation in management improvement organizations and activities. Close cooperation between the two institutes is essential, however, to avoid duplication of effort within countries.

4. Development of a joint program to support national institutes of administration where they exist and create them where they do not.

A new National Institute of Public Administration has come into being in Nicaragua, with some degree of collaboration with INAP/Mexico. An institute functions well in Guatemala, and a unit of the Ministry of Economic Planning and Coordination of Panama conducts extensive in-service training programs. It is suggested that ICAP and INCAE jointly develop a strategy for promoting the national institutes and supporting their efforts. ICAP should take the lead in this. An invitation to INAP/Mexico to assist in this effort might prove very beneficial, particularly with respect to strengthening the Nicaraguan institute.

5. A project to identify on a regional basis rural development problems and priorities and the steps needed to meet those priorities through application of better management and administration.

The Inter-American Institute of Agricultural Sciences is the obvious organization to take the lead role in this project, but with the joint collaboration of INCAE and ICAP.

6. An executive development program for top government leaders, particularly ministers, state enterprise directors, and heads of autonomous institutions in key development sectors.

INCAE is already experienced in this type of program to some degree, and should take the lead role in this project. ICAP should also be involved, however, and an effort made to develop jointly new strategies for executive development training

programs for top officials and managers.

The term "jointly" is not meant to suggest that each of the organizations involved in a project be assigned responsibility for some part of it. Such an approach could lead to conflict and mutual recrimination. What is needed are project teams comprised of members of the two or more institutions involved in carrying out the project. Team leadership would be determined on the basis of which institution is given primary or leadership responsibility. The improvement of management capability in Central America and Panama is the key objective of all the proposed projects, but it is suggested that this can best be done by building or strengthening institutional capabilities and patterns of cooperation and collaboration among the institutions. ROCAP can play a very important role in achieving all of these objectives.

Institutionalization of INCAE

A desirable by-product of the collaborative efforts suggested above would be the elimination of opposition to and development of support for the institutionalization of INCAE as a regional organization recognized and supported by the governments of the region. A frontal effort to accomplish this is likely to prove counterproductive, whereas the building of strong collaborative relationships can make the transition to a new and more stable status a very natural step.