Confronting Transnationalization: the Economic, Environmental, and Political Strategies of Central American Economic Groups

Research proposal

1. Introduction

Central America is going through a profound process of transnationalization[1] of its economy. This has roots in the neo-liberal reforms of the 1980s, and is receiving new impetus with the free trade agreement with the United States (CAFTA-DR) and the forthcoming association agreement with the European Union. The economic transnationalization involves the increased penetration of transnational companies (TNCs)[2] in Central America, but also the formation of several Central American companies with a regional Central American scope and a handful of companies that have expanded their activities outside the region.

There are different views on the implications of this transnationalization. The critical literature focuses on the process of exclusion which this transnationalization generates in a highly unequal region in which business has been dominated by powerful, mostly family owned, economic groups. The claim is that transnational companies cause destructive competition, expel local firms, and prevent new establishments, while the traditional powerful groups maintain their stronghold by diversifying their economic activities and enter into alliances with foreign capital (Robinson 2003, Segovia 2005). The result is a region characterized by deepening inequality and social exclusion.

Others, however, argue that this transnationalization involves a modernization of the Central American companies that can bring about modern, socially responsible businesses that contribute to the sustainable development of the region. They argue that foreign companies give an economic impetus to the local economy in terms of employment and production, with a potential for creating constructive competition, and that linkages with local firms have the potential of significant learning and technology transfer.

Yet little empirical research has been done on how the process of transnationalization affects the strategies of the Central American economic groups (CAEGs), and what these strategies will mean for the sustainable development of the region. This is the topic of this proposal. The purpose of the proposed project is, in other words, to study:

1. *What are the strategies of the CAEGs confronted with transnationalization?*
2. *What can explain the different strategies?*
3. *To what extent do these strategies contribute to sustainable development of the region, or deepen patterns of inequality, unsustainable use of resources, and political exclusion*.

More specifically, the project has three components that aim to answer a number of questions: The first component focuses on the ***economic strategies*** of the CAEGs. Whereas the CAEGs are mostly family owned, and confined to Central America, they have established a variety of different relationships with larger TNCs operating in the region. Yet little is known about their goals and strategies of transnationalization, and the impact of these. Furthermore, we have limited knowledge about the extent to which the transnationalization strategies of the CAEGs contribute to promote

[1] By transnationalization of the economy we mean the increased integration of national economies, markets (for goods, services, money and labor) and economic actors such as companies and holding groups. This includes a variety of spatial dimensions: the global (as in globalization), as well as the regional or bi-national.

[2] The term transnational company or corporation (TNC) is sometimes used interchangeably with the term multinational company/corporation (MNC). However, whereas the MNC is simply a company with operations in more than one country, the term TNC depicts a more complex company structure that manages internationally integrated supply chains and/or retailer networks and often decentralizes significant decision making power. Although many Latin American companies still may be characterized as MNCs, the term TNC is used here because it describes better a majority of internationally operating companies.

economic growth and employment in a region suffering from sluggish activity and productivity, as well as unemployment. We also have little knowledge about what influences the choice of strategy. These are the issues that will be investigated under the first component.

The second component focuses on the **environmental** strategies of the CAEGs. Much attention has been paid to the environmental conduct and strategies of large TNCs. They are currently viewed both as (to some extent unruly) subjects of national and international regulation, and as potential agents of sustainable development - through investments in green technology but also through self-regulation and social responsibility. This component will investigate the inclusion of environmental considerations in the annual business plans of the CAEGs: to what extent environmental management is an integral part of their operations, as well as their involvement in the regional environmental agenda. It will also investigate how the large economic groups interact with the regional environmental institutions that recently have gained increasing relevance.

The third component focuses on the **political strategies** of the CAEGs. Many of the CAEGs have traditionally had dominant positions in national politics in their home countries. However, the relationship to their respective states has varied significantly across the different Central American countries. Moreover, there are signs that the process of transnationalization has created a rupture of the old order due to a reduction of monopoly powers in several sectors (although it still remains in many, see CEPAL 2008), and the increased importance of large TNCs. However, whether this will be a real rupture may depend on the form of alliances that the CAEGs form with the TNCs and the extent to which they are able to transnationalize themselves. This part of the project seeks to investigate the political strategies of the CAEGS confronted with the new challenges, to understand the rationale for different strategies as well the degree to which they contribute to exclude other social forces.

Gaining increased insight into the questions above will not only contribute to a better understanding of the current processes of change in Central American business. Considering how the productive structures have impacted on development and democracy historically, this may also be a key to understanding the direction of broader political and economic processes in the region.

However, the questions raised above are all multifaceted and complex and they raise a number of theoretical as well as methodological issues. The rest of this proposal will be dedicated to situating the current project in relation to other recent research on relevant topics, specifying research questions, and clarifying the theoretical and methodological approach towards these issues.

2. Transnationalization and the rise of developing country transnational companies

A common view of economic globalization is that it centralizes economic power through a growth of multinational and transnational companies and a process of subsuming local economies within their production networks. This claim is supported by statistics that show a rapid growth of the turnover and assets of TNCs based mostly in the United States, Europe and Japan. However, companies from developing countries have more options than simply losing out in competition with large TNCs or being subsumed by them. One strategy has been to internationalize themselves. Thus, the rise of large OECD-transnationals has been paralleled by an upsurge of TNCs from developing countries.[3]

In Latin America, it is mainly Brazilian, Mexican and Chilean companies that have been studied as examples of such emerging TNCs (Santiso 2007, ECLAC 2007).[4] However, underneath the level of the large "multilatinas" or "translatinas"– a term that has been coined to depict Latin American

[3] Any intent to quantify their importance is replete with definitional as well as methodological problems. However, the fact that outward foreign direct investment (OFDI) from developing countries grew from US$147 billion in 1994, to over US $1,133 billion in 2005 (Aykut and Goldstein 2006, Santiso 2007), and that there are currently 70 companies from the developing world among the worlds 500 most important companies as opposed to 20 a decade ago (www.accenture.com), may give a general idea.

[4] OECD uses still the term multinational company, whereas ECLAC uses transnational company.

MNCs or TNCs– there is a large number of Latin American companies with a regional, rather than a global reach. In Latin America, intra-regional foreign direct investment (FDI) has increased significantly since the early 2000, due to, among other things, the retreat of some global TNCs from the region, access to oil and gas reserves, and state policy of regional energy integration (Aykut and Goldstein 2006). Recently the intra-regional FDI flows to Latin America have included flows to Central America from countries like Brazil and Mexico and intra-Central American flows of FDI. There are also some examples of Central American companies investing outside the region.[5] In the economic literature on the role of FDI in local economies there are three competing scenarios. One is that FDI provides an important impetus to local economic performance by inducing competition, creating productive linkages with local firms, and increasing employment. Moreover, to the extent that new firms are more knowledge- and technology-intensive, they are potential sources of knowledge spillovers, setting off virtuous circles in local markets. This picture has been modified lately in a literature that emphasizes the circular relation between exposure to learning from external sources and the building of capacity to learn – so-called absorptive capacity, believed to be essential for knowledge spillovers to take place (Javorcik and Spatareanu 2003, Javorcik et. al 2006).

In a bleaker scenario, firms with strong market power will exercise this in a way that reduces profit and growth potentials of local competitors. Their establishment in markets suffering from relatively lower competitiveness will cause closures and prohibit local newcomers from entering the market (Aitken and Harrison 1999). A third scenario is the enclave economy. Domestic forward and backward linkages are of limited importance as these firms arrive with pre-established networks of suppliers and might even be mainly export-oriented in their production. Knowledge spillovers are modest as limited interaction creates few channels of knowledge flows, and the local economy receives mainly those parts of the value chain that are technology-scarce, but labor intensive (Saggi and Lin 2007).

A main question in the literature on developing country TNCs is whether they have potentially different and more positive effects on the local economy. This was a particularly important question in the emerging literature related to the previous wave of developing country MNCs in the 1970s (Wells 1983). The literature remained inconclusive; Lecraw (1977) argued that FDI from other developing countries had a more benign effect due to better appreciation of local conditions, closer cultural affinity and the use of "intermediate", small scale technologies. However, other studies were less clear on this matter, and in a more recent review, Aykut and Goldstein (2006) conclude that empirical studies have not caught up with the more recent policy debate.

A second question that was posed to this first wave of developing country MNCs was what motivated the outward expansion of developing country firms. Among the conclusions related to Latin American countries were that they did so to escape macro-economic constraints and cyclical and stagnant home economies (Lall 1983).

The more recent wave of TNCs from developing countries has been studied from different perspectives.[6] There is a general consensus that while they have benefited generously from the process of privatization, an important aspect of the background for their emergence is the increased competition at the domestic level related to reduced regulation and tariff protection. This has created a need for expanding into new markets in order to survive, as well as forming alliances with transnational companies. Research on their strategies has shown that their expansion has been slow and incremental, and has been pursued as a process of learning. The developing country transnationals have internationalized in order to *build* their advantages, not to benefit from them as

[5] One main example is Guatemalan owned Pollo Campero which is the 30th largest multilatina with 10 000 employers in 11 different countries, AméricaEconomía, 1. April 2008.

[6] One interesting question that is currently being explored is how the emergence of developing country multinationals will influence the shape of the global economy (Nölke and Taylor 2008). This will not be of much significance to this project since the Central American multinationals hardly have a great global impact.

posited in traditional theory (Goldstein 2007). This is also the conclusion from studies of Latin American transnationals (Cuervo-Cazura 2007, 2008). Yet, there is reason to believe that regionally expanding Latin American companies are also significantly motivated by a search for new markets in contexts wherein they have market expertise superior to their OECD based competitors due to general similarity to their home markets. These are mostly the markets of their neighboring countries, or, in the case of Central American countries, first and foremost in Central America, secondarily, the rest of Latin America.

However, the literature on the newer developing country TNCs has still many gaps, and there is almost no literature on the smaller TNCs that are often more regional than global. The literature that does exist is furthermore dominated by economic theory and research methods. Reflecting the multi-disciplinary nature of the team, we will complement this with insights from political science. A basic assumption will be one which is increasingly prevalent in the literature on business and governance, namely that companies are potentially important political actors (May 2006, Fuchs 2007). Moreover, the understanding of companies' behavior must move beyond the idea that they are all similar units responding rationally to contextual changes in the pursuit of profit. Their strategies are also dependent on company culture and the local institutional context. We will apply political economy perspectives (focusing on the relationship between economic structures and political outcomes), but we reject the direct inference of politics from economics and argue for the need to include institutions and culture and personal agency as mediating factors.[7]

3. The transnationalization of Central American companies

Central America was for many years a region dominated by three kinds of economic actors: local economic groups that emerged related to export agriculture and agribusiness from the late 19th century (e.g. sugar, coffee, and later manufacturing); multinational companies involved in resource extraction and primary product export (e.g. bananas and mining); and states. The relative strength of these groups differed across the countries, giving rise to highly different political and economic institutions and interest group constellations, with El Salvador, Guatemala, and Nicaragua (before the Sandinist revolution) being dominated by landed oligarchies diversifying into new sectors; Honduras being highly dependent on particularly US companies; and Costa Rica characterized by a larger state presence (see e.g., Bulmer-Thomas 1987). Currently, this picture is undergoing deep changes. The economy of Central America along with much of that of Latin America is now thoroughly transnational (Mortimore 2008). This is shown in an increased value of exports and imports, and increased flows of FDI (ECLAC 2008). It is also visible in the significant presence of large TNCs and an increasing concentration of economic power. The most recent ranking of companies in the region shows that the 200 largest companies account for 38% of the joint GDP of the region (Estrategía y negocios 2008). This includes large TNCs as well as national and regional companies. At the top of the list we find Mexican América Móvil and US' Wallmart, but 62 of the largest 100 are Central American companies. Although some of the top Central American companies are national and state owned (including the Costa Rican oil, energy and telecommunication companies RECOPE and ICE, and the Authority of the Panama Canal), 16 of the largest 100 are Central American companies with a regional scope. These are found in most sectors – manufactures, food and beverage, retail, agro-industry, construction, media, and services.

The ownership of the Central American companies is highly concentrated. According to recent research, there are 28 major Central American economic groups, each of them controlling a number of companies. There is a predominance of economic groups from Guatemala and El Salvador, and the largest share of intra-regional FDI flow from these countries to Nicaragua and Honduras, but also from Costa Rica and Panama, and even from Nicaragua and Honduras – the smallest and weakest economies in the Isthmus (Segovia 2005).

[7] For an example of the application of such a perspective to a relevant case, see Bull (2008a).

Recent research has also found that there is no clear distinction between the companies that intend to remain regional and those that use the regional level as a stepping stone towards further integration (Segovia 2007a). Many of the groups have alliances with transnational companies,[8] and today's integration may mean tomorrow's subordination; that many of the regional companies will be completely controlled by the transnational companies in the future (Segovia 2007b). Sánches-Acochea (2008) shows that the CAEGs have entered into three different kinds of relationships with lager TNCs. First, they participate in larger structures as suppliers to large TNCs, primarily in the apparel sectors. Second, they have become importers, representing global brands in the local economy. Third, they have entered into joint ventures with TNCs.

Another striking feature of the ranking of the 200 largest companies operating in Central America is that whereas many of the large national companies are state owned, and the transnationals are public stock holding companies, the companies with a regional scope are largely private. Moreover, 25 of the 28 groups identified by Segovia are family run. This picture accords with the general situation in Latin America in which family groups continue to dominate. They have shown to be better at adapting to regional and global competition and are growing faster than other types of companies.[9] Preliminary interviews also indicate that Central American companies retain significant national identity and that their international expansion depends to a large extent on their local networks.[10] We may thus not be speaking about a complete transformation of these groups, but rather an adaptation of traditional models to new conditions. The thinking and strategies underlying this will be a major focus of this project.

The literature on the impact of transnational companies in the region also remains inconclusive. The benefits to the local economy of, for example, companies that operate in the free zones, characterized by favorable tax and financing schemes, have proven to be few and in many cases far less than anticipated (Gallagher and Paus 2007). Moreover, parts of the maquila sector in which foreign TNCs dominate have earned the dubious status of becoming such production enclaves in the national economy. Yet, little is known about whether the regionally based companies perform differently when investing abroad. This is among the issues we will investigate.

4. The strategies of Central American economic groups

4.1 Economic strategies

Economic strategies may be categorized along several dimensions. First, the companies have a choice of basic orientation; second, if deciding to go regional they have a number of different choices; and, finally, if they decide to ally with large TNCs, they can choose between different forms of alliances, as illustrated in table 1.

Table 1: Dimensions of strategies to confront transnationalization

Basic orientation	Strategy of regionalization	Strategy of alliance with large TNCs
Inwards (national)	Merger with large partner	Supplier
Regional	Gradual acquisition of smaller companies	Importer
Global	Greenfield investment in neighboring country	Partner

[8] They include for example Corporación de supermercados Unidos (CSU), of the Uribe Family from Costa Rica that form the Central American Retail Honding Company (CARHCO) with Wal-Mart and Grupo La Fragua owned by the Guatemalan Paíz Family. Also the above mentioned Pollo Campero forms a part of a group (Grupo Multi-Inversiónes) owned by the Gutierrez-Bosch families. Other examples are Grupo Poma owned by the El Salvadorean Poma Family that has an alliance with Mexican Grupo Carso of Carlos Slim, as well as the regional Grupo Motta and Grupo TACA.

[9] Especial: Cuestión de familia, AméricaEconomía Especial, 13.8. 2008.

[10] Interviews by Benedicte Bull with business leaders, Guatemala and El Salvador, 9-13 November, 2008.

The reasons for expansion will be sought at the company-level, national, regional and global level. The economic liberalization completed through CAFTA-DR and the forthcoming agreement with the EU are important push-factors, but there are also key pull factors, including the limitation of the domestic market; particularly evident in the smallest and most international country in the region; El Salvador, the deepening of regional integration, and the visions of the company's leadership.

The main focus of the project will be the implications of these strategies. It will particularly focus on the impact of the strategy of regional expansion, and of formation of alliances with transnational companies. The analysis will explore both the competitive aspect - the degree of linkage construction with locally-established firms - and the extent to which growth in CAEGs implies intensified knowledge flows among firms. Will, for example, the family-owned CAEGs with extensive local knowledge - culturally, socio-economically, as well as commercially - offer alternative patterns of insertion into the local economy? Also, the project will investigate whether cultural and socio-economic proximity between origin and destination of investments increases potentials for knowledge transfers and reduces the need to create absorptive capacity. Considering that the Central American experience with external FDI has to a large extent been less favorable than foreseen, resembling more the bleaker scenario, it is important to investigate whether CAEGs behave differently as investors and whether foreign FDI from TNCs has more spillover effects when undertaken in alliance with a CAEG. In sum, under this component, we will ask:

1) What are the economic strategies of the CAEGs related to transnationalization?
2) What can explain the different strategies?
3) What are the economic development implications of different strategies?

4.2. Environmental strategies

Global transnational companies receive significant attention as possible perpetrators of environmental damage and resource depletion, but also as the possible agents of positive change. Developing country transnationals have so far been much less in focus regarding these issues, and the rapidly developing research agenda on the role of business in the politics of sustainable development has largely ignored these companies. This is true also for much of the environmental debate in Latin America (López 2007).

In Central America, environmental issues occupy an increasingly important role in corporate and governmental discussions. We also see the emergence of some private environmental initiatives among Central American businesses.[11] This is to a significant extent influenced by global and regional trends. However, little is known about the extent to which this is translated into practice. On the face of it, it is hard to find examples of companies that have achieved a level of environmental performance that goes beyond that required for regulatory compliance. Issues such as self-regulation and corporate social responsibility also seems to be marginal, but no systematic research exists on the matter.

However, environmental issues play an increasingly important role on the regional agenda. In developing this, the private sector in Central America has had relevant participation within the framework of the Central American Integration System, (SICA), but especially within the framework of initiatives sponsored by the Central American Commission for Environment and Development (CCAD).[12]

[11] One of the most relevant examples of private initiatives at the regional level is the formation of the Central American Network of Businesses for Cleaner Production, created through a forum provided by the Central American Commission on Environment and Development, within the framework of the Program for Modernization of Environmental Management Systems (PROSIGA), in coordination with the FECAICA.

[12] Business participates through bodies such as the Central American Civil Society Forum on Environment and Development and the Central American Social Forum on Environment and Development (FOSCAD), which has evolved into a key forum precisely due to the constant participation of various private-sector interests of great importance to business and commerce within the region.

Thus, under this component we will ask:

1) How and to what extent have the CAEGs incorporated environmental aspects in their annual business plans as an integral part of their operations? What kind of environmental performance indicators are used internally?
2) To what extent has that translated into practice?
3) How has the private sector contributed to, or impeded, the development of a Central American environmental agenda?
4) To what extent does environmental commitment vary between companies with different strategies of transnationalization (those in alliance with TNCs vs. regional companies, etc.)?

4.3. Political strategies

The historical influence of powerful economic actors in Central American politics is well documented (see, e.g. Paige 1997, Dosal 1995). In recent years, the ability of economic groups to promote their own agenda through privatization and free trade policies (see Bull 2005, 2008b) as well as block policies that run counter to their interest such as tax reform, has also been studied (Palencia Prado 2002). In some countries, powerful economic groups have successfully hindered the emergence of a state with the ability to take on social responsibilities. Yet, their power, interests and strategies have varied significantly between countries. Strategies range from organizing formally and participating as regular interest groups, to participating directly in politics and to exerting direct pressure, in some cases including intimidation of governmental officials and imposition of their agendas through violent means. At times, business has participated in democratic politics along with other social groups, whereas in other countries, their strategies and methods have contributed to the exclusion of other groups. The differences across Central America are mostly explained by pointing to the different foundations and structure of the agro-export model dominating the region from the late 19th century. However, recently there are signs of a change in the old order due to the opening of the economy (Segovia 2004). From other parts of Latin America we know that the transnationalization of the economy has resulted in a shift in the different private sector organizations and their internal power structures (Fernández Jilberto 2004, Rettberg 2005). However, little is known about how the transnationalization of the economy has influenced the political strategies of the Central American groups. Under this component we will ask:

1) What are the political strategies of the CAEGs (do they organize formally, participate directly in politics or exert direct pressure?)
2) What can explain the different strategies (historical patterns, strength of state apparatus, strength of political parties, strength of civil society, etc.)?
3) What are the impacts of the strategies in terms of limiting the policy space for the states to pursue social and environmental development, and limiting participation for other groups?

5. Project design and method

The project will use a combination of two designs: first, it will collect data on the entire universe, that is, the CAEGs. To identify the universe, we will make some use of existing studies and complement that with other data. We will create a quantitative database on these groups containing information about mergers & acquisitions, regional cross-border investment, company form, type of political association, etc. Doing this, we will start by using data from national control authorities and stock exchanges. There are significant problems in gathering aggregate as well as disaggregated data on these issues. There exists no complete and reliable data on intra-regional investment, and the data available in single countries are for very short time-periods. This problem is not unique to Central America (see Aykut and Goldstein 2006), but several of the Central American countries have generally weak traditions for official statistics, and this might be reflected also in the numbers of intra-regional FDI flows. Moreover, in attempting to follow individual groups we run into significant problems related to transparency. Ideally, we should have been able to follow the investment patterns and growth of all the major individual CAEGs. However, since most of the economic groups that control the major companies are family owned, they are also not “public” and they are not required to publish company level data.

We will seek to overcome these obstacles through three means. First, important information on mergers & acquisitions may be found through following detailed press reports over a period of years. Particularly the daily business newspaper El Financiero in Costa Rica, and the weekly, regional magazine Estrategias & Negocios as well as the Central America Data Express publish reliable figures on such economic activity. Thus, the first part of the research will consist of reviewing past editions of these and establishing a database. Second, we will complement economic data with interviews with representatives of the companies in order to understand the thinking behind the observed behavior. Several of the project participants have significant experience in researching issues related to the Central American private sector, and extensive contacts, and we will build on this in order to acquire further knowledge.

Second, the database will be complemented with the selection of in-depth case studies of three to four economic groups. The selection of these will be made partly according to a “most different design”, trying to choose groups with interests in different sectors and that have pursued different strategies of internationalization. It may be of particular interest to be able to cover the sectors of aviation, textile, sugar production, and finance. Aviation is currently clearly a regional sector. There are two companies in the area that both are Central American (if we count Panama into the region): the El Salvadorean TACA owned by Grupo Taca and the Panamanian Copa owned by Grupo Copa. Of these, TACA, has a near monopoly on several destinations in the area. In the textile sector there are a number of foreign investors in alliances with local groups. The finance sector also has significant participation of Central American groups, but also involvement of foreign banks such as Citigroup and Banco Santander. Finally, the sugar sector which traditionally has been among the most powerful in the region has transnationalized to a relatively modest degree. There are important Guatemalan investments in El Salvador and Nicaragua, and increasing Brazilian investments in all the sugar producing countries of the region, but in general, this is still a nationally controlled industry. By choosing these sectors we will be able to 1) enter into depth regarding reasons for choosing one or the other economic strategy, but also understand in depth the environmental and political strategies. Furthermore we will be able to 2) compare environmental and political strategies along the dimension of different ways of integrating into the global economy.

6. Organization of the project

The project will have four main participants, in addition to research assistants and master students. The leader of the project is Benedicte Bull, Associate professor, Centre for Development and the Environment (SUM). She has ample experience with researching the business sector in Central America (Bull 2004, 2005, 2008a), and business influence in politics in other Latin American countries (2008b). Apart from leading the project, she will have a particular responsibility for developing the third component of the project on political strategies.

Alexander López, Director of the School of International Relations, Universidad Nacional, Costa Rica, will be a visiting professor at SUM, holding a 20% professorship for the project period. He has considerable experience in researching environmental policy and politics; he has been working throughout the region on environmental issues for the Central American environmental commission (CCAD), UICN, GWP, and WWF among others. He will have a particular responsibility for the environmental component.

Fulvio Castellacci, Senior Researcher, NUPI, will have a particular responsibility for the first component: the economic strategies.

In addition to this, a PhD scholarship will be advertised from the project. The PhD scholar will have a particular responsibility for developing the in-depth case studies and will, under supervision of Bull and López, conduct field work in the region. In addition to these, one research assistance at

NUPI will review various editions of business newspapers and magazines, and research assistants in Central America will assist with collection and material and setting up appointments, etc. for the main researchers work in the region.

The project will appoint an international reference group with particular knowledge on these topics. So far we have confirmed Dr. Jorge Mario Martínez of the Economic Commission for Latin America (ECLAC) in Mexico, and Dr. Barbara Hogenboom from the Centre for Latin American Research and Documentation (CEDLA), University of Amsterdam. One further member will be included.

The project will be started with a workshop where the major researchers will be present. It will have annual meetings – organized during Prof. López' stays at SUM in May each year. Research will also on a daily basis be closely coordinated in order to facilitate comparison across sectors and components.

7. Expected output

The aim of the project is to make an academic as well as a more practical and political impact. Academically speaking, the project will result in one PhD thesis (or the required number of peer reviewed articles), two master theses, at least four peer reviewed articles in international journals and one book on a renowned international publishing house. These publications will be made in English. In addition, we aim to publish one book at a Central American publishing house and a number of more popular articles published in journals in the region. Both Bull and López have experience with local Central American publishing. We will furthermore make the database established in the first phase of the project publicly available. The project is also believed to have potential policy impact in the Central American region. Thus, towards the end of the project we will organize a half-day seminar in Central America, where academics as well as politicians, public officials, business representatives, civil society and representatives from international organizations will be invited. We will also aim to convey results to a broad group of Norwegian interests.

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