

PD AAN 483  
 ISN 32138

HM  
 X-1

I. PROJECT IDENTIFICATION

1. PROJECT TITLE <b>Industrial Development</b>		APPENDIX ATTACHED <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
3. RECIPIENT (specify) <input checked="" type="checkbox"/> COUNTRY <b>Nicaragua</b> <input type="checkbox"/> REGIONAL <input type="checkbox"/> INTERREGIONAL		2. PROJECT NO. (M.O. 1095.2) <b>524-15-290-091</b>
4. LIFE OF PROJECT BEGINS FY <b>1971</b> ENDS FY <b>1978</b>		5. SUBMISSION ORIGINAL <b>10/7/70</b> REV. NO. _____ DATE _____ CONTR./PASA NO. _____

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US _____ (U.S. OWNED)		
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY (A) JOINT (B) BUDGET	
1. PRIOR THRU ACTUAL FY	200	101	28	7	3	20	72	101	28			
2. OPN FY	72	90	25	14	6	-	90	90	25			
3. BUDGET FY	73	90	25	-	-	-	80	90	25			
4. BUDGET +1 FY												
5. BUDGET +2 FY												
6. BUDGET +3 FY												
7. ALL SUBQ. FY												
8. GRAND TOTAL												

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT
<b>Control Bank</b>	<b>In-kind - services ; cash</b>	<b>\$273,000</b>
<b>Chamber of Industries</b>	<b>In-kind - services and facilities</b>	<b>\$210,000</b>

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER <b>A. Goldstein</b>	TITLE <b>Program Officer</b>	DATE
2. CLEARANCE OFFICER <b>William R. Haynes</b>	TITLE <b>Director</b>	DATE

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

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2. CLEARANCES					
BUR/OFF.	SIGNATURE	DATE	BUR/OFF	SIGNATURE	DATE
3. APPROVAL AAS OR OFFICE DIRECTORS			4. APPROVAL A/AID (See M.O. 1025.1 VI C)		
SIGNATURE		DATE	SIGNATURE		DATE
TITLE			ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT		

**AIRGRAM**

**DEPARTMENT OF STATE**

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For each address check one ACTION

INFO

DATE REC'D.

TO - AID/W TOAID A- 6 X

Jan 13 4 09 27

DISTRIBUTION  
ACTION  
Mail Rm 35  
INFO.

A.I.D.  
COM. DIV.  
DATE SENT  
January 10, 1972

FROM - MANAGUA

SUBJECT - PROP Submission: Industrial Development

REFERENCE - AIDTO A-97 dated 12/19/70;

The attached PROP revision is submitted as requested.

SHELTON

ATTACHMENT: a/s

PAGE 1 OF 1

DRAFTED BY AGoldstein	OFFICE DEVPLN	PHONE NO.	DATE 1/7/72	APPROVED BY William R. Haynes, Director
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AID AND OTHER CLEARANCES

OD:CBJohnson  
DCM:REWhite

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CLASSIFICATION

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**A. Statement of Goal**

1. **Goal:** Contribute to GON efforts in increasing and diversifying the productive capacity of the economy.

2. **Measures of Goal Achievement**

- a. Manufacturing share of GNP is raised to 15%.
- b. Increase of manufacturing exports as a percentage of total exports to 25 percent.
- c. Introduction of 6-10 new products into the export market and development of new markets for existing products.

3. **Assumptions About Goal Achievement**

Increase in exports and production reflect at least in part the results of this project. More specifically, this would require that industries existed maintain data showing that their production and/or exports increased as a result of the assistance. However, it should be realized that other factors, beyond the control of Nicaragua, can have an impact on the goal, either favorably or unfavorably.

**B. Statement of Project**

1. **Purpose:** (a) To employ and train a staff within the Chamber of Industries (CADIN) to: promote industrial development, assist in modernizing and rationalizing existing industry, expanding exports of non-traditional products and/or stimulate the development of new exports.

(b) Support the Export Promotion Center, to provide technical assistance to industries that have export potential. (The Center is the Secretariat of the Executive Committee of Export Promotion formed by CADIN and the Central Bank).

2. **Conditions Expected at the End of the Project**

- a. CADIN will have permanent self-financed staff consisting of six industrial specialists capable of performing continuous work to support Industrial Development in the areas of General Planning, Production, Marketing and Finance.
- b. CADIN and the Central Bank will be sharing the costs of maintaining the Executive Committee of Export Promotion and its Secretariat, providing two representatives each, and maintaining regularly scheduled meetings.

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- b. Studies completed on 4-6 industries indicating the means by which the companies can begin to export or expand exports.
- c. Assistance will be given to approximately 4-6 industries to assist them in locating markets for their products, marketing techniques, packing requirements, customs regulations, etc.
- d. Assistance will be given where appropriate to assist industries in developing new products for external markets. This assistance will be embodied in the above studies.

3. Means of Verification

- a. All studies and reports will be made available to the USAID by CADIN and/or the Executive Committee.
- b. Statistical data will be made available to verify that production and exports have increased on new markets developed.

D. Statement of USAID Project Inputs:

1. Through 6/30/71 consisted of:

- a. Twenty-eight man-months of short-term contractual services (\$100,800).
- b. Participant Training (\$7,200).
- c. Commodities - principally office furniture & equipment (\$20,000).
- d. Other Costs - salary support for eight persons (\$72,000).

2. From 7/1/71 through the end of the project on 5/31/74 will consist of:

- a. Short and long-term contractual services (\$184,000).
- b. Participant Training (\$18,000).
- c. Other Costs - salary support (\$162,000).

3. It is assumed that:

- a. Contractual services in progressively more specific areas of industrial management and production will be required throughout the physical life of the project.
- b. No additional commodities will be required beyond FY 71.

Managua

3. Basic Assumptions About the Chamber and its Role

- a. CADIN is a voluntary organization of private businessmen and relies for its survival on fees, dues and voluntary contributions. Ability to maintain a private staff of industrial specialists will depend upon continuing financial contributions to the Chamber by the private sector.
- b. In turn, this will depend at least in part on the managerial capability of CADIN and the technical ability of its staff to supply those services deemed necessary by the private sector.
- c. Compilation of relevant data will be essential to the operations of this project, and the parties to this agreement will develop sufficient statistics on which to base judgements.
- d. Contractual assistance given to CADIN and to the Executive Committee will be high quality and pertinent to needs.
- e. The Central Bank will continue to support, in cash and kind, the activities of the Center. At present the cash contribution of the Bank has amounted to more than \$ 25, 000 per year.

C. Statement of Project Outputs

1. Outputs:

- a. Active participation of CADIN in the GON Industrial Policy through studies and positions that CADIN will present to the Public Authorities.
- b. Active case studies on specific industries completed, resulting in qualitative and quantitative improvements in production.
- c. Active case studies completed of industries that have the potential to begin exports or increase exports.
- d. Selected industries increase exports and/or enter new markets.
- e. Development of new industrial products for the domestic market and/or external markets.

2. Output Indicators

- a. Studies completed for from 4-6 industries clearly delineating techniques for reducing costs, expanding production, improving management and modernizing operational facilities.

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**E. Rationale**

The export sector of Nicaragua still relies on traditional crops—cotton, coffee and sugar, although there has been some diversification with other major exports, such as meat and shrimp. Although there has been overall growth in the Industrial sector (from 12.8 percent of GDP in 1965 to 20.4 percent in 1970), manufacturing exports with the exception of meat, sugar and chemical products, still remain a minor factor in Nicaragua's export structure.

This project is intended to deal with the problem of export diversification by concentrating its assistance on non-traditional manufacturing products, and where export assistance is necessary, to selected non-traditional agricultural products: frozen, processed, etc. However, this is only a phase of this project, and as seen from above statement of project purpose, possibly the less important phase.

The project is intended in part to develop the technical and managerial capability of the private sector Chamber of Industries to provide services to industry to rationalize production, thereby contributing towards increased exports. In addition, through its support to the Executive Committee of Export Promotion, formed by the Chamber and the Central Bank, the program is intended to unite the efforts of the public and private sectors in industrial development and export promotion. Finally, through the Executive Committee, to insure that joint programs are implemented through an embryo Export Promotion Center, supported in part by the USAID and the Central Bank. In effect, the Executive Committee is the decision-making authority while the Chamber of Industries and the Export Promotion Center are its implementing agencies.

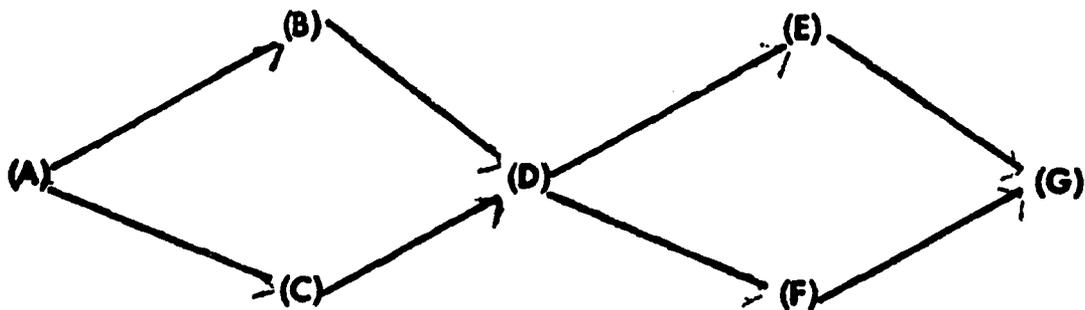
USAID's support is based on the assumption that (1) further industrial growth and export diversification is essential to insure a satisfactory level of overall development in terms both of macro-economic indicators and employment and (2) the private sector should play a major role in this effort. To the extent that item (1) succeeds but item (2) fails, the program will only be partially successful. For this reason the Mission has spent almost one year in formulating a policy for the division of labor between the Chamber and the Export Center. The Executive Committee has now determined that the Chamber will provide assistance to industries with export potential in the general areas of production techniques, finance and accounting, and management. The Center will provide assistance to some industries in market research, packaging, custom requirements, and transportation.

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**F. Course of Action**

**1. Pert Chart**

- /Chamber
- A - B Implementation Plan - ~~XXXXXX~~ of Industries will employ six industrial specialists who will be able to provide technical services to selected industries.
  - A - C Concurrently, Chamber will complete contract with private U.S. advisor to assist it in undertaking studies necessary to rationalize industrial sector.
  - C - D Undertake general studies mentioned above.
  - B - D Select specific industries that will receive assistance to expand exports or enter export markets.
  - D - E Provide technical advisory services to selected industries in production techniques, management, finance and accounting.
  - D - F At same time, Export Promotion Center will be undertaking marketing research studies, analyzing packaging requirements, customs procedures, marketing techniques and transportation.
  - E - G & F - G The industries selected by the Chamber and the Export Promotion Center will begin to export for first time or expand the level of their exports.



**Note:** Throughout entire PERT, external technical assistance in specific skills will be available to supplement assistance of Chamber and Center

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2. Narrative Statement

The PERT plan noted above represents an ideal situation and a completely integrated program. There may be time lags resulting from <sup>note</sup> further action by Chamber then by Export Promotion Center or vice-versa. In addition, as some of the assistance rendered by the Chamber or the Center will require external technical advice, this may also result in time lags. The intention, however, is to integrate the efforts as completely as feasible.

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**PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK**

(INSTRUCTION: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project: 1971 to FY 1973  
From FY 1971 to FY 1973  
Total U.S. Funding: \$564,000  
Date Prepared: January 20, 1973

Project Title & Number: INDUSTRIAL DEVELOPMENT 524-15-290-091

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>Goal: Contribute to GON efforts in increasing and diversifying the productive capacity of the economy.</p>	<p>Measures of Goal Achievement:</p> <p>a. Manufacturing share of GNP increased to 15%.</p> <p>b. Increase of manufacturing exports as a percentage of total exports to 25 per cent.</p> <p>c. Introduction of 6-10 new products into the export market and development of new markets for existing products.</p>	<p>a. Central Bank reports.</p> <p>b. As above.</p> <p>c. CADIN records.</p>	<p>Assumptions for achieving goal/targets</p> <p>Increase in exports and production reflect at least in part the results of this project. More specifically, this would require that industries assisted maintain data showing that their production and/or exports increased as a result of the assistance. However, it should be realized that other factors, beyond the control of Nicaragua can have an impact on the goal, either favorably or unfavorably.</p>

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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: \_\_\_\_\_  
From FY 1971 to FY 1973  
Total U.S. Funding \$564,000  
Date Prepared: January 20, 1972

Project Title & Number: INDUSTRIAL DEVELOPMENT 524-15-270-021

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Project Purpose:</b></p> <p><b>Purpose:</b> (a) To employ and train a staff within the Chamber of Industries (CADIN) to: promote industrial development, assist in modernizing and rationalizing existing industry, expanding exports of non-traditional products and/or stimulate the development of new exports;</p> <p>(b) Support the Export Promotion Center, to provide technical assistance to industries that have export potential. (The Center is the Secretariat of the Executive Committee of Export Promotion formed by CADIN and the Central Bank).</p>	<p>Conditions that will indicate purpose has been achieved: E 1 of project status.</p> <p>a. CADIN will have permanent self-financed staff consisting of six industrial specialists capable of performing continuous work to support Industrial Development in the areas of General Planning, Production, Marketing and Finance.</p> <p>b. CADIN and the Central Bank will be sharing the costs of maintaining the Executive Committee of Export Promotion and its Secretariat, providing two representatives each, and maintaining regularly scheduled meetings.</p>	<p>a. CADIN records and on-site visit.</p> <p>b. CADIN/Central Bank records.</p>	<p>Assumptions for achieving purpose:</p> <p>a. CADIN is a voluntary organization of private businessmen and relies for its survival on fees, dues and voluntary contributions. Ability to maintain a private staff of industrial specialists will depend upon continuing financial contributions to the Chamber by the private sector.</p> <p>b. In turn, this will depend at least in part on the managerial capability of CADIN and the technical ability of its staff to supply these services deemed necessary by the private sector.</p> <p>c. Compilation of relevant data will be essential to the operations of this project, and the parties to this agreement will develop sufficient statistics on which to base judgements.</p> <p>d. Contractual assistance given to CADIN and to the Executive Committee will be high quality and pertinent to needs.</p> <p>e. The Central Bank will continue to support, in cash and kind, the activities of the Center. At present the cash contribution of the Bank has amounted to more than \$25,000 per year.</p>

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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: \_\_\_\_\_  
From FY 1971 to FY 1973  
Total U.S. Funding: \$ 554,000  
Date Prepared: January 10, 1972

Project Title & Number: INDUSTRIAL DEVELOPMENT -524-15-290-091

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs:</p> <p>a. Active participation of CADIN in the GON Industrial Policy through studies and positions that CADIN will present to the Public Authorities.</p> <p>b. Active case studies on specific industries completed, resulting in qualitative and quantitative improvements in production.</p> <p>c. Active case studies completed of industries that have the potential to begin exports or increase exports.</p> <p>d. Selected industries increase exports and/or external markets.</p>	<p>Magnitude of Outputs:</p> <p>a. Studies completed for from 4-6 industries clearly delineating techniques for reducing costs expanding production, improving management and modernizing operational facilities.</p> <p>b. Studies completed on 4-6 industries indicating the means by which the companies can begin to export or expand exports.</p> <p>c. Assistance will be given to approximately 4-6 industries to assist them in locating markets for their products, marketing techniques, packing requirements, customs regulations, etc.</p> <p>d. Assistance will be given where appropriate to assist industries in developing new products for external markets. This assistance will be embodied in the above studies.</p>	<p>a, b, and c. All studies and reports will be made available to the USAID by CADIN and/or the Executive Committee.</p> <p>d. Statistical data will be made available to verify that production and exports have increased on new markets developed.</p>	<p>Assumptions for achieving outputs:</p>

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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: \_\_\_\_\_  
From FY 1971 to FY 1973  
Total U.S. Funding 554,000  
Date Prepared: January 10, 1972

Project Title & Number: INDUSTRIAL DEVELOPMENT - 524-15-290-091

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS Implementation Target (Type and Quantity)	MEANS OF VERIFICATION		IMPORTANT ASSUMPTIONS
		Estimated FY 72	Proposed FY 73	Assumptions for providing inputs: Total all FYs
Inputs:	Through FY 71			
U. S. Contractual Services	\$ 100,800	\$ 90,000	\$ 90,000	\$ 280,800
Participant Training	7,200	14,000		21,200
Commodities	20,000	-	-	20,000
Other Costs (Salary Support)	72,000	90,000	80,000	242,000
<b>TOTAL</b>	<b>\$ 200,000</b>	<b>\$194,000</b>	<b>\$ 170,000</b>	<b>\$ 564,000</b>

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