

AIRGRAM

DEPARTMENT OF STATE

RS/PS
5240047-④

UNCLASSIFIED
CLASSIFICATION

For each address check one ACTION | INFO

TO - AID/V TOAID A - 45

X

DATE REC'D. 45W
DATE SENT April 3, 1972

1
PD AAB 097-D1

DISTRIBUTION
ACTION

LA
INFO.

AAPC
TAB

FROM - Managua

SUBJECT - PROP Submission - Community Development (524-13-810-047)

REFERENCE - STATE 229788

- The Mission has been a strong advocate of the evaluation system recently introduced; we do, however, have one suggestion which should make the process even more effective. At present it appears that each PROP review, especially one for an ongoing project, treats that project as if nothing had come before. In the case of the CD program, the USAID had prepared considerable documentation which if reviewed at the time of the PROP evaluation probably would have answered at least some of the major questions raised in ref tel. The two main documents that should have been referred to were an earlier PROP forwarded to AID/Washington on the 21st of August, 1970 (TOAID A-120) and a Transition Review Airgram dated 20 September, 1971 (TOAID A-158). Some of the historical background for the project and Mission rationale presented in the above documents would have been pertinent to the review. In any event, following are USAID responses to AID/Washington query.
- INDE was founded in 1963 by a group of private businessmen and is a non-governmental organization relying almost exclusively on financial contributions from the private business community and USAID. Below is a table showing the contribution by each source since initiation of the INDE-CD program.

OTHER AGENCY
STATE

PAGE 1 OF 4 PAGES

DRAFTER <i>[Signature]</i> PETobia Agolstein yuc	OFFICE HRES/DEVPLN	PHONE NO. 28936 26771	DATE 3/27/72	APPROVED BY: <i>[Signature]</i> Charles B. Johnson, Acting Director
--	-----------------------	-----------------------------	-----------------	---

AID AND OTHER CLEARANCES:

HRES:MO Mendez *[Signature]*
DEVPLN:HPC Cordova *[Signature]*

[Signature] DCM:REWhite *[Signature]*
UNCLASSIFIED
CLASSIFICATION

TABLE I
CONTRIBUTIONS FOR INDE-CD PROGRAM
(CASH AND IN-KIND)

<u>YEAR</u>	<u>CASH</u>		<u>IN-KIND</u>
	<u>PRIVATE SECTOR</u>	<u>AID</u>	
66	-	\$ 60,000.00	-
67	\$ 8,429.00	\$ 50,000.00	\$ 97,914.00
68	\$ 8,571.00	\$ 20,000.00	\$ 432,572.00
69	\$ 13,571.00	\$ 58,329.00	\$ 930,122.00
70	\$ 30,871.00	\$ 64,200.00	\$ 112,300.00
71	-	\$ 57,000.00	\$ 356,376.00
	\$61,442.00	\$309,529.00	\$1,929,284.00

The viability of INDE's CD programs will depend upon the continuing support of the private sector and INDE's ability to implement its new departmental approach. (See TOAID A-158). The INDE decision to deploy its personnel into the Department and the new Departmental committees that are being formed were reasons for USAID's decision to support project through FY-1973.

INDE's CD program may not be ultimately viable in the breadth of its operations as presently conceived. Much will depend on the new Departmental approach. But INDE has been the only Nicaraguan entity deeply involved in CD operations and its efforts have led to a number of small projects. (See PAR, TOAID A-154 dated October 21, 1970). During the period November 1966 through December 1971, the INDE-CD program has been responsible for the human promotion activities in completing over 430 projects ranging from construction of elementary school classrooms to development of community centers. There are no government-sponsored CD programs per se, although CD activities are carried out under various government agencies, such as the Civic Action program of the National Guard, the Agrarian Reform Institute, the Agriculture Extension program of the Ministry of Agriculture, and the Rural Mobile Health Program of the Ministry of Health. As discussed in the PROP of August 1970, the Mission believed that a CD program should be divorced from the government

UNCLASSIFIED

sector in order to separate such activities from the usual political decision-making process in Nicaragua.

There are several privately-sponsored religiously oriented organizations which have some CD activities such as the Catholic, Baptist and Moravian churches. For obvious reasons, these organizations were not selected for support exclusively by the Mission, although, through the Special Director's Fund, impact projects from these religious organizations are assisted on an individual basis. There are two other private sector organizations which have some CD activities in Nicaragua. One is the Instituto de Desarrollo de Carazo (PRODECA) which is principally engaged in agriculture promotion in the Department of Carazo. PRODECA has had a number of CD projects which have not been successful, except when an INDE promoter has been responsible for the human promotion portion of the project. The other organization is the Instituto de Promoción Humana (INPRHU), which is principally a research and training institute interested in social change and transformation. Neither the religious oriented nor the other private sector organizations have the capabilities which INDE has of being a viable organization that can operate on a nation-wide level and on a non-sectarian and non-partisan basis.

3. FUNDE received its initial impetus and support from the Pan American Development Foundation. It works closely with INDE and, in fact, two of INDE's CD promoters work full-time for FUNDE. INDE does not have money for projects, but concentrates on forming and directing community committees. In contrast, FUNDE does have financial resources to make available for small loans and often works with the CD committees in developing and implementing a project. The Mission has made some financial contributions to FUNDE of over \$20,000 in two grants, (\$11,800 PRO/AG 71-7 and \$8,430 SDF) and a SDF loan portfolio valued over \$14,000; however, FUNDE's main source of resources has come from lines of credit from the Nicaraguan banking community and from loans from the Pan American Development Foundation.

4. The Mission determined to support this program through FY-1973 (See Transition Review Airgram) on the basis of INDE's decision to move personnel directly into the Departments. At present INDE has placed CD promoters in seven Departments, is planning to place two more in additional Departments, and is receiving financial and moral support from the new Departmental Committee. INDE and FUNDE are discussing means to integrate their respective efforts even more than in the past.

To the extent that this occurs, the USAID may consider modifying and extending this project, with a larger portion of its support going to develop the technical skill of FUNDE than in the past. INDE's viability without further U.S. support is questionable. It is for this very reason that the USAID decided to continue the program through FY-1973 so that the three departmental committees would be in operation by that time and would be able to demonstrate the potential for locally-supported CD efforts in Nicaragua, thereby stimulating additional financial support for INDE activities.

SHELTON



UNCLASSIFIED



Department of State

Proj. No 5240047

TELEGRAM

UNCLASSIFIED 325

PAGE 01 STATE 086875

64
ORIGIN AID-25

INFO OCT-01 /026 R

DRAFTED BY RCAMAU:LA/CEN:ALD
EXT 23079 5/15/72
APPROVED BY JIHELLER:LA/DP
LA/DP:GHILL (DRAFT)
LA/OPNS:HMYERS (DRAFT)
LA/PCD:RARNESEN
DESIRED DISTRIBUTION
28 ACTON LA INFO AAPC 25P

027521

R 172236Z MAY 72
FM SECSTATE WASHDC
TO AMEMBASSY MANAGUA

UNCLAS STATE 086875

AIDAC

SUBJ: COMMUNITY DEVELOPMENT PROP (-047)

REF: (A) STATE 229788
(B) TOAID A-45

1. AID/W HAS REVIEWED THE SUPPLEMENTAL INFORMATION TO THE PROP CONTAINED IN REF B AND NOTES THAT ALL THE DESIGN AND DATA REQUIREMENTS IN THE PROP HAVE BEEN MET. THE PROP IS APPROVED THROUGH FY 1973.

2. THE PROP REVIEW PANEL NOTED THAT THE MISSION MAY WISH TO EXTEND THIS PROJECT BEYOND FY 1973. IT IS EVIDENT FROM THE INFORMATION CONTAINED IN THE PROP THAT THE VIABILITY OF INDE'S CD PROGRAMS WILL DEPEND, IN LARGE MEASURE, UPON THE SUCCESS OF INDE'S REORGANIZATION INTO DEPARTMENTAL COMMITTEES. AID SUPPORT IS APPROVED THROUGH FY 1973 TO PERMIT INDE TO COMPLETE AND BEGIN IMPLEMENTATION OF ITS REORGANIZED STRUCTURE. THEREFORE, THE SUBMISSION OF A NEW PROP FOR PROJECT FUNDING BEYOND FY 1973 SHOULD INCLUDE (A) AN EVALUATION BY THE

UNCLASSIFIED
4



Department of State

TELEGRAM

UNCLASSIFIED

PAGE 02 STATE 086875

MISSION OF THE IMPLEMENTATION OF INDE'S REORGANIZATION
STRUCTURE AND DISCUSSION OF WHETHER THE DEPARTMENTAL
APPROACH HAS MADE INDE A VIABLE INSTITUTION; INDEPENDENT
OF AID SUPPORT; AND (B) THE APPLICATION OF THE
COMMUNITY DEVELOPMENT PROGRAM TO NICARAGUAN SECTOR
DEVELOPMENT. ROGERS

UNCLASSIFIED

4