

Farmer to Farmer - Nicaragua
End of Assignment Report
Training and Capacity Building

November 14, 2012

Volunteer name: Martin Havlovic

Assignment dates: October 21 to November 03, 2012

Name of host: Sandra Lovo

Assignment location: Managua, Leon and Refugio Bartola

Number of individuals directly participated in technical assistance or training

Male – 8

Female – 22

Number of individuals that you anticipate may benefit from your assistance:

Male – 80

Female – 150

EXECUTIVE SUMMARY:

The focus of my travel to Nicaragua was two-fold, to make contact with extension/outreach faculty from the universities in Nicaragua involved in small business development entrepreneurship and to show them how the University of Wisconsin Cooperative Extension (UWEX) small business development program functions; and to visit the Rio San Juan area and initiate contact with the tourism industry and discuss how the University of Wisconsin Cooperative Extension could provide technical assistance and training to the tourism businesses located along the river.

Four (4) days of small business development workshops were conducted by me at the Universidad Nacional Agraria (UNA) to approximately 20 faculty and students from five (5) universities. I simulated the 8 two-hour workshops including training materials that I use when conducting such workshops back in Wisconsin.

The group learned about the small business development program by participating in the eight (8) modules and practiced the skills learned by starting an imaginary business. The participants learned what it takes to start a business (personal skills), how to conduct market research, how to do a feasibility study, break-even analysis, how to read and interpret financial statements, legal issues and property rights, and finally securing finance alternatives.

While there is interest among the various universities to teach business development/entrepreneurship classes on campus, there is no coordinated effort or program to assist people in their communities who actually want to start a business. There has been some limited efforts that have seen some success but nothing that could be implemented on a national level.

There is potential for UWEX to work with these universities to develop a small business development entrepreneur program along with the training modules and materials as well as train university professors on how to conduct outreach to citizens in the public sector.

There is also a need for UWEX to work with these universities to develop data and research that would help with marketing research as well as identify what data and information is needed by businesses to make them succeed. This collection of research data would be of value not only to start-ups but existing businesses as well and provide a nice picture of the small business activity and health in Nicaragua.

The second focus of my visit was to tour the Rio San Juan area which is home to national parks, reserves and rain forest, to understand what tourism exists and its potential.

There is potential for UWEX to work with the tourism businesses in the Rio San Juan area to help them better understand what their tourism assets are, who are their customers and what services/experiences their customers want and how to do all this in a sustainable way that protects the natural resources as well as provides economic benefit to the residents of Rio San Juan.

UWEX has many tourism-based programs and skills that would be of value to the tourism businesses. In addition, the tourism group in El Castillo could be strengthened to help them improve their hospitality and promotion/marketing efforts.

It was learned that the Nicaraguan government is conducting a cost-analysis of constructing a canal across Nicaragua that would connect the Atlantic Ocean with the Pacific Ocean. One of the proposed routes would use the San Juan River as part of its canal. If this were to happen, the impact to the communities along the river would be major.

There exists a need to conduct environmental as well as economical (and tourism) impact studies for the area so the citizens can get a better understanding of what such a canal would mean to their communities. UWEX can help in conducting such impact studies.

Overall, there are several opportunities for UWEX to work with the universities of Nicaragua in the areas of small business development and tourism development. These relationships can be on-campus research projects as well as outreach programs to the general public.

I recommend continued discussions and negotiations with the Nicaraguan universities to identify specific projects with individual universities that meet their work plans and outreach endeavors. I recommend that these efforts be in small business development and tourism development.

I believe that UWEX has the faculty and skills to provide trainings and programs that would benefit not only the Nicaraguan University faculty but also the general public they are trying to reach and serve. Such international work would strengthen the programming of UWEX faculty (state specialists and county educators) by providing them with hands-on opportunity.

Wisconsin already has a close relationship with Nicaragua vis-à-vis the Wisconsin-Nicaragua Partners, Inc. and the Wisconsin National Guard and the Nicaraguan Military. The University of Wisconsin could also forge a linkage with the universities of Nicaragua that would complement the other partnerships.

BACKGROUND:

The genesis for this assignment has two origins – one is the 2012-2016 National Nicaraguan Government Plan for Human Development (PNHD) and the Consejo Nacional de Universidades (CNU) plan of work.

The PHND has identified small business development and entrepreneurship as a strategy to improve the economic conditions of families in Nicaragua. This “family and economic development” effort is focused on the rural, impoverished areas of Nicaragua that have not received the support or assistance of the federal government in the past.

CNU which is a consortium of 10 public and private universities in Nicaragua (in operation for 5 years) have identified the need for them to go outside their “academic walls” and work with the citizen population as well as their traditional students. This is partly due to their mission as institutions of higher learning but it also has a political implication behind this outreach/extension effort. The universities need to show relevance, value and results if they are to continue to fight for continued federal budget appropriations and compete for students.

Discussions with university administrations indicate there are over 70 “garage universities” in Nicaragua and the traditional, structured universities are having a difficult time competing for students and funding with these private universities that have sprung up throughout the nation.

In a subsequent visit to Madison in October, 2012, by a group of university administrators from CNU, I presented them with a short description of the UWEX Cooperative Extension small business counseling program that is offered in various counties throughout Wisconsin. The group was most interested in this model of outreach and wanted me to come down to Nicaragua to present this outreach model to the business departments of the universities as well as conduct a workshop on “How To Start Your Own Business”.

In addition, our conversation at that October, 2012 meeting in Madison led to discussion on community and tourism development and the desire by the Universidad Nacional Agraria (UNA) to have me visit the State of Rio San Juan and the Refugio Bartola and make recommendations on their “Plan De Accion De Rio San Juan” from an organizational, community and tourism development perspective.

ACTIVITIES:

My first three (3) work days in Managua were spent visiting with the various universities that are members of the Consejo Nacional de Universidades to gain a better understanding of their organizational structure, degrees offered, finances as well as outreach and international programming efforts.

We met with Universidad Centroamericana (UCA), Universidad Nacional Autonoma de Nicaragua – Managua (UNAN-Managua), and the Universidad Nacional de Ingenieria (UNI).

The next four (4) work days were spent teaching two (2) workshops at the Universidad Nacional Agraria (UNA). The focus of these workshops were: 1). Understanding the UWEX-Cooperative Extension Small Business Development Program outreach to citizens in Wisconsin; and 2.) How To Start Your Own Business.

1. Workshop – Understanding the UWEX-Cooperative Extension Small Business Development Program

Thursday, October 25, 2012 at UNA

Participants – faculty and students in business from four (4) universities in Managua and two (2) universities from Leon (1.5 hours) and Camoapa (2.5 hours).

Number – 20 (8 male, 12 female)

Duration – 5 hours

I reviewed with the class, the structure of small business development activities in the state of Wisconsin. I showed them the organizational chart of how the Small Business Administration (SBA) funds small business development at the state level, the creation of small business development centers (SBDC) on

university campuses throughout the state of Wisconsin, and finally the efforts on the local or county level by UW Extension Educators providing counseling and workshops to beginning as well as existing businesses.

I discussed all the auxiliary support and assistance available in the state such as Service Corps of Retired Executives (SCORE), the WEN Network, county and community economic development corporations as well as revolving loan funds (RLFs). The idea was not to duplicate such a system or model in Nicaragua but to give them a picture of what could be done and how small business development and entrepreneurship is not just a single government department or university school responsibility but needs to be a coordinated, cooperative and communicative effort by a myriad of agencies and actors if one is going to provide the support, assistance and expertise needed by rural entrepreneurs in Nicaragua.

2. Workshop – How To Start Your Own Business

Friday, October 26, Monday, October 29, and Tuesday, October 30, 2012 at UNA

Participants – faculty and students in business from four (4) universities in Managua and two (2) universities from Leon (1.5 hours) and Camoapa (2.5 hours).

Number – 15 (5 male, 10 female)

Duration – 5 hours per day for total of 15 hours

This workshop was a 3-day workshop that followed the course I teach back in Wisconsin.

Section 1 – Self Analysis

Understanding oneself and if one has the personal skills, experience and desire to start a business.

Section 2 – Business Analysis

Is my business idea feasible? Conducting a market research and analysis.

Section 3 – Legal Issues

What legal structure works best for me and my business. How do I protect myself and my business from risks. What are necessary records to keep. Patent and copyright laws applicable to my business.

Section 4 – Finances

Start-up costs. Operational costs, financial statements.

Section 5 – Additional Information

Timeline for starting a business. Government assistance.

The goal here was to take the group through a simulated workshop to give them an idea of what topics are covered in such training.

Mock business start-up examples volunteered by the audience were used to make the discussions more appropriate and valuable to the group.

Probably more important than the materials or topics covered was how I presented the sessions, the use of inquiry, discussion, group involvement and real-life situations. The participants were able to see how the flow of information and materials is a group activity and I as teacher, am merely the facilitator of group education rather than the gate-keeper of knowledge.

3. Meeting – Designing a Small Business Entrepreneur Outreach Program – Discussion with UNAN – Leon

Saturday, October 27, 2012 at the Casa de Protocol, Leon
Participants – faculty and 4 small businesses in the Leon area
Number – 6 females
Duration – 3 hour meeting

Visited with the vice-rector of UNAN-Leon and business school faculty to learn what small business development activities are currently being provided by UNAN-Leon and to provide suggestions based upon the University of Wisconsin small business program model to lead a discussion on how UNAN-Leon could offer small business assistance outreach to citizens in the area as well as possible research and education UNAN-Leon faculty could conduct to assist such outreach.

4. Symposium – Organizational Development – Understanding the Organization

Wednesday, October 31, 2012 at UNA
Participants – faculty and students from the CNU universities
Number – 200
Duration – 45 minutes

Presented a lecture on organizational development, why people organize, types of organization, and the life-cycle of an organization. Goal was to show that organizations have structure, change with time and focus of the group, how to recognize formal and informal structure, etc.

5. Tourism Development – Visit to Refugio Bartola on Rio San Juan

Thursday, November 1 and Friday, November 2, 2012 in Rio San Juan
Participants – tourism business owners
Number 7 – (5 male and 2 female)
Duration – 2 hours

Traveled to Refugio Bartola on the San Juan River to visit with tourist businesses. Focus was to better understand the issues and needs of the tourist business owners and see how and where the University of Wisconsin Extension could play a role in providing information, education, research and training.

Met with tourist business owners in a series of informal meetings to listen to their stories to get a sense of their business practices, and to query them as to how they go about promoting and marketing the area.

These meetings were more of a discovery on my part as opposed to direct teaching on my part. Met with the area tourism committee, toured some of the tourist sites and hiked part of the refuge as well as the village to get an idea of what tourism inventory existed.

OBSERVATIONS:

Small Business Development

1. While the government and universities have identified small business entrepreneurial development as an economic development tool, there is no uniform or systematic action being taken to implement such a program. Much of the discussions with local university business faculty has centered on existing areas of influence where the university currently works. Consequently there may be some large areas of the nation that will be left out of such an effort.
2. There is no universal or accepted curriculum adopted by the universities to teach small business development to citizens outside the classroom. Much of the universities' efforts are a top-down approach where knowledge is imparted with little consideration given to local issues, concerns, etc.
3. The universities' understanding of outreach is limited in that it is more "adult education" than extending the resources and knowledge of the university to the general public. Expectations are that the general public will come to the university rather than the university go out into the rural areas and work with the people where they live.
4. There is no support by the national government to provide funding for small business development activities or low-interest business start-up loans. So there may be a disconnect in providing training and information to people interested in starting up businesses but then the people not having the ability to secure adequate funding to turn these business plans into reality.
5. US Peace Corps is working in the local high schools to provide "Business Plan" training and education but it is merely theoretical in nature and no real businesses are developed as a result of these efforts. It could be more effective if the Peace Corps Volunteers were able to work with the general population as well as high school students. Such practical teaching would serve the PC volunteers with more skills and experience and relevancy to their classroom teachings.
6. There is great interest and willingness on part of the university faculty to engage in small business development outreach programs. This may be due to the push on the national government to encourage entrepreneurship, but also on part of the faculty to move beyond the walls of the classroom and become more relevant to the general population. I believe there is a real desire among the faculty to be more of an active player in the development of the country and its future.
7. There is little data and information when it comes to conducting market research and to understand the business climate in Nicaragua. This may hamper the ability for someone to adequately assess the demand for a product/service as well as the competition. This results in people using more primary research methods which becomes more costly, longer in collecting and somewhat subjective.
8. The faculty and students understand finance and marketing concepts very well, however, they have some difficulties in putting such knowledge into practice. While they are deep in theory, they are weak in practicality. I don't see a need to teach subject matter but rather to teach faculty how to facilitate business training, counseling, etc.

Tourism Development

1. The Rio San Juan area is a difficult and tedious journey to access but that's what also makes it a perfect natural reserve park. It hasn't been over-run with tourists or tourism development.
2. While the isolation of the Rio San Juan makes for its richness in wildlife, flora and fauna, it also makes it difficult to provide the comforts and facilities international tourists demand and require.
3. There are two (2) entry points to the Rio San Juan natural reserve – San Carlos on the West and San Juan de Norte on the Atlantic Ocean. Both are populated cities but lack the tourism infrastructure to handle large volume of tourists. Consequently international visitors will need to depend upon local guides and information about what there is to do and see in the area.
4. There is internet access in the Rio San Juan but it is expensive and limited and slow. Cellphone service is dependable and use is widespread.
5. There is no systematic research collected as to visitor profile or expenditures to give the local tourism businesses an idea of who is their visitor and how much money he is spending and on what items. Such information would be very valuable to local businesses.
6. There is some limited use of the written English language in tourism printed materials and signage but a good number of the local population can understand basic English.
7. A Rio San Juan tourism office exists and there is some nice printed promotional materials developed and available but once you get into the Rio San Juan territory, no formal, cohesive organization exists to promote the El Castillo area.

RECOMMENDATIONS:

Small Business Development

1. Work with UNAN-Leon to develop a small business entrepreneur development program to meet the needs of the general public. This program should be a 5-prong approach and include:
 - A. a series of training modules that will be presented at various communities to reach the general public.
 - B. classroom courses in small business development for university students.
 - C. development of a business data base that will record business activity, information, etc. that will help in market research as well as provide valuable information to the faculty.
 - D. training of faculty to conduct small business entrepreneur development training workshops and on-site business counseling.
 - E. identify and train "extension" people who live out in the communities to work with people interested in starting businesses.
2. Work with UNA on a similar small business entrepreneur development pilot program similar to the one in UNAN-Leon.
3. Develop and secure a small business entrepreneur development fund that will provide lower interest rates to beginning businesses.

4. Work with Consejo Nacional de Universidades (CNU) to curriculum training materials for small business entrepreneur workshops as well as conduct training workshops for business faculty interested in such outreach work.
5. Work with Peace Corps – Nicaragua and to provide small business entrepreneur support to those communities where university outreach is proposed to maximize efforts.

Tourism Development

1. Work with the local tourist business in the El Castillo area to conduct various tourism-related research such as “tourism asset inventory”, visitor profile surveys, and visitor expenditures to help the businesses better understand their tourist.
2. Conduct a First Impressions study to assess the hospitality, visitor-friendliness, infrastructure of the El Castillo area to help the local businesses see how they are viewed by a visitor coming to the area and help identify areas where they can make changes, improvements and identify areas where they are doing a good job in receiving visitors to the area.
3. Assess the local marketing and tourism promotional materials (print and website-based) as well as local signage to identify areas of opportunity and improvement.
4. Conduct focus group sessions with the locals to gain a better understanding and perspective of local attitude and perception of visitors coming to their community and in what ways the locals can be more hospitable.
5. Analyze what needs are currently not being met by the local tourist businesses and see if existing businesses (or new ones) can meet these needs.
6. Work with the existing local tourism marketing organization in El Castillo to strengthen it as a tourism organization and become more effective as a tourism promotion entity.
7. Work with the existing local tourism organization and begin to study the economical and environmental impact of the proposed canal upon the local communities and tourism industry.

RESULTS:

Small Business Development

1. Faculty members in 10 Nicaraguan universities gained an understanding of the mechanics of the small business development program as designed and delivered by University of Wisconsin Extension.
2. Faculty members in 10 Nicaraguan universities came to appreciate the cooperative relationship with government, university and the business community needed to support a successful small business development program.
3. Twenty (20) faculty and university students were trained in how to start a business, how to conduct marketing research, how to do a break-even analysis, and how to read financial statements.

4. Twenty (20) faculty and university students understood the Four (4) P's of Marketing – Price, Product, Place and Promotion, and how they determine marketing activities and efforts by a business.
5. Twenty (20) faculty and university students understood the Five (5) C's of Credit – Capital, Capacity, Collateral, Character and Conditions and how they impact financial institutions decisions on lending money.
6. Twenty (20) faculty and university students learned the elements of a business plan and their importance in creating a successful business.

Tourism Development

1. Seven (7) tourism business people understood the value that good visitor information and data can play when making marketing/promotional decisions in their businesses as well as the community at large.
2. Seven (7) tourism business people recognize the need to conduct a “tourism asset inventory” to understand what the area offers to visitors and what the area lacks or not meeting visitor needs and demands.
3. Seven (7) tourism business people agreed that a strong local organization is needed to speak for the tourism industry in El Castillo, and to represent their interests at the local, regional and national levels.

NEXT STEPS AND FUTURE VOLUNTEER NEEDS:

Small Business Development

1. Work with UNAN-Leon and UNA to design and implement a small business development program that focuses on outreach and working with targeted local populations.
2. Work with CNU to collect, analyze and publish data on a variety of national business and demographic trends that will help existing and start-up businesses to conduct better marketing research as well as to highlight the business climate and economics.
3. Work with CNU to explore the possibility of creating a small business development fund to provide small, low-interest loans to business start-ups.

Tourism Development

1. Conduct a tourism community asset mapping study in the El Castillo area to identify what tourism assets the area has as well as what tourism needs are lacking or non-existent in the area.
2. Work with the tourism promotion organization in El Castillo to learn more about their visitors by conducting visitor profile surveys, tourism expenditure surveys, etc. that will help them better target and understand their customers and their wants and expectations.
3. Conduct hospitality training workshops for tourism business owners and employees in the El Castillo area. This could include “English for Tourists”.

PERSONAL REFLECTION:

1. There is a strong desire by the universities to work with the local population to help them with small business development. While their intent is good, they lack the knowledge and experience of how to do this “outreach”. UW Extension can be of value here, in working with the university faculty in helping them understand what outreach is.

I would recommend one conduct two (2) pilot projects in Small Business Development, one in the Leon area and one in the Managua area working with UNAN-Leon and UNA. I met devoted faculty members in both of these universities who have started some outreach efforts and it would be a logical step to encourage these efforts by working with these faculty member.

UW-Extension small business development presentations should be translated into Spanish before the volunteer travels down to Nicaragua and local business conditions (interest rates, government agencies, etc.) should be identified to make the teachings more relevant and pertinent to local conditions.

2. El Castillo on the Rio San Juan is a community of approximately 2,000 people. It is located between the two (2) major cities of San Jose and San Juan de Norte which serve as entries to the Rio San Juan and its nature reserves, refuges, parks, etc.

The El Castillo would be an excellent community for UW-Extension tourism specialists to work with as it is fairly isolated but yet dependent upon tourism for its livelihood. UW-Extension has many educational and training materials and processes that would be of great value to the tourism community in El Castillo.

I could see a good, close working relationship between UW-Extension and El Castillo tourism organization. There are good people in El Castillo that want help and open to learning how to better support and market themselves to the outside world.

SUPPORTING DOCUMENTATION:

1. List of people contacts in Nicaragua
2. Outlines (Power Point) of small business development training/workshops presented
3. Outline (Power Point) of organizational development presentation to CNU Symposium
4. Photocopies of tourism promotion efforts in El Castillo