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1. PROJECT PAPER REVISION NO. 2 IS APPROVED FOR UP TO  
615,000 DOLLARS AS PROPOSED IN THE REVISED PAGES 18 THROUGH  
42 OF THE PAPER.

2. PLEASE BE ADVISED THAT A BLANKET SOURCE AND ORIGIN  
WAIVER PROPOSED ON PAGE 8 OF THE PROJECT PAPER REVISION  
NO. 2 WAS NOT APPROVED PER PARAGRAPH 6 OF REFTEL AND  
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7

## A. Introduction

The major task of planning the immediate action program for the reconstruction of Managua is now completed and the early stages of implementation are underway. The bulk of external financing for the reconstruction has been authorized and detailed engineering for projects is beginning. The assistance provided under the original PROP was heavily concentrated in the planning area and, as noted below, contributed significantly to the success of the GON reconstruction planning effort. Funding for planning related technical assistance was largely completed under the original PROP and Revision No.1 of June, 1975. This PROP revision reflects a shift in our emphasis from planning assistance to project and program management and implementation. This does not represent any deviation from the basic project design, but is, rather, a recognition that the highest priority task now facing the USAID and the GON is the rapid implementation of a very large, well planned effort to create a new, safer environment for the people of Managua and that this task requires different skills than the initial planning phase. Thus, the remaining assistance to be provided under this project will be concentrated on strengthening those GON agencies responsible for the implementation of the Immediate Action Reconstruction Program prepared under the initial phase of this project.

The background and rationale for the project, which was discussed in the original PROP, remains fully valid and is not repeated in this revision. The revised project outlined below defines the limited additional technical assistance requirements of the Vice Ministry of Urban Planning (VMUP), the major recipient of assistance in the initial phase of the project, after the first sixteen months of experience with foreign technical assistance and describes the technical assistance needs of the GON agencies involved in implementing the reconstruction efforts being financed in part by AID loan 524-W-029 (Urban Sector Loan -- Managua Reconstruction) -- principally the Ministry of the National District and the Ministry of Public Works. The Ministry of Labor, whose functions, while not directly contributing to the implementation of Loan 524-W-029, are nonetheless important to the overall success of the reconstruction effort, will also receive assistance under this project extension. During the implementation of the project, USAID/Nicaragua will continue to work with the cooperating GON agencies and draw on the expertise of the U.S. and third country (primarily from other Latin American countries) advisors in programming the assistance which will be required for reconstruction and related development during the remaining two years of the project.

B. Major Reconstruction Steps Since Original PROP

Considerable progress has been made in the reconstruction effort since submission of the original PROP for this project. Activities under the original Emergency Reconstruction Program Loan (524-L-028) have been virtually completed and have successfully provided Managua with improved traffic arteries and traffic patterns, better drainage canals, bridges, two new and one completely reconstructed hospital providing treatment facilities for more than 700 in-patients, and selected high-priority public buildings. In addition, loan-financed demolition and rubble removal operations have eliminated one of the worst aspects of post-earthquake Managua, the ever-present ruins of the completely destroyed central city core. More than 800 new classrooms have been constructed in Managua and another 132 repaired with financing from the 1973 Education Sector Loan 524-L-027 to replace part of those destroyed in the earthquake. Two major AID reconstruction loans have been signed --the \$15.0 million Low Cost Housing Loan (524-L-030) and the \$30.0 Urban Sector Loan-- Managua Reconstruction (524-W-029). The final \$10.0 million of this latter, which was authorized by AID/W in August, 1975, will be incorporated into an amended loan agreement in October, 1976.

As is noted in Sections D and F, below, the GON has now completed planning for its Immediate Action Reconstruction Program and has completed much of the work for a longer range General Development Program for the continued reconstruction and future development of Managua.

C. GON Financial Performance

Although revenues still fall well short of the country's relatively very large reconstruction investment needs, the 1974 revenue position of the Central Government was excellent, having a 45% increase in collections from 1973, with the 1975 collections projected to more than maintain this level. This increase can for the most part be attributed to import tax collections and sales taxes, which increased by 67% and 39%, respectively, and which together account for 66% of the total increase in collections. In addition, income tax collections performed better than expected with an increase by 39%.

Revenue projections for 1975 prepared by the GON budget office indicate an increase of about 5% in 1975. This latter increase takes into account the GON tax reform announced in December 1974, which substitutes sales and income tax increases for the emergency export tax which terminated at the end of

1974. The tax reform is also intended to unite many small taxes into one general sales tax in an effort to improve efficiency in collection. A projected increase in earmarked taxes is related to municipal taxes which formerly were not included in central government accounting.

As expected, current expenditures have increased nearly as rapidly as current revenues due to public employees' demands for salary increases to offset rapidly rising prices and to the increasing pace of reconstruction activities. During 1974, current expenditures increased by 44% over 1973. Major items affecting the increase were the purchases of goods and services and Current Transfers to the Public Sector, both of which were earthquake related and involved, at least in part, inventory replacement. The increase in salaries was necessary to compensate for inflation during the post-earthquake period.

Although the GON's Five-Year Plan (1975-1979) calls for a limit of 7% on annual increases in current expenditures, the adjusted 1975 Program Budget indicates an expected increase of 18%. In addition to a significant rise (70%) in interest paid on external borrowing, consumption expenditures (salaries, goods, services) are expected to increase by some 10%, reflecting expanded public sector activity and continuing inflation.

The investment budget continues to be the most significant increment in post-earthquake sector activities and it is clear that capital expenditures will have to continue to increase significantly to meet the country's reconstruction and development needs. It is in the management of this portion of the public sector activities that the GON most needs technical assistance in order to permit ongoing and additional reconstruction and regular development programs to proceed smoothly. Aside from the large element of indirect financing through loans from the Ministry of Finance to government banks and public utilities agencies, the largest share of 1975 public investment will finance, inter alia, the construction of public offices, highways, urban infrastructure, housing, urban sub-centers and transportation facilities.

Actual GON capital expenditures for 1974 were C\$885 million. Real investment in that year soared by 77% over 1973; while financial and indirect investment increased by 73.5% (see Table I below). Financing loans (C\$550 million), foreign credits carried over from the previous year (C\$265 million), and a surplus of C\$464.4 million in the 1974 budget. A new commercial loan (C\$210 million) contracted by the central

government will go to the Housing Bank for relending and is expected to be drawn down in 1975.

Current expenditures for 1975 are estimated at C\$1,044.0. Projected real investment is expected to increase by 72.6% to C\$393.5 million and financial investment is projected to drop slightly, even including our arbitrary addition of the C\$210 million for the Housing Bank.

Based on the GON's projections for the Five-Year Plan as presented to the international agencies in 1974, we would expect the GON investment budget to at least maintain, and probably exceed, the 1974 budget level during the period through 1978.

TABLE I

CENTRAL GOVERNMENT REVENUES AND EXPENDITURES

	Actual 1973	% <u>1973</u> 1974	Actual 1974	% <u>1974</u> 1973	Budgeted 1975 E	% <u>1975</u> 1974
Current Revenues	925.5	46%	1,349.9	46%	1,416.7	5%
Current Expenditures	613.8	17%	885.5	44%	1,044.0	18%
Capital Expenditures	536.3	38%	884.9	65%	1,101.5	11%
a) Real Investment	129.0	12%	227.9	77%	393.5	73%
b) Financial and Indirect Invest. <sup>1/</sup>	332.3	47%	576.7	71%	576.4 <sup>2/</sup>	-
c) Amortization	75.0	60%	80.3	7%	131.6	64%

E = Estimated

<sup>1/</sup> Includes capital transfers and government loans to public banks and autonomous agencies.

<sup>2/</sup> C\$210 million has been added to published 1975 Program Budget line items for Financial and Indirect Investment to account for recent US\$30 million Commercial Loan.

D. Progress and Problems in Project Implementation

1. Summary

Progress resulting directly and indirectly from the technical assistance provided under this project during its first sixteen months of implementation includes: (1) the formulation of a reconstruction strategy approved by the President of Nicaragua and completion of the Immediate Action Plan for Reconstruction which was submitted to the USAID on May 23, 1975 in satisfaction of a condition precedent to disbursement of Loan 524-W-029. This plan establishes the priorities and time schedules for the work to be accomplished during the life of the loan project; (2) Work is also nearing completion on restructuring the very strict emergency building code established shortly after the earthquake; (3) The VMUP has been able to expand its staff from less than twenty professionals eighteen months ago to some 115 Nicaraguan professionals (and a total staff, including technical and clerical personnel, of more than 700) and has drawn on the closely coordinated technical assistance provided by AID, the UNDP and the OAS to train and prepare them for the demanding tasks ahead; (4) Initial efforts to improve the management and administrative capacity of Managua's municipal government are well underway. While emphasis is being placed on improving revenue collections to provide financing for the greatly expanded reconstruction related activities, the Minister of the National District has accepted the contractor's recommendation for a complete reorganization of the Ministry; (5) Work is now in progress under an AID-financed contract to improve the cash budgeting and payment procedures of the Ministry of Finance to permit the GON to more promptly meet its obligations to the large number of contractors required to carry-out reconstruction programs; (6) The GON has accepted the recommendations of an AID-financed PASA advisor to establish a new employment service within the Ministry of Labor to enable it to project reconstruction manpower requirements and to plan training and development programs to assure that adequately prepared workers are available.

The additional technical assistance proposed for financing under this PROP revision is expected to yield further results in increasing the capacity of GON executing agencies to plan, program and effectively manage implementation of the greatly expanded public sector investment and public works programs required for reconstruction and continued economic and social development in Nicaragua.

## 2. Discussion

As was noted in the section of the original PROP entitled "Method of Operation" (see page 36), the central responsibility for implementing the project was to rest with the GON. This philosophy has been followed rigorously in the implementation of the project, with GON implementing agencies negotiating all contracts and handling all phases of contract administration. While we hoped, at the time, that such an arrangement would lead to a closer relationship between the GON agencies and their foreign technical advisors, the decision to place full contract responsibility in the hands of the GON was based primarily upon the fact that the USAID had only limited management resources and would be unable to provide the logistic support required for such a large number of foreign technical advisors. The Mission had no furniture available beyond that required for its projected direct hire staff and no funds programmed in its operating budget to procure additional household equipment. Our limited motor pool was barely sufficient to service the needs of our direct hire staff and our storage facilities and maintenance capabilities were already overtaxed. Thus, it was decided that all contractors under this project would have to be completely independent of USAID support.

Our experience with project implementation indicates that while this decision was taken on the basis of management imperative, it yielded, in practice, important dividends in the form of increased impact from the services of the foreign technical advisors. The foreign advisors have, in virtually all cases, adapted themselves to the situation in the recipient agency and have become a part of a technical assistance team responsive to the needs of the recipient without any complications arising from a secondary allegiance to the USAID or Embassy. Any problems that have arisen in the execution of their contracts have been worked out by the advisors with their employing agencies without recourse to AID's intervention. This has had the effect of avoiding much of the friction and misunderstanding that can arise between contractor personnel, USAID, and the recipient host country entity when all three are involved in contract administration. We believe that this arrangement has led to more harmonious relationships between advisors and counterparts and has contributed significantly to increasing contractor effectiveness.

The foregoing is not to say that the benefits derived from this method of operation were without certain costs. For example, it is clear that the choice of host country contracting over direct AID contracting resulted in initial delays in project implementation. This was due, in part, to the need to

develop contract formats that would be mutually acceptable and satisfy the requirements of both AID regulations and Nicaraguan law. Then, additional time was required to locate suitable candidates for advisory positions (see additional discussion below on recruiting problems) and instruct GON project managers on prudent contract negotiation practices. All this did, of course, take considerable USAID staff time initially just to move project implementation forward at the admittedly less than optimum rate achieved. However, GON personnel have learned rapidly and each successive contract has required less USAID staff time than the last. We have now reached the point where little more than review and approval of each contract action is required. Our conclusion, then, is that the additional staff time and effort required initially by our decision to utilize host country contracting mechanisms was fully justified and that it has resulted in overall savings in operating costs to the USAID while yielding more effective project implementation.

While much of the delay in initial implementation of the project can be ascribed to the time required to develop and institutionalize improved contracting procedures (see Annex II, p. 5), other factors also contributed to the delay. In fact, the schedule shown in the original Project Input Table (pages 30 through 33 of the original PROP) was out of date at the time we received AID's final project approval in mid-March, more than six weeks after the PROP was reviewed in Washington, since the schedule has been based on PROP approval by the end of January. However, perhaps the most serious delay from the standpoint of AID provided inputs resulted from the very long time required to locate the key principal advisor to the Vice Minister of Urban Planning. Since this was felt to be the most important foreign advisor position, considerable care was taken in developing the terms of reference for his contract and in establishing the criteria for his selection. Then, from among the many applicants for the position, some seven were selected for personal interview by the Vice Minister, who then experienced some difficulty in making a final selection. The individual selected -- a recognized authority in urban and regional planning in U.S. academic circles, but with extensive field experience in Latin America -- has proven well worth the delay in the selection process.

An initial problem was the insistence of the Vice Minister of Urban Planning that the Vice Ministry's advisors should be contracted on an individual personal services contractor basis rather than contracting with a single firm or group of firms to provide all the assistance to be financed with AID funds. He felt strongly that individual advisors would be more responsive to the needs of the GON without a home office supervisor to

worry about. The Vice Minister wanted, at all costs, to avoid being handed the "formula solutions" that contractor home offices are so fond of prescribing. He felt, and we have to agree, that a few delays because of recruitment and selection of contractors on an individual basis would be acceptable if improved results could be obtained.

Another major problem that confronted the GON and USAID in obtaining the services of foreign advisors on a timely basis was the difficulty in locating fully qualified professionals in the United States who could also speak the Spanish language. Because delays of one to four months were being encountered in obtaining critically needed foreign expertise in the early months of project implementation, the USAID sought and obtained a limited waiver from the Assistant Administrator for Latin America of the source and origin requirement for six of the positions allocated to the Vice Ministry of Urban Planning. The waiver permitted us to obtain the services of advisors whose country of residence was one of the other Latin American countries. We expect to encounter the same kind of difficulties in carrying out the implementation phase of the project that we are now entering. However, in this phase, the problem could be even more critical than initially since we may have to respond quickly and flexibly with short-term advisors to meet the needs of specific situations involving disbursement of large amounts of AID loan funds. The time delay involved in obtaining waivers for specific positions could, in many cases, create additional problems. We are, therefore, proposing that approval of this PROP revision constitute a waiver of source and origin of technical advisors to permit us to contract for up to one-third of the total number financed by the PROP revision from other Latin American countries, excluding Cuba, in addition to the United States. This should permit us to avoid unnecessary delay and paperwork in project implementation.

Other significant delays have occurred in the recruitment of experts originally to be provided by the other international agencies participating in the project. Particular difficulty has been experienced by the UNDP in obtaining the services of qualified advisors. While the UNDP has been able to provide seven of the nine long-term advisors originally programmed, they have yet to fill the important positions of Traffic and Transportation Advisor and Infrastructure Planner.

The OAS was able, initially, to respond more quickly than either AID or the UNDP. However, their ability to provide continuing long-term technical advisors has been somewhat less than expected originally. We have been advised that this difficulty is due to budget shortfalls within the OAS departments

in Washington and does not indicate any downgrading of the importance of the assistance originally programmed in achieving the objectives of the project.

Other changes in project design and method of implementation are worth noting. Pages 36 and 37 of the original PROP indicated that the technical assistance to be provided to GON entities other than the Vice Ministry of Urban Planning would be managed by the Office of Coordination and Implementation of the Ministry of Finance, the GON entity responsible for administration and implementation of AID loan financed reconstruction assistance. However, after careful review with USAID Capital Development Office personnel subsequent to PROP approval, it was decided that the additional burden involved in managing a grant-financed technical assistance package that would be governed by a different set of regulations and requirements than were applicable to loan financed projects might prove too great a burden on the Office of Implementation at that time. After carefully considering the alternative of utilizing AID direct contracting procedures, the USAID approached the Nicaraguan Central Bank (universally recognized as the strongest, most efficient agency in the Nicaraguan public sector) to determine its interest in performing this function. After some negotiation, a project agreement was signed with both the Bank and the GON's National Emergency Committee for the implementation of the technical assistance to be provided to GON entities other than the Vice Ministry of Urban Planning. A supervisory committee, composed of representatives from the National Emergency Committee, the Central Bank and the USAID, was established to monitor project implementation and the Central Bank assigned one full-time professional employee together with a secretary to manage the day-to-day operation of the project. While it was originally intended that the supervisory committee meet formally on a regular basis, two factors mitigated the need for this practice being followed rigorously. First the National Emergency Committee representative to the committee is the Secretary of the Presidency --the senior Nicaraguan Cabinet Minister and Chairman of the National Planning Council-- with whom it is frequently difficult to arrange meetings due to his very heavy schedule and the fact that he is on instant call to the President. Second, this part of the project has not yet become so complex that it cannot be effectively monitored on a more informal basis. Consequently, the USAID Project Manager maintains very close working relationships with the Central Bank Project Manager, which permits project implementation problems to be surfaced immediately. Those requiring resolutions by the project committee are discussed with the Secretary of the Presidency by telephone and resolved quickly. Our experience to date with this method of operation has been generally

good although we would expect to modify it somewhat with the approval of the additional assistance requested in this PROP revision. Clearly, the additional scope and complexity of the assistance outlined herein will require a more formalized approach to project monitoring. We would, therefore, expect to request the GON to name an alternate representative to the project committee who will be more readily accessible and able to devote additional time to the task. In any event, we would expect to continue utilizing the services of the Central Bank as the implementing agent for this portion of the project. Accordingly, funds have been included to finance the cost of one Nicaraguan professional and a secretary to be employed by the Central Bank for this purpose.

In the initial Project Paper, funds were approved to finance salary supplements (topping-off) for architects and engineers to permit the GON to employ a sufficient number of qualified professional employees in these two important fields. It was hoped that through such a device the GON could pay competitive salaries and attract professionals from neighboring countries and the U.S. to fill existing position vacancies and additional requirements for the development of reconstruction projects for which Nicaraguan architects and engineers were not available. However, the PROP approval message indicated that it was AID/W's desire that any such financing be only temporary and not extend beyond the initial project funding period. After careful review, the USAID decided that the initiation of such an activity for only a period of some 12 months with no possibility of additional financing thereafter would probably create more difficulties than it would resolve. Consequently, it was decided not to undertake any program of topping-off for Nicaraguan Government professional salaries.

Assistance to the Ministry of Finance in improving financial operations has been provided through a contract with a U.S. consulting firm. The USAID's original estimate for the level of effort required (six months) was revised upward during the process of jointly developing with the Ministry of Finance a scope of work for the contract. A total of twelve man-months was required at a cost of \$73,038 under a contract with Sander-son and Porter, Inc. of New York.

Management assistance was provided to the Ministry of the National District under a \$48,790 contract with the firm of Peat, Marwick, Mitchell & Co. The assistance included an assessment of the overall organization structure of the Ministry of the National District together with concentrated assistance to improve the Ministry's revenue collection procedures in order to increase the National District's revenues and thus enable it to be better able to afford some of the additional costs related to reconstructing the city of Managua. This assistance has re-

sulted in what appear to be excellent recommendations for the complete reorganization of the Ministry of the National District together with new operating procedures and manuals for the management of collections in the Ministry's revenue producing departments. Additional assistance is programmed under this revision to permit implementation of the recommendations on reorganization. (See Annex V).

The USAID and the GON are now in the process of selecting and contracting with a qualified expert in public works management to provide the assistance originally programmed for the Ministry of Public Works.

Assistance to the Ministry of Labor in the field of manpower planning for reconstruction had originally been programmed at six-man months. However, a subsequent in-depth analysis performed for the Mission by an expert from the U.S. Department of Labor indicated that the task was more complex than originally anticipated and would require somewhat more assistance than had been programmed. The U.S. Department of Labor recommendations (see Annex VI) suggested the need for the establishment of a new major entity within the Ministry of Labor to carry out the functions indicated. The GON accepted the recommendations as provided and has made available budget resources to accomplish the reorganization required. In view of the strong GON interest in revitalizing a traditionally weak Labor Ministry so that it might play a more effective role in the process of reconstruction, and their appointment of a dynamic, capable young Labor Minister in December 1974 to accomplish this task, the USAID decided to cooperate with the GON in this endeavor to the fullest extent possible. Consequently, funds were allocated to finance the initial year of a resident PASA advisor together with two short-term specialists for four man-months and financing for short-term training in Puerto Rico for six officials of the Ministry who would return to assume key positions in the reorganized Ministry.

Assistance programmed in the original PROP for the Ministry of Economy in public transportation was postponed to make funds available for the additional assistance to be provided the Ministry of Labor. While such assistance is still considered of long-range importance for the future development of Managua, the construction related technical assistance programmed above for the executing agencies has been assigned a higher immediate priority by the USAID. We will, therefore, assist the GON in trying to locate another funding source (perhaps the UNDP) for this activity. However, should we be unable to locate other funding and should one or more of the activities programmed for

immediate funding not be required (an unlikely event, but possible), we would propose to utilize the funds thus available to finance assistance in improving public transportation facilities and services.

The assistance originally programmed for JNAPS was deleted on the basis of information provided that the GON was obtaining similar assistance from the UNDP and through a direct contract with a U.S. firm utilizing its own resources.

#### E. Changes in Logical Framework

The original logical framework for the project has been revised to conform generally with the recommendations contained in the evaluation of the project by William Mann, LA/DR, completed in June, 1975. In general, the revisions serve to clarify and expand on specific points contained in the original project logical framework. As such, these revisions do not represent any significant redesign of the project, the original design of which remains valid.

The original goal statement is retained without change. However, the first measure of goal achievement has been revised slightly to incorporate the names of the principal GON planning documents either already produced or in the process of production. Likewise, the corresponding means of verification has been revised to include the names of the specific documentation to be reviewed in verifying goal achievement.

The project purpose stated in the original PROP remains unchanged. The "End of Project Status" section has been revised only to include the names of specific planning documents to be prepared during the life of the project. No changes have been made in the "Means of Verification" or in the "Assumptions for Achieving Purpose" sections.

The "Statement of Project Outputs" section has been revised to include the current names of specific planning documents and the project output (#7 in the original PROP) related to the unimplemented salary supplement ("topping-off") component has been deleted. Completely new sections have been included for "Output Indicators" and "Means of Verification" under End of Project Status. These sections indicate, as appropriate, specific target dates for events to be accomplished and the increase in activity expected to be achieved.

The "Project Inputs" section has, of course, been completely revised to reflect project activities to date and the additional activities proposed for financing under this PROP revision.

## F. GON Implementation Structure

Stated in its most basic terms, our primary objective in this phase of the project is to support implementation of the GON's reconstruction program for Managua, the major portion of which is financed through AID loan 524-W-029 and related GON counterpart funds. AID's contribution to this effort amounts to \$30.0 million with the GON contributing an additional \$40.0 million to the total program cost of \$70.0 million. The complete description of this reconstruction program is contained in the Capital Assistance Paper for the above loan which is available in AID/W as document No. AID-DOC/P-2049, dated June 14, 1974.

One of the principal conditions precedent to Loan 524-W-029 was that the GON complete and publish an immediate action implementation program for the reconstruction of Managua. This plan, which corresponds to the first stage of Managua's reconstruction, was completed largely through the efforts and assistance of the foreign technical advisors provided under the present project to the Vice Ministry of Urban Planning, was delivered to the USAID in late May, 1975. The original plan allocates \$33.0 million to construction activities (\$19.0 million counterpart and \$14.0 million loan funds), \$15.0 in GON counterpart funds for the acquisition of public lands, \$5.6 million (\$2.8 million each from loan and counterpart funds) for A&E services, supervisory services, national reconstruction planning and special studies; and \$6.4 million to establish a special small industry credit fund to provide credit and technical assistance to small businessmen affected by the earthquake and to small industrial and commercial enterprises important to the process of reconstruction. Since submission of the Immediate Action Reconstruction Program (PRAI), AID/W has authorized the final \$10.0 million contribution to the immediate action reconstruction program with \$6.0 million allocated to health and environmental sanitation projects with the remaining \$4.0 million divided between construction activities, A&E services, and special studies.

Implementation of the ambitious Immediate Action Reconstruction Program is a task of unprecedented magnitude and complexity for the GON. Not only is the size of the program well beyond any previous GON experience, its successful implementation will require the efforts of more than 10 distinct and different GON entities working in close coordination with each other to plan, develop, design, contract for and supervise the implementation of massive construction and credit programs. To accomplish this complex coordinating task, the GON has established an extensive coordinating structure consisting of the following institutions:

1. The High Level Reconstruction Committee (CRAN);

2. The National Planning Directorate (DPN);
3. The Ministry of the National District --Vice Ministry of Urban Planning (VMUP);
4. The Ministry of Finance --Office of Coordination and Implementation (OCI);
5. The Executing Agencies (various);
6. The Inter-Agency Coordinating Committee;
7. The Committee of Executing and Coordinating Agencies.

The High Level Reconstruction Committee is headed by the President of the Republic and composed of the Minister of Finance, the Minister of Economy, the President of the Central Bank, the National Planning Director, the Minister of the National District, the Vice Minister of Urban Planning, the Director of the Office of Coordination and Implementation, and the Director General of the National Budget. The Committee's function is to establish guidelines and policies for reconstruction programs and to give final approval to such plans.

The many functions for which the Directorate of National Planning (DPN) is responsible include, in addition to national economic studies and plans, the review and evaluation of the capital and operating budgets of the autonomous agencies and the review of the technical assistance programs of the international agencies. The DPN serves as a member of the Inter-agency Coordinating Committee for the Immediate Action Reconstruction Program.

The functions of the Vice Ministry of Urban Planning (VMUP) of the Ministry of the National District include the following:

1. Short, medium and long-term urban planning and the studies necessary for the reconstruction and integrated urban development of Managua.
2. Formulation of policies governing land use, traffic and street patterns, and the location of community facility installations.
3. Enforce compliance with Nicaraguan anti-seismic construction regulations and assure that adequate seismic zoning and land use requirements are placed in practice in the reconstruction and future urban development of Managua.

4. Continuing review and updating of the Immediate Action Reconstruction Program (PRAI), in conjunction with the elaboration of a General Plan for Development (PGD). The PGD will be flexible in the short and medium term and be responsive to the future necessities and variables of planning for the Managua metropolitan system.

5. Identify and process those projects that will further the policy of deconcentration in the reconstruction of Managua. Establish priorities for those projects included in the PRAI and review and approve all those activities necessary for their implementation.

6. Prepare the capital budget for the PRAI and develop, on an annual basis, the packages of reconstruction projects to be financed with resources of the Government of Nicaragua and funds from the AID Loan 524-W-029 during its life.

7. Develop criteria for the acquisition of the lands necessary for the construction of infrastructure and public facilities within the reconstructed city of Managua and its immediate area.

8. Develop and implement mechanisms for evaluating the reconstruction program and related activities.

9. Serve as a member of the Inter-Agency Coordinating Committee for implementation of the immediate action reconstruction program.

In summary, then, the Vice Ministry is the principal GON entity responsible for the physical, social and economic planning and programming necessary to assure that the reconstruction and development of Managua goes forward on a well planned, rational basis that will assure the safety and well being of its citizens in the future.

The Office of Coordination and Implementation (OCI) of the Ministry of Finance carries out the following functions with respect to reconstruction for Managua:

1. Serves as the coordinator of financing and supervision for the reconstruction program and for the loans and financial inputs necessary for its accomplishment.

2. Administers the funds provided to the Government through loans from the international agencies and assures that adequate financial and accounting controls are maintained in their utilization.

3. Collaborates with the Vice Ministry of Urban Planning (VMUP) in reviewing and processing reconstruction capital budgets for the final approval of the High Level Reconstruction Committee (CRAN).
4. Assures that the capital budgets prepared by the Vice Ministry of Urban Planning are financed and implemented adequately.
5. Provides financing to the different executing agencies for the implementation of activities approved for inclusion in the reconstruction program.
6. Supervises the executing agencies in the implementation of program activities.
7. Supervises the individual activities of the reconstruction program that are implemented in accordance with the regulations of the international lending agencies.
8. Serves on the Inter-Agency Coordinating Committee for the reconstruction program.

The Inter-Agency Coordinating Committee, which is composed of representatives of the Vice Ministry of Urban Planning, the Office of Coordination and Implementation, the Directorate of National Planning and other agencies as necessary, once reconstruction plans are approved by the High Level Committee for Reconstruction, will be responsible for the preparation of capital budgets and programming the implementation of the plan. It will play the role of "expediter" in assuring the prompt implementation of activities financed through the reconstruction program. As such it will visit project sites and implementing agencies to determine what problems are arising that are not being adequately resolved through normal channels and will flag these problems to appropriate officials for immediate resolution.

In the final analysis, the principal responsibility for the execution of the reconstruction program will rest with the executing agencies. The above discussion of the GON implementation structure deals mainly with the essentially staff functions of planning, programming and preparing projects and activities for implementation. Once these functions are completed, the real work of implementation begins at the level of the executing agencies. However, this much space is devoted to the staff structure established for the reconstruction program to emphasize the importance of the coordinating mechanisms involved. The complexity and importance of the coordinating task can be readily appreciated by taking as an example a typical "Integrated Planning Area" which might cover a

land area of approximately 20 sq. kms, each with an urban sub-center providing multiple services to the population of the area. These services might include, typically, a retail market center, a vocational training school, health clinic, community center, recreational areas, commercial and light industrial facilities, etc. An "Integrated Planning Area" would also require schools, municipal offices, fire stations, bus terminals, parks, streets, storm drains, water and sewerage networks, electric utilities and telephone service. In total, such an area might require more than 40 different projects, each of which would involve the preparation of detailed plans and specifications, contracts for A&E services, contracts for supervisory engineering services, contracts for the actual construction of facilities, etc. In addition, all of these steps would be carried out more or less simultaneously by a number of implementing agencies that would normally work independently of any central control. The problem is further compounded by the fact that five of these "Integrated Planning Areas" are in the target zones projected for development during the life of the project. Obviously, careful and diligent coordination will be essential to assure that these implementing entities accomplish their tasks in the proper sequence and on a timely basis.

In an attempt to solve this very difficult coordinating problem, the GON has established one additional committee for each of the "Integrated Planning Areas". The Committee of Executing and Coordinating Agencies (CAEC after its Spanish title "Comité de Agencias Ejecutoras y Coordinadoras") is composed of representatives of all the executing agencies implementing projects in an "Integrated Planning Area" together with representatives of the VMUP and OCT. The CAEC is viewed by the GON as a means of cutting through bureaucratic redtape by providing a forum for all the agencies involved in developing a given area to work directly with each other to resolve their respective problems in implementation. In this manner, each agency will be aware of the work being performed by other agencies in the area and can adjust its own work schedules to avoid conflicts and unnecessary duplication of effort.

One note should be made here regarding the relative roles played by the "Inter-Agency Coordinating Committee" and the "Committee of Executing and Coordinating Agencies (CAEC)". The "Inter-Agency Coordinating Committee" is composed of representatives of the principal planning and programming entities involved in the reconstruction process and, in effect, operates as the principal staff arm of the High Level Reconstruction Committee. One of its principal functions is to serve on the CAEC in order to maintain close relationships with all the executing agencies. The CAEC

provides the principal forum for the executing agencies to consult among themselves and, thereby, effect an increased level of coordination.

Insofar as the capacity of the implementing agencies themselves to carry out projects is concerned, we believe that the Government enterprises providing basic utility services are generally well managed and have adequate technical capabilities to carry out the projects for which they are responsible. These agencies (ENALUF, Aguadora, DENACAL, and TELCOR) have received considerable technical assistance in the past from the other international lending agencies as well as the UN and OAS and, consequently, are not slated for technical assistance financed by this project. However, certain of the central government agencies that will be responsible for the construction of roads, streets, drainage canals, and public buildings financed under loan 524-W-029 and related GON counterpart contributions will require fairly extensive assistance to assure that they have sufficient capability to handle the greatly increased workload inherent in the implementation of the reconstruction program. The specific needs of these agencies, are described below in Section H.

#### G. Relationship of Technical Assistance to Reconstruction Loan and Other Donor Assistance.

It would be useful here to discuss briefly the relationship between the technical assistance provided under this project and the program implementation assistance to be financed under Loan 524-W-029. This relationship was also discussed in the Capital Assistance Paper (CAP) for the loan (AID-DIC/P-2049). On page 79 of the CAP, it was noted that the loan would provide:

"....assistance for directly supporting the implementation of the Immediate Action Reconstruction Program and for providing specialized assistance for urban and national reconstruction planning not provided for by the Mission's grant project for Program Development and Implementation (524-11-998-106). While the Mission's technical assistance grant project will cover overall technical assistance requirements for the reconstruction, particularly for the Vice Ministry of Urban Planning, the loan will finance requirements directly related to the formulation, preparation and implementation of individual program activities...."

The primary purpose of the program implementation assistance component of the loan, as described in the Capital Assistance Paper, is to finance contracts for Architect and Engineering services, supervisory engineering services and major feasibility and pre-feasibility studies related directly to project formulation and implementation. While there is no apparent legal restriction on

utilizing funds from the program implementation assistance component of the loan to finance technical assistance similar to that proposed in this project paper revision, such utilization was not contemplated either at the time the grant project was originally designed or during the preparation of the Capital Assistance Paper, its review by AID/W and negotiation of the subsequent loan agreement with the GON. Indeed, as noted above, the Capital Assistance Paper quite clearly stated the Mission's understanding of the important role that grant-funded technical assistance would play in the reconstruction effort and, since no objections or reservations were expressed by AID/W during loan review or in the loan authorization, the Mission assumed AID/W agreement and proceeded with project development accordingly.

Thus, both the USAID and the GON have planned from the outset that the grant funded Program Development and Implementation project would finance the institution building activities necessary to provide the GON implementing agencies with the basic capability to implement the overall reconstruction program, while the loan funded program implementation assistance would finance the more directly activity related professional services required. The Mission has observed this division between the two types of assistance and their appropriate financing in developing its reconstruction assistance package and in discussing and negotiating this package with the Government of Nicaragua. Thus, the criteria followed by the Mission in selecting activities to be financed from the different funding sources were that activities directly related to the design and implementation of specific projects or construction activities or for the financing of operational type personnel to carry out functions that could be normally expected to be performed by direct employees of the GON agencies involved will be financed by loan funds or GON counterpart. The use of grant funds for assisting the executing agencies has been restricted to financing the cost of a limited number of advisory personnel whose primary function is to assist in upgrading the institutional capacity of the agencies to coordinate and carry out the very complex reconstruction activities.

It should be noted that loan 524-W-029 finances a contract between the GON and the Advisory Center of the Central American Institute for Business Administration (INCAF) --a graduate school of business established near Managua ten years ago with the assist-

ance of AID and Harvard University-- under which INCAE provides technical assistance to the GON in such fields as economic and financial planning for reconstruction, project identification and analysis, special reconstruction-related studies and analyses, program and project evaluation and specialized training programs for GON personnel. Early on in the process of developing this project revision, we looked carefully at the prospects for utilizing the INCAE contract rather than grant project funds to obtain the services and training included herein. We concluded that, for a number of reasons, only a very limited amount of the type of assistance programmed under this project could be obtained from the Advisory Center.

First, and most importantly, the INCAE staff does not include personnel with the type of engineering background or extensive public sector working experience that will be required to provide the assistance needed by the implementing agencies. Second, the ability of INCAE to provide assistance to implementing agencies is further restricted by both the GON's and INCAE's view of the proper role for INCAE to play in the reconstruction effort. INCAE views its role as an almost purely advisory one with its efforts directed toward studies of rather high level planning and policy questions and to conducting specialized seminars and evaluations. It does not view itself as a source for the more operationally oriented technical assistance needed by the implementing agencies to carry out the Immediate Action Reconstruction Program (PRAI) financed in part by Loan 524-W-029. The GON also appears to view INCAE's proper role as providing advice and carrying out studies of a more theoretical nature. At the same time, they look upon INCAE with some suspicion since some of the Advisory Center's earlier work, financed under Loan 524-L-028, resulted in the public release prematurely of sometimes highly critical reports that had not yet been seen and reviewed by the GON. The GON, then, will prefer to use INCAE to carry out studies and analyses in areas where INCAE has special expertise which the GON does not have and to conduct seminars and local training programs for GON officials. The area of evaluations will be more troublesome for both sides since INCAE believes itself to be especially qualified for such work while the GON is reluctant to risk premature release of particularly critical reports as has happened in the past. We believe that it will be possible for INCAE to contribute significantly in this important area by assisting GON agencies in developing and designing detailed evaluation plans and systems and by training GON officials in evaluation design and techniques but the evaluations themselves will be handled by the GON itself or with the assistance of other contractors. Thus, the USAID has concluded that while INCAE can be utilized to provide supplementary assistance to compliment the work of the advisors financed

under this project, the Advisory Center is not a proper resource for the kind of technical assistance programmed under this project.

With respect to the programs of other donors, as noted elsewhere in this paper the technical assistance financed under this project for the Vice-Ministry of Urban Planning is very closely related and coordinated with assistance provided to VMUP by the OAS and the UNDP. The USAID has carefully reviewed with the UNDP Resident Representative the possibility of that organization providing assistance to the reconstruction implementing agencies similar to that proposed in this paper. We were advised that, while the UNDP recognizes the importance of such assistance, it is in an area the UNDP is not anxious to involve itself given the other activities already competing for the rather scarce resources available or likely to become available for the Nicaragua Country Program. The UNDP considers the more than US\$1.6 million it has already committed to the reconstruction effort (see Annex VII) as being the most it can allocate to such activities.

We have also discussed with OAS country-level personnel the interest their organization might have in providing technical assistance to the executing agencies. They advised that while the OAS maintains a very active interest in the reconstruction program, their current biennial budget is fully committed through June, 1976. They further advised that decisions with respect to their program after that time would be made at the Washington headquarters level rather than in the field. In any event, new advisors to be financed by the OAS' biennial budget for 1976-78 could not be available in the field until very late in CY 1976. Thus, given the timing for the long-term advisors, we do not view the OAS as an alternate source for the major part of the remaining assistance programmed under this project. Any assistance that the OAS might provide would only be available later in the life of the project and would have to be viewed as supplementary to the assistance programmed herein.

#### H. Composition of Proposed Technical Assistance

The program of reconstruction and development for Managua, together with the major new rural development program it is undertaking at AID's urging and with AID assistance, continues to confront the GON with a significant increase in the scope and magnitude of the job it must perform. Section F above provides an indication of the complex nature of the task while section C above indicates, in financial terms, the very significant increase in the overall level of effort of GON operations since the earthquake. The burden of this increased workload falls most heavily upon the GON entities involved directly in planning,

financing and carrying out the reconstruction projects themselves. Overall, the GON is responding well to the challenge with which it is faced. However, while there is, in general, the will to do the job, several of the implementing agencies simply do not yet have the technical or administrative capacity, without outside assistance, to rise to the occasion.

Fortunately, our experience indicates that, with the proper technical assistance, the GON agencies can gear up quickly to handle a much greater and more complex workload. Based upon results obtained from the major technical assistance inputs provided to the Vice Ministry of Urban Planning (VMUP), and initial inputs into several other GON agencies, the infusion of foreign technical assistance has proven to be a valid solution to the problem of accelerating the reconstruction process and upgrading the capability of GON personnel and agencies. Judging particularly by the results of the VMUP inputs, such foreign technical assistance can enable the GON agencies and their young cadre of professionals to gain significant experience without delaying program progress and to eventually carry on in their own behalf after the departure of the foreign technicians.

#### 1. Vice Ministry of Urban Planning (VMUP)

The single most important GON entity, in terms of the technical assistance financed through this project, is the VMUP, the unit within the Ministry of the National District responsible for the planning and staff functions related to the coordination of the reconstruction process. Since implementation of this project began, the USAID has obligated \$659,000 to finance some 151 man-months of technical assistance for the Vice Ministry of Urban Planning. In addition, the UNDP has programmed \$444,150 for some 120 man-months of technical assistance while the OAS is contributing an estimated \$345,800 for some 52 man-months of technical services and equipment for a construction materials testing laboratory.

The function and organization of the Vice Ministry of Urban Planning were described fully in the original PROP and have not materially changed since that document was submitted. The "Input Table" included as a part of the logical framework matrix below contains a complete breakdown of the assistance provided to the VMUP. We believe the assistance already financed for the VMUP is sufficient to meet the major planning requirements for the immediate action reconstruction program. Funds obligated under this project in previous fiscal years will continue the services of key AID-financed advisors to the VMUP through CY 1976. Therefore, no additional financing for technical assistance to the VMUP is programmed under this project revision.

## 2. The Ministry of the National District

The Ministry of the National District is the municipal government of Managua. It is headed by a Minister who is named by the President of the Republic and who performs the functions normally carried out by a Mayor. The Ministry contains the departments and units normally found in municipal governments including municipal schools, public works, tax collection, financial management departments, a public registry, etc. In all, the Ministry has some 23 departments and units reporting directly to the Minister of the National District (see Annex V for current organization chart).

The Ministry of the National District was affected more than any other GON entity by the earthquake and its aftermath. Virtually all the city offices were destroyed and the Ministry was forced to relocate immediately after the earthquake to a converted warehouse between the railroad tracks and the shore of Lake Managua where its offices remain today. Despite the difficult working conditions, the level of activity of the city government has increased significantly and this increase is reflected in an increase in expenditures from \$3.4 million in 1972 to an estimated \$10.0 million in 1975. Even more impressive is the increase in the level of capital investments from approximately \$268,000 in 1972 to some \$2,300,000 in 1974 and approximately \$4.0 million in 1975. This increased level of activity has placed a tremendous strain on the ability of the Ministry's staff to carry out its functions. Recognizing this, the Minister of the National District requested AID to provide technical assistance in upgrading the capability of Managua's governmental structure to carry out its much greater role. The initial technical assistance was provided under a contract with the firm of Peat, Marwick, Mitchell to survey the overall organization of the National District and to recommend appropriate improvements therein and to assist in the streamlining of the Ministry's revenue collecting functions to stimulate increased revenues in order to finance part of the new, higher costs of administering the Ministry. The scope of the Peat, Marwick, Mitchell contract did not include the implementation of the reorganization plan which is scheduled to be financed under this PP revision.

While the increases in activity registered by the National District since the earthquake have been impressive, the expansion of activities expected during the coming two years will be just as great. For example, the level of capital investment is expected to increase again from 1975's estimated \$4.0 million to an annual average of more than \$6.0 million over the next two years (USAID estimate). In addition, the Ministry of the National District will have the principal responsibility for coordinating its activities with those of a number of other GON entities who will be implementing investment programs valued at many millions of dollars more during the same period and in the same general locations. Thus,

the Mission regards the technical assistance programmed for the Ministry of the National District as extremely important to achieving the objectives of the reconstruction program. Its importance cannot be overemphasized since the experience and skills required in public works management, program budgeting and systems analysis simply are not available on the local labor market at any price.

Among the highest priorities of the Minister of the National District is to implement the reorganization plan proposed by the Peat, Marwick, Mitchell contract team. As presently organized and functioning (see Annex V.a) the Minister must deal directly with some 23 separate departments and units engaged mainly in carrying out day to day operating functions. So that the Minister will be able to devote his energies to the job of supervising the complex task of reconstruction, both the style of operation and the organization of the Ministry must be changed rapidly. The reorganization plan, as accepted by the Minister, would group similar functions within larger departments headed by fully responsible department heads in order to cut down the Minister's span of control from some 23 to 12 (see Annex V.b). Since the Ministry of the National District has no in-house capability in systems analysis or organization and methods, we propose to finance approximately one man-year of services by a highly qualified systems analysis advisor to assist in carrying out the planned reorganization and management improvements.

This advisor would work with a new Department of Organization and Systems that will report directly to the Minister and be staffed with two or three young professionals with university degrees in business or public administration or similar fields. The advisor will train these counterpart personnel to the extent necessary in the practical aspects of management and systems analysis in functioning local government organizations and advise and assist them in conducting studies and analyses of work flow, procedures and decision making processes in the various units within the Ministry. Such studies will provide the basis for developing new or improved procedural manuals for the internal management of the various departments of the Ministry and for the coordination of their activities with those of other departments. Work will concentrate initially on the newly formed Directorate of Public Works ("Departamento de Programas" in Annex V.b) in order to achieve the earliest possible impact on the heavily reconstruction-related activities of this Directorate. The Systems Analysis advisor will consult closely with the Senior Public Works Advisor and the Program Budget Advisor (see below) in all management improvement activities carried out in the Directorate of Public Works. Next in order of priority will be efforts to review and improve the systems, procedures and directives of the financial management units of the Ministry again in close coordination with the work of the Program Budget advisor.

In designing and implementing management improvements in both the public works and financial management units of the Ministry, the Systems Analysis advisor will work closely with the Senior Public Works Administration and Program Budget Advisors to insure that his work is responsive to the highest priority management requirements identified by these advisors.

The systems analysis advisor will supervise and instruct his young counterparts in their work in other departments and directorates within the Ministry of the National District and will act as the principal advisor to the Minister on matters related to administrative and management reform. In this latter role, he will work with the Minister in restructuring the Ministry's decision making processes to assure that sufficient authority is delegated to line managers to permit them to make the decisions necessary for routine operations within their areas of responsibility. The objective here will be to relieve the Minister of the need to spend an inordinate amount of his time in making routine decisions so that he will be able to take a greater and more active part in the management of the reconstruction program.

Within the Ministry of the National District, the Department most concerned with the reconstruction effort is the Public Works Department. Under the proposed reorganization, the Department of Public Works would be expanded into a Department of Programs with units for Specifications and Designs, Construction, Maintenance, Supervision and Traffic Engineering to carry out the more specialized functions within the public works area.

As noted above, the operations of this department, as reflected by its investment budget and the number of projects initiated (only five in 1972, increasing to an average of more than fourteen larger, more complex projects each year from 1973 through 1975, and with at least thirty-six projects already identified for financing under loan 524-W-029 and related counterpart during 1976 and 1977) have increased substantially since the earthquake. In addition, the character of the work it must perform has changed considerably. Prior to the earthquake, most of the public works projects and activities financed by the National District were designed and carried out by the Ministry's Public Works Department utilizing its own personnel and equipment. After the earthquake, however, the magnitude and urgency of the immediate reconstruction efforts, financed in part by AID loan 524-L-028, made it impossible for the National District to carry out its public works projects in this fashion. In 1973, more than half the value of the National District public works projects consisted of contracts with private sector firms and the percentage has increased each year since. While the practice of contracting work out was initially adopted as a matter of necessity, the Minister has recently announced a policy of contracting out for as much of the Ministry's public works as possible. It should be noted that most of the initial contract work was financed under loan 524-L-028 and was successfully carried out only through the commitment

of a major share of the USAID's engineering and capital development staff time to the task. Additional staff time and support from the Ministry of Finance's Office of Coordination and Implementation was required to accomplish the task. The Ministry of the National District did not have the experience or capability to solicit and evaluate bids, negotiate and administer contracts, supervise, coordinate and control the activities of contractors and inspect and evaluate contractor performance. And our experience indicates that, while considerable progress has been achieved, the Ministry still does not have a satisfactory level of competence in this area of operations to adequately carry out its role without additional outside technical assistance. The magnitude of the problem is indicated, to some extent by the Ministry's experience in implementing its 1975 investment budget -- of the more than \$8.9 million budgeted, less than \$4.0 million was actually implemented. The Mission then is faced with the alternatives of either providing such technical assistance or again committing a major share of its staff resources to, in effect, supervising the day to day implementation activities of this important reconstruction program executing agency in order to insure timely implementation of loan 524-W-029. We believe that the former course of action is clearly the more desirable, from the standpoint of both AID program management and the longer-term interests of the National District.

We have, therefore, programmed twenty-one man-months of the services of a senior public works administration advisor to work with the new director of the Ministry's Directorate of Public Works in upgrading the capacity of this key organization. The new director is a capable and well qualified young engineer with substantial graduate training in traffic engineering and ten years of private sector experience but with no experience in the management of major public works programs. In addition, while four of the eight professionals identified as the Directorate's key employees have eight or more years of public sector experience, in the opinion of the USAID engineers, the type of experience they have had has done little to prepare them for the kind of work involved in implementing the Immediate Action Reconstruction Program under loan 524-W-029. Further, only one of the eight key staff members has had any significant training in management and administration but he is also the only one without an engineering background. Thus, the need for the advisory assistance in public works management and administration is particularly critical.

The type of advisor we have in mind would be an engineer with graduate training in public or business administration to the Master's degree level. He would also have extensive experience in public works management as director of a public works department at the county or municipal level in the United States. His

experience would include, among other things, competitive bidding, negotiation and administration of large public works contracts. He would be expected to assist the Minister of the National District in improving project design and in establishing procedures and standards for the solicitation of competitive bids for both A&E and construction contracts, the evaluation of bids and selection of contractors and the negotiation and subsequent administration of contracts. He will advise on the application of modern program management techniques (eg. PERT, CPM, operations research) to the activities of the Public Works Directorate and will provide seminars and on-the-job training for key counterpart personnel in these techniques. The advisor will work with public works personnel, the systems analysis advisor (see above) and the program budgeting advisor in developing operating and procedural manuals covering the management, administration and evaluation of public works projects. In addition, this advisor will be available to assist the Minister, the Public Works Director and other key Public Works Directorate personnel in resolving management and implementation problems related to the execution of loan 524-W-029 on a timely basis.

Very important to the success of both the public works administration advisor and the systems analysis advisor will be assistance to improve financial planning, programming and management within the Ministry of the National District--an organization that, until 1974, frequently operated without a published budget. We have, therefore, programmed financing for a program/budgeting advisor for twenty-one man-months. The program/budgeting advisor will work with counterpart personnel in the newly established Directorate of Finance of the Ministry of the National District to develop and implement a new system of budgeting for the Ministry that will incorporate all programs and projects carried out by the Ministry into a manageable, time-phased, multi-year program of operations. The system developed will permit Ministry management to forecast financial and manpower requirements well in advance of need and to insure that planned programs and projects are within the resource capability of the Ministry. The advisor will assist in revising and reclassifying accounting and budget categories to more closely relate budget execution with program implementation and thereby permit the development of an improved management information system based on financial reporting. The management information system will be developed in close coordination (perhaps jointly) with the systems analysis advisor in consultation with the senior public works administration advisor.

The USAID views the work of the program/budgeting advisor as particularly important due to the ingrained concept that GON managers have that budgets are static and once established should inflexibly govern operating decisions. Worse yet, most GON officials

consider it a mark of good performance to "save" money by not spending as much as budgeted for activities regardless that such "savings" are achieved by not implementing planned programs that were considered of high priority and were intended to benefit the Nicaraguan people. The concept of timely budget execution and the use of budgets as program planning and evaluation tools is relatively unknown, as witnessed by the Ministry's ability to execute only half its FY 1975 investment budget of US\$8.9 million.

Since the benefits of the partly AID-financed reconstruction program will be realized only with the efficient execution of the reconstruction budget, the importance of having the major implementing entity operate within the framework of well-conceived but flexible program budgets cannot be too strongly emphasized. It is fortunate that the Ministry of the National District is a fully autonomous local government institution that develops and executes its own budget largely independent of the national budget process. Thus changes and improvements can be accomplished relatively quickly in the National District's internal budget and programming procedures without significant danger of conflicting with the sometimes cumbersome budget procedures governing the operations of other GON agencies. The only area (and it is an important one for reconstruction implementation) in which particular care must be taken is in coordinating the financial planning and programming of reconstruction activities with the plans and programs of the other implementing agencies and the services of an expert program budgeting advisor will be important to assuring that such coordination is accomplished.

In order to increase the effectiveness of the assistance programmed above and to assure the timely implementation of the National District's share of the Immediate Action Reconstruction Program, it is clear that the Ministry will require some additional personnel qualified in engineering and management skills not presently available on the Ministry staff. Particularly important will be the systems and management analysis personnel to work with the systems analysis advisor, and additional civil and hydraulic engineers to improve the National District's capacity in engineering design, solicitation and evaluation of bids and contractor supervision. Some of these skills will be difficult to obtain on the local manpower market because of the demand for such skills and the higher salaries they command in private industry. In cases where personnel with the requisite qualifications are not available locally, we would expect the GON to contract for them in other countries utilizing loan or counterpart funds.

### 3. Ministry of Public Works

Financing for technical assistance to the Ministry of Public Works began under the initial phase of this project with the allocation of funds to provide the General Directorate of Highways with one man-year of a public works administration advisor together with short-term specialized advisors to supplement the long-term advisor's services. The USAID believes that this assistance will be sufficient to meet the needs of this Department and, therefore, no additional assistance is programmed under the project for the Department of Highways.

However, another major department of the Ministry that will be instrumental in implementing the reconstruction program is the Department of Construction and Maintenance of Public Buildings (Construcciones) which is responsible for the supervision and construction of GON public buildings. It has, in the past, been a fairly well run agency that has done surprisingly good work in implementing some of the activities financed under the Emergency Reconstruction Program Loan (524-L-028), but its capabilities have been severely taxed by the very rapid increase in the level of effort required of it. For example, its program level of \$1.8 million in 1972 had increased by 100% to nearly \$3.6 million by 1974. This level is expected to more than double again in 1975 with a total program estimated at \$8.4 million. This level is expected to increase again in 1976 to approximately \$10.0 million.

In terms of numbers of projects undertaken and method of implementation, in 1972 Construcciones directly carried out twelve projects costing \$804,000 and contracted for another three costing a total of \$1.0 million. In 1974, Construcciones directly carried out only five projects at a cost of \$760,000 while contracting out twelve projects at a cost of more than \$2.7 million. While incomplete data from 1975 operations indicate that the number of projects carried out directly by constructions constituted more than half the total number of projects undertaken (approximately 32), these were generally smaller projects located outside Managua on which local contractors were reluctant to submit bids. In any event, it is clear from the foregoing that Construcciones' workload has increased markedly since the earthquake both in terms of directly implemented projects and those carried out through contracts with the private sector and that this workload, both in terms of the numbers of projects and their value, will continue to increase during the implementation span of the Immediate Action Reconstruction Program.

While basically a stronger organization than the Public Works Directorate of the Ministry of the National District, we believe that technical assistance in improving management and controls over project implementation is urgently needed. Construcciones lists nine engineers and two architects on their staff plus a contingent of support personnel for administrative and service functions. The majority of these personnel are construction oriented which leaves a technical gap in the area of project preparation and design, contract licitation and administration and overall program management. Given the major increases in the size and complexity of its program that are now occurring, the USAID's engineering and capital development staff personnel have strongly recommended that we provide technical assistance in program design and administration in the form of a long-term senior public works administration advisor with background and experience similar to the senior advisor programmed for the National District, but with specialization in vertical construction. Their recommendation is based on extensive experience working with Construcciones during implementation of the Emergency Reconstruction Program Loan (524-L-028). As was the case with the National District's Public Works Directorate, the USAID feels that it is faced with either providing this type of senior level technical assistance or again committing a substantial portion of its capital development and engineering staff time to implementation tasks that should more appropriately be carried out by the GON implementing agency with the assistance of technical advisors.

The senior public works administration advisor will work with the Director of Construcciones Nacionales and his senior staff to improve project design and preparation, and to update and improve procedures and standards for contract licitation, evaluation of bids and negotiation and administration of both A&E and construction contracts. He will advise on the application of modern program and project management techniques, such as PERT and CPM, to Construcciones' operations. He will work with key personnel in the Directorate to develop improved operating and procedural manuals for project development, implementation and evaluation. The advisor will conduct seminars and training sessions as appropriate for Construcciones' personnel in the above areas. In addition, he will be available to assist the Directorate in resolving on a timely basis management and implementation problems related to the execution of loan 524-W-029.

As is true of the National District, the assistance programmed above can be made more effective with the addition of more highly qualified technical and management personnel to Construcciones' staff. Again, we expect the Directorate to experience difficulty in obtaining personnel with the required

skills and experience locally. We will urge Construcciones to add appropriate personnel whether obtained locally through their regular budget or from a foreign source with loan or counterpart financing. Such personnel would include those with experience or training in structural design, electrical system, hydrology and procurement and contracting.

#### 4. Ministry of Labor

As noted above in Section D, the assistance programmed to develop the capacity within the GON to forecast reconstruction manpower requirements and adjust its short-term apprenticeship training programs to accommodate such requirements has required more than the six months originally programmed. The program recommended by the U.S. Department of Labor (see Annex VI), which was accepted by the USAID and the GON, covers a span of two man-years with approximately 30 man-months of advisory assistance. The GON accepted the USDL recommendations and allocated C\$1.5 million (US\$214,000) in CY 1975 to pay the costs of increased personnel and new equipment for the new Ministry of Labor organization. Similar sums will be made available during each of the next two calendar years. We believe the program, as it is being implemented, will provide the GON with the institutional capacity not only to plan its manpower training programs to insure an adequate supply of at least minimally skilled labor for the reconstruction effort, but also to plan and establish programs to train workers for alternate employment as the major reconstruction effort begins to wind down in another three to four years. Under the PROP revision, we have programmed eight additional man-months of the principal employment service advisor to complete his planned two-year assignment.

#### 5. Short-Term Technical Assistance

Funds are programmed to finance the services of short-term advisors in reconstruction related fields. The funds programmed will provide necessary flexibility in responding to needs identified by the long-term advisors working in the various implementing agencies. Such short-term assistance can, thus, be utilized to fill requirements important to achieving the objectives of the long-term advisors but which, for reasons of lack of either time or expertise, the long-term advisors themselves cannot fulfill. In addition, short-term assistance will be utilized to assist GON entities whose functions are important to reconstruction but whose needs are not of the magnitude that require the assignment of a long-term advisor. Examples of this latter category of short-term assistance are as follows:

a. The Tribunal de Cuentas has requested technical assistance to improve its performance in processing documentation related to payments being made by the Government to suppliers, contractors and creditors. The request stems from assistance provided to the Ministry of Finance by Sanderson & Porter, Inc., under a contract financed by the first phase of the project. The Tribunal de Cuentas is technically part of the Nicaraguan legislative branch and occupies a position within the GON roughly analogous to that occupied in the U.S. Government by the General Accounting Office. However, one of the major functions performed by the Tribunal de Cuentas is a pre-audit of all payments made by the executive branch of the Government. Noting that the Ministry of Finance is currently implementing recommendations made by the Sanderson & Porter technician that will greatly accelerate the speed with which payment documents will be processed within the Ministry, the Director of the Tribunal de Cuentas is anxious to make corollary improvements in his organization's operations. At the same time, the Ministry of Finance has indicated that they will need up to an additional six-man weeks of consultant time to complete implementation of all recommendations developed by the Sanderson & Porter advisor. Such assistance would be provided by the same consultant selected to provide the requested assistance to the Tribunal de Cuentas. The USAID places a high priority on providing the requested assistance in order to assure effective implementation of improved payment procedures in the Ministry of Finance and to avoid having the Tribunal de Cuentas form a bottleneck in the processing of payments to suppliers and contractors, particularly those involved in the reconstruction effort, and will program approximately four man-months of technical assistance to meet this requirement..

b. The National Computer Center is located, both physically and organizationally, within the Ministry of Finance. It is responsible, inter alia, for processing the central government's financial management data. Given the demands of the reconstruction program, the workload of this unit has increased rapidly since the earthquake and has outstripped the capacity of the Center's current equipment (an IBM system 360/30 with magnetic tape drives and related auxiliary equipment). The Center is now in the process of converting to a new IBM system 370/115 with both disc and tape capability. While certain assistance in the changeover will be provided by IBM, the GON will require assistance in developing and adapting its financial data management procedures both to the new equipment and to the increased GON management information requirements inherent in a rapidly expanding capital investment program occasioned by the reconstruction effort. At the request of the USAID, AID/W's Office of Data Systems Management provided the services of a systems analyst to review the current situation in the National Computer Center and to recommend and develop scopes of work for the technical assistance that would be required to insure that the Center will be capable of handling the management

information demands placed on it. SER/DM has recommended that the Center be provided technical assistance by a computer software specialist to improve the operating efficiency for Center personnel, assist in the conversion of existing applications to the new equipment being installed and in planning for future computer application, particularly those related to processing management information and payments related to the reconstruction programs. SER/DM also suggested the employment of a computer software consultant to advise on equipment requirements, but the USAID considers this to be of lower priority than the software specialist who will be programmed for a period of up to six man-months.

c. The Central Bank of Nicaragua, through its Special Development Fund (FED - Fondo Especial de Desarrollo), is responsible for the administration of the small enterprise reconstruction credit fund established under loan 524-W-029. Under the terms of the loan agreement, the FED has established a special implementation unit to manage this \$6.4 million fund (\$3.2 million A.I.D. loan funds and \$3.2 million GON counterpart). The FED has requested short-term technical assistance to improve the operating procedures of this implementation unit, to improve the procedures followed in evaluating and processing requests from eligible sub-borrowers and to develop manuals to guide sub-borrowers and their clients in the preparation and administration of projects to be financed from the fund. These sub-borrowers are such entities as the Banco Nacional, the Banco Popular, FUNDE, private banks and other financial institutions who operate small enterprise credit and technical assistance programs. The special fund is directed at assisting those individuals and small enterprises that lost their businesses as a result of the earthquake to re-establish these enterprises. We would expect to program some three man-months of short-term technical assistance for this purpose.

d. Additional reconstruction implementation related entities such as the Banco Popular (small enterprise credit and technical assistance) and the High Level Coordinating Committee/Interagency Coordinating Committee (to establish a secretariat to facilitate day-to-day coordination) may also be provided approximately three man-months of short-term assistance needed to improve their technical or administrative capabilities to discharge their reconstruction related functions.

e. In addition to the above short-term assistance to GON implementing agencies other than the Ministires of Public Works and the National District, we are programming up to five man-months of short-term technical services of highly specialized experts for the District and three man-months for Construcciones Nacionales in direct support of the long-term advisors programmed above. These

would include specialists in various aspects of operations research to conduct seminars and assist with specific planning problems, experts in facilities and equipment maintenance programs, project design and analysis, warehousing, contract management and information systems design. While the long-term advisors should be generally qualified in all these areas, the demands on their time will not always permit them to reach the levels of involvement necessary to achieve the desired results in every identified problem area. The use of short-term advisors will thus permit them to devote their energies to additional areas of need while supervising the work of short-term advisors in carrying out the in-depth work required to resolve specific technical problems identified by the long-term advisors.

#### 6. Participant Training

We have allocated a total of \$23,000 to finance approximately 13 man-months of short-term training during the remaining life of this project. The training to be provided would be in support of the activities outlined above and would include training in program management similar to that provided by the Agency for direct hire employees in project design and implementation (seven participant-months), and finance up to three additional employees of the Labor Ministry to attend up to six participant-months of the Labor Statistics training programs offered by the U.S. Department of Labor.

#### 7. Other Costs

The other costs category will finance, in addition to incidental expenses related to implementation and administration of this project, the costs of a Nicaraguan project administrator and secretary in the Central Bank (see pages 9 and 10 above). The administrator is responsible for contracting and contract supervision and administration of activities financed under this project extension. He maintains daily liaison with GON recipient entities and with the advisors financed by the project and follows up to insure that adequate counterpart personnel and services are made available on a timely basis by the recipient entities. He also monitors implementation of advisors recommendations and reports on progress and problems to the joint USAID/GON project committee so that timely corrective action can be taken when indicated. The USAID considers this method of project implementation both efficient and highly effective while reducing significantly the amount of USAID staff time required for project management.

## I. LOGICAL FRAMEWORK

### STATEMENT OF PROJECT GOAL

1. Goal Statement: To permit redesign and reconstruction of the city of Managua without major postponement or diversion of resources from critical development programs, particularly those aimed at the rural areas.

#### 2. Measures of Goal Achievement:

a. Reconstruction proceeding according to GON developed Immediate Action Reconstruction Plan and General Development Plan, with the major residential, commercial and industrial zones located outside the previous downtown core area of Managua.

b. Programs in health, education, manpower, agriculture and other non-reconstruction development areas continue to receive increased planning attention, personnel and financial inputs.

#### 3. Means of Verification:

a. Physical inspection of reconstruction patterns and progress.

b. Review of GON Immediate Action Reconstruction Plan, General Development Plan for Managua, the GON's Five Year Capital Investment Plan (1975-1979) as from time to time revised, and other related reconstruction and sector development plans prepared by the GON.

#### 4. Assumptions About Goal Achievement:

a. Nicaragua experiences continued economic recovery sufficient to finance or to attract foreign financing for the public and private sector investments needed for reconstruction and development.

b. That the present government is sincere in its expressed desires to undertake a massive program of reconstruction that will not only recreate its capital city but improve the quality of life of its citizens and provide an environment less susceptible to destruction by seismic disturbances.

c. That the GON will continue to mobilize domestic resources for the reconstruction and that adequate foreign resources will continue to be made available.

STATEMENT OF PROJECT PURPOSE

1. Project Purpose: Improve the GON's capacity to plan, program, design and implement major programs for the reconstruction of Managua and for the continued economic and social development of Nicaragua.

2. End of Project Status:

a. The plan for the Immediate Action Reconstruction Program developed, updated and being implemented and a General Development Plan in force for the longer-term reconstruction and future growth of the city of Managua on a decentralized basis with linkages provided to outlying satellite urban areas within the vicinity of metropolitan Managua.

b. A well functioning Office of Urban Planning within the Ministry of the National District administering the implementation of the General Development Plan and enforcing the standards, regulations and codes developed through this project.

c. A system in operation within the GON for land acquisition, exchange and disposition in order to facilitate reconstruction.

d. Improved coordination between the various GON entities participating in reconstruction activities.

e. GON entities (e.g. Ministry of Public Works, Ministry of the National District, Ministry of Finance, etc.) capable of programming and designing reconstruction projects, managing their implementation and monitoring and evaluating contractor performance.

f. An organization within the Ministry of Labor carrying out manpower surveys and analyses and adjusting apprenticeship training programs accordingly.

3. Means of Verification

a. On-site visits to Office of Urban Planning.

b. Review of published GON plans and related documents and reports of contractors financed by AID.

c. Review of policies and ordinances published by the GON in its official register "La Gaceta".

d. Review of standards and building codes and spot checks of inspection procedures.

e. Review of procedures for land acquisition, exchange and disposal and checks of sample transactions.

f. Continuing observation of progress of reconstruction noting number and degree, or lack thereof, of overlaps and conflicts between reconstruction activities and the organizations carrying them out.

g. Quarterly and annual joint reviews with GON implementation unit of progress and problems encountered in carrying out reconstruction activities.

h. Review of manpower surveys and training programs carried out by Ministry of Labor and the National Apprenticeship Institute.

#### 4. Assumptions for Achieving Purpose

a. That expansion staff goes forward rapidly.

b. That VMUP is able to sustain decisions on zoning and construction restrictions despite sometimes intense political pressures to change them.

c. That effective coordination can be maintained between sometimes overlapping functions (e.g. urban planning for development of the Managua metropolitan area vs. regional planning for development of the Central Pacific area).

d. That qualified foreign technicians can be obtained in sufficient numbers on a timely basis.

#### STATEMENT OF PROJECT OUTPUTS

##### 1. Outputs

a. A comprehensive General Development Plan for the reconstruction and development of Managua.

b. Immediate action plans within first thirteen months of the project to permit decisions regarding reconstruction and alternative uses of property in and around damaged area. Plans would include delineation of dangerous fault corridors and would define land use for both public and private functions.

c. Zoning regulations and construction standards that reduce seismic risk to the population of Managua.

d. Criteria and procedures for public land acquisition and exchange including compensation for property owners.

e. Improved management procedures and organizational alignments within the Ministry of the National District including VMUP.

f. More effective and efficient implementation of the Managua Urban Reconstruction Loan (524-W-029) by GON recipient entities.

g. Manpower surveys and forecasts to serve as basis for decisions on apprenticeship training programs.

## 2. Output Indicators

a. Completion of the preliminary General Development Plan by the end of CY 1976.

b. The Immediate Action Reconstruction Program plan was completed and delivered to USAID in May, 1975. This plan will be updated each calendar year during the life of this project.

c. Preliminary zoning regulations and a revised anti-seismic building code will be developed by the end of CY 1976.

d. An expropriation law covering acquisition of land in the old central city area is now before the Nicaraguan Congress with enactment scheduled for CY 1976.

e. A reorganization plan for the Ministry of the National District was completed in August 1975 by a contract financed under the first phase of this project. Implementation of the reorganization plan and improvement of management procedures will be implemented with technical assistance programmed in this PROP revision. The reorganization structure should be operative by April, 1976 and implementation of improved management procedures will continue through mid-1977.

f. New procedures and manuals for planning, operations and project design and evaluation developed and in use by implementing agencies.

g. A system for gathering employment information will be established and operational by March, 1976, and the first manpower projections will be available in April, 1976. Manpower projections will, thereafter, be revised at least semi-annually. Development will begin on occupational standards and a dictionary of job titles in December 1975, with the first section (construction and related industries to be completed by June 30, 1976.

3. Means of Verification

- a. Review General Development Plan prepared by GON.
- b. Review of Immediate Action Reconstruction Program plan and revisions thereof.
- c. Review of zoning regulations and building code.
- d. Publication of the new expropriation law in the GON's official publication "La Gaceta".
- e. Review of organizational manuals and operating procedures adopted by the recipient entities.
- f. Review of annual reports prepared by the implementing agencies on their activities during the year.
- g. Review of procedures established for the employment information system; review of manpower projects; review of the standardized job title and occupational category directory and review of reports prepared by advisors working under the U.S. Department of Labor PASA.

STATEMENT OF PROJECT INPUTS

1. Inputs

The following Table II shows the inputs programmed under this PROP revision for the remaining life of the project. Details on the allocation of funds obligated under the project during fiscal years 1974 and 1975 are shown in PROP revision No.1 dated June 5, 1975. However, Table III (Implementation Schedule) includes all inputs programmed from project inception to completion.

TABLE II

SUMMARY OF INPUTS - JANUARY 1976 TO COMPLETION  
(U.S.\$ 000)

	<u>FY 76</u>	<u>IQ</u>	<u>FY 77</u>
<u>Ministry of the National District</u>			
Public Works Admin. & Mgmt. (21 mm)	112	-	-
Systems Analysis Advisor--O&M (12 mm)	56		
Program/Budgeting Advisor (21 mm)	107		
<u>Ministry of Public Works</u>			
Public Works Admin. & Mgmt. (Bldgs) (21 mm)	56	56	-



AGENCY Position	CY 1974				CY 1975				CY 1976				CY 1977			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Infrastructure Engineer												UNDP				
Transportation Systems Advisor												UNDP				
Various Short-Term Consultants	ALL DONORS															
<u>Ministry of Finance</u>																
Financial Operations Advisors (2)																
<u>Ministry of the National District</u>																
Public Works Admn. & Mgmt. Advisor																
Org. and Collection Procedures Consulting Contract																
Systems Analysis Advisor (O&M)																
Program/Budgeting Advisor																
<u>Ministry of Public Works</u>																
Public Works Administrator (streets)																
Public Works Admin. & Mgmt. Advisor (Bldgs)																
<u>Ministry of Labor</u>																
Employment Services Advisor																
<u>Various Implementing Agencies</u>																
Short-Term Advisors (see text Section H-5)																
<u>Participant Training</u>																
Various Short-Term (see text Section H-6)																
<u>Other Costs</u>																
Project Administration (see text Section H-7)																

2. Summary Project Budget

	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>IQ</u>	<u>FY 1977</u>
<u>Summary U.S. Inputs</u>					
<u>Technical Advisory Svs.</u>					
U.S. Direct	-	-	-	-	-
Contract/PASA	870	129	387	120	43
Participant Training	25	-	12	11	
Commodities	-	-	-	-	-
Other Costs	10	-	21	1	20
<hr/>					
Total U.S. Inputs	905	129	420	132	63
<hr/>					
GON Inputs <sup>1/</sup>	2,625	5,305	4,110	-	1,240
<hr/>					
Other Donor Inputs	165	396	220	-	40
<hr/>					
Total Project Inputs	3,695	5,830	4,750	132	1,343

<sup>1/</sup> GON and other donor inputs are on a calendar year basis. GON inputs consist of the increase in the budget of the Vice Ministry of Urban Planning over 1973 levels, plus estimated costs being financed by other GON agencies programmed for assistance under this project. The amount shown for GON inputs during 1977 includes only one quarter of a year of VMUP's budget since assistance to this agency should be completed in the first quarter of CY 1977.



SECRETARIA DE LA PRESIDENCIA  
DE LA REPUBLICA

Managua, D. N.

5 de agosto de 1975

Señor Doctor  
Robert Culbertson, Director  
Agencia Internacional  
para el Desarrollo (AID)  
Managua, D. N.

Señor Director:

Por este medio me dirijo a usted a fin de solicitar a esa Agencia una extensión del Programa de Asistencia Técnica para capacitar las entidades ejecutoras para llevar a cabo el programa de reconstrucción de acción inmediata, cuyo presupuesto de capital representa una ampliación del nivel anual de inversiones del gobierno nicaraguense de por lo menos el cien por ciento. Dicha ampliación implica una rápida expansión de la envergadura de la tarea, enfrentando al Gobierno al nivel más elevado de que se tenga registro en la historia del país.

En vista de lo anterior, la necesidad de las entidades ejecutoras del Gobierno de recibir ayuda externa para poder cumplir sus responsabilidades en el proceso de reconstrucción es una preocupación de alta - prioridad para el gobierno central. Por lo tanto, rogamos al gobierno estadounidense que se aporten fondos para financiar los servicios de asistencia técnica que se detallan en los párrafos siguientes. Por su parte, el gobierno nicaraguense se compromete a financiar los gastos de contrapartida asociados con apoyo logístico en Nicaragua, tales como espacio de oficinas, servicios de secretaría, transportación local y personal local adecuado.

Ministerio del Distrito Nacional

Asesoramiento en manejo y administración de programas de obras públicas;  
Asesoramiento en organización y operación del Ministerio;  
Asesoramiento para establecer un secretariado para el Comité Coordinador del Programa de Reconstrucción.



.../...



SECRETARIA DE LA PRESIDENCIA  
DE LA REPUBLICA

Managua, D. N.

- 2 -

Ministerio de Obras Públicas, Dirección de Construcciones Nacionales:

Asesoramiento en el diseño, programación y manejo de construcciones y mantenimiento de edificios públicos.

Ministerio de Economía:

Asesoramiento en la formación y operación de cooperativas de transporte público y/o una empresa pública de la misma.

Ministerio del Trabajo:

Coordinación de la asesoría para establecer un servicio de empleo y coordinación de programa de capacitación de mano de obra necesaria para llevar a cabo el programa de reconstrucción.

Asesoramiento a Corto Plazo:

En apoyo del asesoramiento anterior y para resolver los demás problemas de las entidades ejecutoras del programa de reconstrucción.

Asesoría del Profesor Harberger de la Universidad de Chicago para el diseño de manuales de evaluación y selección de proyectos para la reconstrucción (entre mediano y largo plazo).

En espera de lo que tengan a bien resolver sobre el particular, me suscribo de usted con las muestras de mi más alta y distinguida consideración,

Atentamente,

CARLOS DUBON

Secretario de la Presidencia

ccg.-



EVALUATION OF PROGRAM DEVELOPMENT  
AND IMPLEMENTATION PROJECT NO.

524-11-998-106

by: William Mann  
June 6, 1975

I. Introduction

One of the supports being provided by AID to the reconstruction of Managua to grant technical assistance aimed at enabling the Government of Nicaragua to meet planning, programming, budgeting, design and implementation requirements. Under this technical assistance, extended in cooperation with the United Nations Development Program (UNDP) and the Organization of American States (OAS), AID has delivered to the Vice Ministry for Urban Planning (VMUP) the consultants listed on the attached table. This same table includes consultants delivered by the UNDP and OAS.

The evaluation exercise reported herein was conducted by:

John W. Dyckman  
Irvine Professor of Urban and Regional Planning  
University of Southern California

Lawrence D. Mann  
Chairman  
Department of City and Regional Planning  
Harvard University

William Mann  
Chief  
Urban/Industrial Division  
AID/LA/DR

The assignment of this team was to evaluate (a) the program of grant technical assistance, and (b) the Immediate Action and Reconstruction Plan produced as one product of this technical assistance.

In the course of this evaluation stated goals and purposes were reassessed, performance was measured against stated goals, purposes and output targets and determinations were made as to future requirements of this technical assistance program. In addition, observations and recommendations on a number of key aspects of the planning/implementation process are included.

The comments which follow are keyed to the governing Non-Capital Project Paper (PROP).

## II. Statement of Project Goal

### A. Goal:

"To permit redesigned reconstruction of the city of Managua without major postponement or diversion of resources from critical development programs, particularly those aimed at the rural areas".

The Goal remains valid. Progress has been made toward that goal in the form of broad - brush urban redesign.

Progress is also evident in reconstruction - mainly private sector following the adopted concept of dispersion and deconcentration, which concept has been furthered by the extension of roads and utilities to peripheral areas.

There is no evidence yet that critical development programs have suffered as a result of design and reconstruction work. However, as planning is only just reaching the stage of providing the lead-in guidance for the major reconstruction, it is too soon to take meaningful reading of the impact of Managua reconstruction upon other development programs.

### B. Measures of Goal Achievement

1. "Reconstruction proceeding according to GON developed master plans with the major residential, commercial and industrial zones located outside the previous downtown area of Managua."

This measure is valid but clarification is needed on the type planning being applied. The process being used is one of continuous planning which provides an immediate action-type plan linked to the determination of longer range master plans. See the appended memorandum of Prof. Lawrence Mann for a full description of this process.

Reconstruction is proceeding as described above and, so far, all construction is located outside the previous downtown core area of Managua. This pattern is expected to be maintained over the immediate future, reconstruction in the previous city core being initiated in a year or so with the construction of some public or institutional facilities, see also comments in Dr. Dyckman's report.

2. "Programs in health, education, manpower, agriculture, and other non-reconstruction development areas continue to receive increased planning attention, personnel and financial inputs."

This measure remains valid.

The sectors and activities cited have continued to receive increased planning attention, personnel and financial inputs. We recommend that this measure be stated in such quantifiable terms as the level of planning effort in man-hours, staff strength by skills

categories, and allocation of the national budget by percentages.

C. Means of Verification

1. "Physical inspection of reconstruction patterns and progress".

This means remains valid. It was applied under the evaluation reported herein.

2. "Review of GON plans and related documents."

While valid, this measure is unspecific. The plans and documents to be used should be specified (e.g., Immediate Action Plans, Master Plans, Sub-center plans, project plans, building permits, land sales records, national budgets, etc.)

D. Assumptions About Goal Achievement

1. "Nicaragua experiences continued economic recovery sufficient to finance or to attract foreign financing for the public and private sector investments needed for reconstruction and development."

This assumption holds valid and the condition seems to be as assumed.

2. "That the present government is sincere in its expressed desire to undertake a massive program of reconstruction that will not only recreate its capital city but improve the quality of life of its citizens and to provide an environment less susceptible to destruction by seismic disturbances."

This assumption holds valid as an essential condition.

Verifiable indications of the Government's attitude toward improving the quality of life and strengthening security against seismic risks are in its strict application of the new seismic code and its attention to other areas, including rural development.

3. "That the GON will continue to mobilize domestic resources for the reconstruction and that adequate foreign resources will continue to be made available."

This assumption holds valid.

Domestic resources amounting to \$1,171,400 have already been contributed to this project. Available foreign resources other than those from AID are undetermined but indications are that additional resources can be expected when the GON beneficially absorbs a substantial proportion of those already available.

### III. Statement of Project Purpose

#### A. Project Purpose

"Improve the GON's capacity to plan, program design and implement major programs for the reconstruction of Managua and for the continued economic and social development of Nicaragua."

The purpose is still valid as stated.

Already, through this project, an institution has been created with a planning capability which did not formerly exist in Nicaragua. This institution (VMUP), has demonstrated considerable programming as well as planning capability. The design and implementation phases have not yet been initiated.

#### B. End of Project Status

As end of the project is a year off, evaluation in these terms is not possible at this interim stage. However, it can be stated that eight of the items remain valid, as measurements. Comments related to items 1 through 8 appear in another part of this report. Item 9 is outside our present concern.

Of significance here is the fact that the anti-seismic building standards (item 3) have been developed and are being strictly applied.

#### C. Means of Verification

Item 8 is outside of the scope of this evaluation. The remaining Stated Means of Verification hold valid. They are already being applied by the Mission in all on-going activities.

#### D. Assumptions for Achieving Purpose

1. "That staff expansion goes forward rapidly."

This assumption is valid. Furthermore, it has materialized. VMUP staff has increased from 7 professionals to 115 professionals and total staff strength now stands at about 700.

Assumption 2, on the ability of VMUP to sustain zoning and construction control decisions and assumption 3, which deals with effective coordination, are valid but remain to be tested in performance.

4. "That qualified foreign technicians can be obtained in sufficient number of 9 timely basis."

This remains valid as an assumption.

The performance of AID in identifying and selecting suitable consultants and effecting their timely arrival at post has been generally good. In the main, delays which have occurred with engaging AID financed technicians were caused by VMUP procedures which have since been improved. Selection of consultants satisfactory to VMUP has been greatly enhanced by provisions for candidates to visit Managua and be interviewed by VMUP prior to actual selection.

See the accompanying report by Dr. John Dyckman for further observations on this aspect.

#### IV. Statement of Project Outputs

##### A. Outputs

All eight of outputs falling within this evaluation (no. 8 is outside its scope) remain valid.

Items 1 and 2 need to be revised in order to reflect the planning process being actually applied (see IIBL. above and comments in Prof. Mann's memorandum). The immediate action plan has been completed some six months later, but in more extensive form, than originally projected.

It is too soon to evaluate performance on items 3 through 7 and item 9.

##### B. Output Indicators/Means of Verification

Although qualitative factors are of predominant importance, we would suggest that several of these outputs indicators be recast in quantifiable terms and that time-phasing be stipulated for other so that progress toward objectives can be better gauged. Baseline data are available where necessary and progress data can be routinely collected.

1. Time-phasing can be established for the principal steps in the master planning process (see Prof. Mann's memorandum).

2. The immediate action plans have been completed but time-phasing should now be established for the subsequent land appraisal and acquisition, design, working drawings, contract documents, contract award and construction monitoring activities. In addition, quantitative measures, such as costs, and square measure or linear measure or volume of physical facilities planned and built can be applied.

5. Improved management procedures may be reflected in such outputs as number of plans received, number of building permits issued, number of plans produced for satellite towns, and number of project designs produced.

6. Increased capacity of all agencies to identify, design and implement reconstruction and development projects may be reflected in the rate at which these actions are satisfactorily completed and the value of projects involved.

7. "More rapid" design, review and approval of public works projects may be expressed through a periodic quarterly comparison of the number and value of projects handled.

9. "Improved" utilities may be reflected in increases in households served, hours of service and volume of product produced. "Improve" health services can be measured by hospital beds per unit of population, number of patients treated, reduction in mortality, etc. "Improved" transportation may be expressed in passenger - mile or trip time.

#### V. Conclusion

Our determination through retrospective analysis are that the project setting is essentially unchanged and that no basic change in project design is called for. However, we make a number of suggestions intended to help improve performance monitoring, reporting, evaluation and project operations.

Though operations are behind schedule, evidently because of miscalculations in the magnitude and difficulty of tasks, this project has produced significant institution-building results and has launched an innovative planning process, both of which may serve as models for consideration world-wide. A disciplining force greatly responsible for accomplishments was the requirement under the AID Reconstruction Loan for an immediate action plan. In some respects the tasks immediately ahead - land appraisal and acquisition, project design, bid documents preparation, contract award and administration, project construction - represent even more difficult terrain than that covered so far. Therefore, serious setbacks can only be avoided through increased effort and improved operations. In this connection, early action should be taken to obtain funding for key specialists needed to accomplish these tasks but not covered by existing funding.

Capital project packages to a total value of about \$256 million have been identified according to priorities by VMUP. The push now must be toward selecting and designing projects for early implementation.

Our final suggestion is that an interim evaluation of implementation be conducted in approximately six months or not later than February, 1976. By that time tasks mentioned above should be well enough underway to permit meaningful scrutiny and determinations as to how well implementation measures have been conceived and applied.

Report of Evaluation  
Visit, Managua, June 1-7, 1975

John W. Dyckman  
Consultant

This report addresses two major performance areas:

a) the Technical Assistance Program, and b) the AID Loan program.

1. The technical assistance program has succeeded in substantially revising and improving the procedures of Reconstruction planning. In particular, the inputs of the Asesores have played a major role in the integration of the disparate efforts of groups working in the Vice-Ministry for Urban Planning. These asesores have in some cases provided the needed bridging of the differing conceptions of the functions and form of the "Plan" entertained by various staff members.

Most importantly, they have played a major role in producing the important "PRAI" (Programa de Reconstrucción y Acción Inmediata) document. This document provides a first effort at effectively converting general planning perspectives into specific programs and program actions. In the past, the lack of such program specification and guidance has been a serious weakness in the Reconstruction planning effort. With the submittal of the PRAI report on May 20, 1975, and with the general development of PERT and CRITICAL PATH program methods in the Vice-Ministry, these deficiencies have been redressed. In addition, the PRAI is an organizing device which serves to place the various efforts of the planning teams in the Vice-Ministry in relation to each other, and in direct relation to proposed actions.

This improvement, though marked, is not so great as to remove all confusions and inefficiencies in the planning. Major problems remain in the coordination of planning efforts with the implementation and operational activities of action agencies charged with the provision of public services, and in some instances, with the necessary resources of the private sector. An there are some scheduling difficulties in the use of personnel within the Vice-Ministry, as well as some personnel weaknesses. Inevitably, the teams are at different levels of competence and productivity, and this impedes the smooth flow of the programmed effort. But over all, the technical assistance effort has produced clear and measurable results in the Vice-Ministry.

Among the achievements of the Vice-Ministry staff in which the Asesores have played a contributing part are: the aforementioned production of PRAI, which has symbolic as well as organizing value; the development of computer mapping and of a central data base, in which the consultant services played an important part; house to house surveys of building condition and the production of a data

series on condition of units; study of demand for land in the central area; economic and investment studies; community renewal planning in the San Judas area; and the development of the concepts of integrated subcenters. The Asesores have contributed directly and indirectly; they have headed teams on specific assignments, and have helped to produce the regular output of the office on the one hand, and on the other they have served in the valuable role of training instructors and technical counselors. Their presence and experience has helped to build the confidence of the Nicaraguan staff.

In at least one case, there was serious difficulty in locating the consultant provided by Technical Assistance in an appropriate place in the Vice-Ministry staff. This consultant is an able man, but for reasons of professional differences or personality incompatibilities he has been operating essentially without portfolio. Even in this case, the person in question has made real contributions, and has worked diligently in the role of general factotum for the senior Asesor.

In my opinion, the team assembled is a good one. The principal area of improvement in the use of the Asesores would be in the deployment of the senior Asesor, who is technically counterpart to the Vice-Minister. This person has not been functioning as an advisor to or deputy for the Vice-Minister. Rather, he operates more as the head of a team or group. Since this person is competent and experienced, and is willing to take responsibility, it would be useful to all parties to upgrade his duties, and to bring him into closer relationship to the Vice-Minister. As the Vice-Minister has no deputy or delegated staff leader, he should in any case delegate some of his duties to a second-in-command. If for reasons of personality or of history it proves unfeasible to use the Asesor in this capacity, a Nicaraguan deputy should be chosen.

The division of labor with the other assistance agencies has produced at least one serious problem. An infrastructure engineer is needed almost immediately, and though the U.N. will presumably provide such a person, their delay in doing so will prove costly to the program if it continues. Certain other skills are needed by the staff as it moves into its implementation stage. An expert in materials testing is needed, either through a staff addition or through a consulting arrangement. At present this function is not being exercised and the testing equipment on hand is not utilized. An expert in statistical sampling and survey and an urban land economist are among other skills mentioned not now on hand. Finally, the implementation stage will profit greatly from the addition of a person skilled in expediting large-scale undertakings in the urban development field. Such persons - with experience in urban redevelopment or in other urban land development programs-- can be found in the U.S. and could make a major contribution to the reconstruction work.

2. If the technical assistance staff inputs are to be used effectively in the reconstruction effort, some shifts in deployment will need to be made. As the emphasis of the work gradually is transferred to operational agencies, technical assistance should move in accord with it. These shifts can be realized without major disruption of the important contributions now being made by the Asesores. Since the Distrito Nacional, for example, will play a major role in providing services needed in the reconstruction, it would be useful to integrate more closely the activities of the programming group within the Vice-Ministry with the on-going activities of the District. Since the Vice-Ministry is actually a unit of the District, this should not be difficult in principle. In practice it may require encouragement from AID, for reasons of the relatively vague nature of the organizational lines between District and Vice-Ministry and because of the discrepancies in qualifications and culture of the respective staffs. It seems unwise, therefore, to physically transfer any of the units of the Vice-Ministry to the offices of the District, where they would be removed from the supporting relations which have been developed in recent times. Rather, it is proposed that certain units, notably the programming section, develop closer ties with the District staff. If necessary, "counterparts" should be found or placed in the District staff.

The present "teams" or "sections" of the Vice-Ministry staff should not be viewed as permanent divisions of labor. As the tasks change and the planning work develops, new alignments may be advisable. Thus, it would be reasonable to suppose that a "Downtown Study Team" might be formed in the Vice-Ministry. Such a team need not entail new personnel, but might be formed from the reassignment of present staff members. (As an example, this might be the kind of task which could exploit the experience of the presently "floating" or "displaced" Asesor.)

Finally, as noted above, the senior Asesor should be given clear coordinative responsibilities. He should be deputized more freely by the Vice-Minister to act in a more clearly managerial capacity. To this point, he has not functioned in this way, either for lack of personal assertiveness, or because of the indisposition of the Vice-Minister to use him in these capacities.

3. The role of the O.C.I. unit of the Minister of Hacienda will be a crucial one in the period ahead. This unit will prepare the pre-contract programming, and this task will grow rapidly in the course of stepped-up reconstruction. There is reason for doubt about its present capacity to handle this load. Since O.C.I. is in a different Ministry, there is no question of alleviating the load by shifting assignments or lines of reporting. But because the staff of the Vice-Ministry and that O.C.I. must work closely together (and presently do so) it is possible that the programming section of the Vice-Ministry will be able to gear its output even more closely to the needs of the O.C.I. unit. If it can "tailor" inputs to the ongoing needs of O.C.I.,

the programming unit can materially expedite the transition from plans to actions.

In the course of this transition, the contacts between the Vice-Ministry and the private developers who will eventually be the main development actors will intensify. In this case, the problem is not that of transferring resources to the action group, or even of providing specific services for that group. Rather, it is one of communication. Steps should be taken to regularize the communication of planning determinations and planning arguments to the major development groups in the private sector. Over time, the Vice-Ministry staff and the eventual developers will inevitably be brought into close contact. This eventuality should be anticipated to some extent, and early meetings should be scheduled by the Vice-Ministry with developer interests. The purpose of these meetings would be to "advertise" the plans of the Vice-Ministry to its putative clients, to inform this group of the expectations and purposes of the Vice-Ministry, and to solicit developer reactions and comments. While presentations to the broader public are necessary, smaller showings to the development actors will serve a useful purpose.

4. Eventually, the loan program is intended to be converted into actions to create real living environments. If this is to be done smoothly, a number of realities should be anticipated. Among them are the following:

a. Improved Appraisals. In order to protect its investment in land, to secure the maximum benefit for this investment, and to safeguard the process against abuses, it will be necessary to obtain land appraisals which accurately reflect land values. The very processes of shifting key locations, of redevelopment, and of infrastructure investments change the relative values of parcels. For these reasons, it seems inappropriate, however administratively convenient, to rely on past cadastral evaluations for setting appraisals in land acquisition. The Geographic Institute will render an important service in its present undertaking to clarify property lines, but this finding alone will not be sufficient for setting values. There is also reason to believe that past experiences in Nicaragua with expropriation, in which courts appointed separate appraisers in each case without benefit of general guidelines, has led to unreasonably high appraisals. For these reasons AID should take the initiative in helping the GON to develop appraisal guidelines, with the help of the most experienced and reputable appraisers. These guidelines should be publicized -both as a form of notice to the property owners and as a point of reference for the use of the courts. If the government is not willing to constitute a blue-ribbon Board of Appraisers from which the courts may draw individual appraisers to evaluate properties, at least the publication of guidelines would be a valuable service and a reasonable exercise of AID's right to protect its funds.

b. Early taking. The exigencies of time will require that the government avoid excessive delays in gaining control of properties for development. As the proposed law amending expropriation procedures to provide for immediate taking of property, with an amount equal to the cadastral value of the property placed in bank escrow against the eventual award, has not been favorably received by the GON, other formulae should be sought which might be an acceptable compromise. Thus, for example, an amount up to some maximum could be turned over to the property owner at the time of the taking, with a fund deposited against the eventual award. In any event, project plans must await precise project property line definitions, and such definition cannot be made until the property is actually acquired. The prospect of delay threatens to jeopardize the ability of the government to meet the loan expiration deadline. Thus AID has an interest to push some type of rapid taking if it is to see the funds actually expended.

c. Excess acquisition. Either by ordinary market buying or by expropriation, the GON has a lively interest in acquiring some land in excess of that anticipated to be used directly or immediately in its public projects. Not only will such land be needed to "wholesale" to developers in certain instances, but it will also be valuable for the exercise of land "trades" - as in the case of compensation of downtown property owners for land taken in reorganization of lot lines and in street widenings- and in securing for the public the benefits of certain public improvements.

d. Improvements tax. Because public improvements create land values which may lead to windfall profits for certain land owners, and because of the need of the GON for resources for public improvements and services, it is reasonable that a benefits tax be imposed on the increase of land values resulting from public improvements, such as infrastructure extension. It is probably not feasible to attempt to recover all this increase (as the British experience with the Compensation and Betterment Act of 1947 has shown), but it is reasonable to seek to recover some of this betterment. (Say, 10-15%). By setting the tax - a one time tax- relatively low, the Government can avoid the hardship that might be imposed by an inaccurate assessment of the amount of the benefit --that is, it can give itself a margin of safety. While this proposal appears to have been rejected in recent discussions, it may be worthwhile to reopen the question as part of the general loan discussions- with the argument that it permits the loan to have a certain multiplier effect.

e. Land packaging. The creation of a land reserve, as proposed above, could lead to an effective staging of development in which various "packages" of land with all site improvements would be marketed to developers. This would permit the developers to realize certain scale economies and scheduling economies in their work, and would facilitate the implementation of the "integrated community development

plans" now being prepared by the planning groups in the Vice-Ministry. The packages could be broken into parts of varying sizes depending upon demand, upon the pace of redevelopment, and upon the ability of government to finance and actually build the infrastructure.

MEMORANDUM

June 6, 1975

FROM : Lawrence D. Mann  
TO : USAID/NICARAGUA  
SUBJECT: Evaluation of Managua Reconstruction Planning, June 1975

This memorandum summarizes observations during a brief visit for evaluation ending this date. It is based on a series of interviews and meetings, as well as the examination of numerous relevant documents.

Background

The reporting here forms part of an evaluation mission. It should be read jointly with parallel memos by John W. Dyckman and William Mann of USAID/Washington.

Subjects of concentrated attention here will be on the Program for Immediate Action (PRAI) and the training function of technical assistance.

My comments here should also be read in the context of three earlier reports I have prepared for INCAE on the planning process for reconstruction of Managua.

### The Immediate Action Program (PRAI)

One main task of this visit has been the examination and evaluation of the ambitious document, "Programa de Reconstrucción de Acción Inmediata", dated 20 May 1975 and known under the name "PRAI". This document was technically to comply with the requirements of Loan Agreement 524-W-029, but it went beyond these requirements. It is in a number of ways a really significant planning document, including several innovations and representing a huge professional effort by the advisors to and staff of the Vice Ministry of Urban Planning.

The Program covers the period 1975-78. An initial chapter reviews the nature of the pre-earthquake Managua, the effects of the quake itself, and initial emergency responses to the event. The following chapter provides the clearest statement to date of the Government's approach to replanning the metropolis. This general approach is broken down into rather specific strategies for land use, housing, community facilities, utilities, streets and transport, industry and commerce, open space, and general environmental quality. This third chapter concludes with a good section on development controls.

A fourth chapter provides an approach to an implementation plan for urban development during the period. This chapter begins with a governmental structure for implementation that includes a Top Level Reconstruction Planning Directorate, the Vice Ministry of Urban Planning, the Ministry of the National District at large, the Office of Coordination and Implementation (OCI) of the Finance Ministry, and the executing agencies. Proposed institutional interrelations are outlined. Procedures for implementing the "PRAI" are outlined for financing, land acquisition, development of coordinated planning areas (API), project implementation, and the coordination of project execution. Technical support for planning, development, and implementation is discussed in terms of the INCAE contribution and other special studies.

A separate fifth chapter discusses the special development fund for small business. (While this matter is part of the loan agreement, it is not central to the present consultancy.)

The final chapter discusses an evaluation system. This proposal is presented in terms of three phases. The first foresees the evaluation of project advance and improvement of the urban planning system itself. The second phase is to look at the achievement of physical goals. And the final phase is to provide an overall evaluation of the program's effectiveness.

The "PRAI" is in general quite well documented. Besides numerous charts and tables, there are a number of appendices.

It should be noted that the "PRAI" was adopted as official policy of the Nicaraguan Government. It attained such approval, we are informed, only after a rather thorough going-over after leaving the Vice Ministry. That is Minister/Alcalde Luis Valle Olivares reviewed and changed the document in important ways and other Ministers and the President himself have reviewed the document seriously.

Our general evaluation is that the "PRAI" is quite a successful document both for its specific purposes and as the germ of a method of middle-range planning. It is certainly subject to correction of certain minor errors at various places in the text, charts, and graphs. Moreover, there are certain aspects of the implementation part (Chapter 4), and in evaluation (Chapter 6) that will necessarily be modified with the accumulation of practical experience. We believe this is particularly likely in matters of inter-institutional relationships. It is simply not possible to know how all this is going to work until the flood of projects begins to move through the proposed system.

This observation is particularly important in the likely relations between the Vice Ministry of Urban Planning and the parent Ministry of the National District. Precisely which of the proposed functions will remain best located in the Vice Ministry of Urban Planning and which will be administratively located in other parts of the Ministry of the National District are matters that cannot be entirely foreseen. Certainly these arrangements will work themselves out over time, and there is no sound reason to believe that anything I might say now would have a positive effect on the outcome. This same comment should be applied to relations with OCI, with the five agencies of the Government and with private planning, engineering, design, land development and construction firms.

#### Relation to More Extensive Action Planning Process

Perhaps the most fundamental question that needs to be posed is the extent to which the PRAI is indeed the appropriate microcosm for the needed longer range action planning process. To respond well to this query, we shall need to restate the essential framework for such a process. It must also be recognized that we shall need to look beyond the PRAI to the broader work program under way in the Vice Ministry of Urban Planning.

The basic action planning framework, as I have sketched it elsewhere<sup>1/</sup> begins with an initial phase of very general goal specification. Then begins a series of project identification and generation phases involving discussions with agencies, private interests, local groups, etc., alternating with technical documentation of potential

<sup>1/</sup> "Action Planning for Urban Structure" paper presented at the Inter-American Planning Society (SIAP), September, 1974. See also my report "Planning for Housing/Urban Development Sector in Panama", USAID, 1974.

projects for programming purposes.

These projects are to be worked into a program for investment, parallel to standard capital budgeting, but much more informal on modern programming methods.

The program-of-projects is then to be tested against inter-agency, private interest and community group discussions. Following modifications from these discussions, it is tested against long-range plans for environmental design implications. New modifications will result from this analysis and further discussions following it.

Then, the carefully evaluated and modified program is implemented on an annual and multi-year basis. Immediately, the feedbacks from implementation begin to show the needs for new projects and the lack of justification for ones already approved.

This begins the continuous process of planning-implementation-planning. I have called "action planning."

As mentioned above, the PRAI is quite consistent with such an "action planning" framework. However, there are some notable short-falls to date.

a. The private sector projects are not yet included. (The same applies to projects to be solicited from community interests, but this may not be feasible in these circumstances).

b. Meaningful consultations are taking place only at the technical and high administrative levels. Consultation processes are not yet "open" enough to work well.

c. The "packaging" aspects are not yet fully informed by programming methods, though this may well work itself out in time.

d. The long range planning is not far enough advanced to provide the necessary heuristic.

e. The attitude of the ongoing process is not yet widespread in the staff. (Note low participation of staff in the PRAI, with advisors having to take more initiative than would have been preferable.)

#### Professional Training Program

The critical mass of technical expertise in the fields of urban planning and programming are a resource that should not be neglected for its potential impact on the long-run supply of professional talent in Nicaragua. It has been recognized all along that the body of advisors has the potential of performing this valuable training function. An earlier report by Rafael Corrada, for INCAE, suggested some tentative directions for organizing the advisors for this effort. No important

steps in this direction have been taken during the past year, though of course a great deal of on-the-job, informal training is taking place on a daily basis.

I am recommending that an important proportion of principal advisor Hinojosa's time during the next three months be devoted to developing a draft training program, to make full use of advisors and other professionals in the office for training in the various aspects of urban planning and programming that are expected to be most needed in Nicaragua during coming years. Advisor Hinojosa, it should be noted, is one of the leading educators in this professional field in the United States. His proposals on this matter should be taken very seriously and should be supported rigorously by USAID/Nicaragua.

Given my great confidence in the resident advisors abilities and judgment on these matters, my own specific recommendations on this matter can be quite brief.

I believe that the appropriate paradigm should be the "action planning" approach described elsewhere in this memo, and in related documents cited there. The main implications of that approach which is simply my own version of the best of the current state of the art, are the following:

1. All urban planners should begin with a solid educational base in one of the following:

- a. Architecture (the traditional professional base in Nicaragua)
- b. Civil engineering
- c. Law
- d. Geography, economics or other empirical social science.

2. The emphasis of the training should be on programming as opposed to the traditional stress on preparing long-range, end-state plans. The sense of ongoing process should be the foundation, and the relation of public planning and implementation to broader socio-political and economic processes should be deeply impressed on all trainees.

3. Urban planners should be trained to appreciate the importance of participation of others in public planning processes, not out of any moral imperative (though such moral questions are quite legitimate) but out of the necessity of information and support that can be obtained only through this participation; only a fraction of the necessary participation can be subsumed under the category of inter-agency communication and consultation. The importance of working out the involvement of private firms, quasi-public entities, and community and user groups should be made quite central. And there should be an apprecia-

tion of the need to develop such involvement to a meaningful degree at a very early stage of planning processes.

4. Urban planners should be trained in the ways of generating, processing, and analysis of critical data related to projects and their evaluation. The evaluation framework should be that of cost-effectiveness, generally, with application of formal cost-benefit analysis where possible and appropriate.

5. Urban planners should be taught to "package" sequenced and prioritized arrays of spatially and functionally related projects into programs of different scales. (The sub-centros will provide the appropriate upper-range scale in the Managua context.) Central to this kind of synthesis will be the techniques of the PERT and CPM family, and all planners should fully grasp this framework at least conceptually.

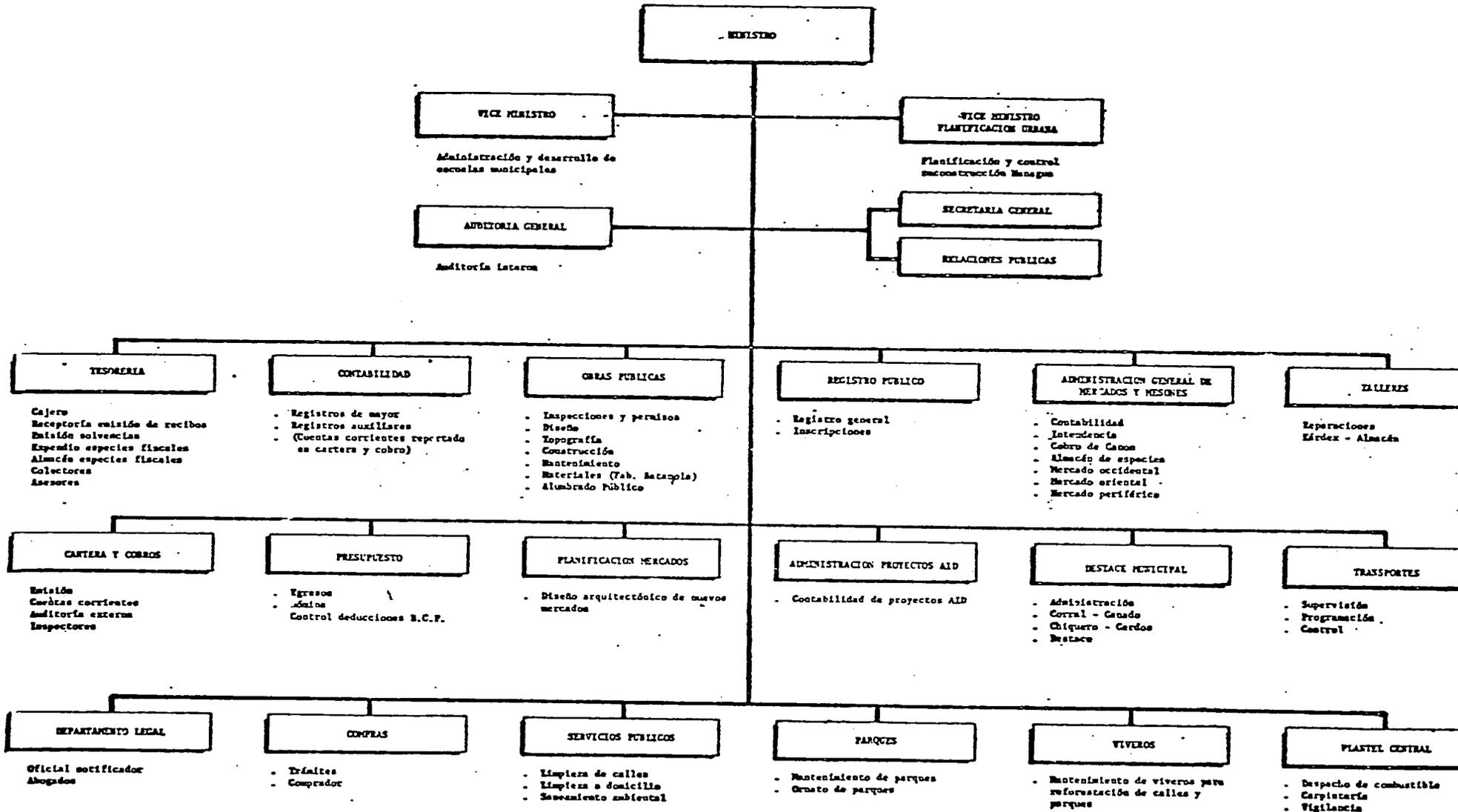
6. Urban planners should be trained to appreciate the importance of long-range urban design and environmental plans as an heuristic device to test the full long-term implications of combinations of major programs of projects. This understanding will be difficult for trainers since those with traditional architectural education will find it a much too limited role and non-architects may not be easy to convince that this function is necessary at all. Nevertheless, it is a very important part of any urban planning curriculum.

7. The close link between planning and implementation phases must be made very clear to urban planners. All trainees should be fully exposed to the complexities of implementing projects and programs-of-projects. Relatedly, planners should be trained to elicit information from implementation situations as feedback to further planning.

### Conclusions

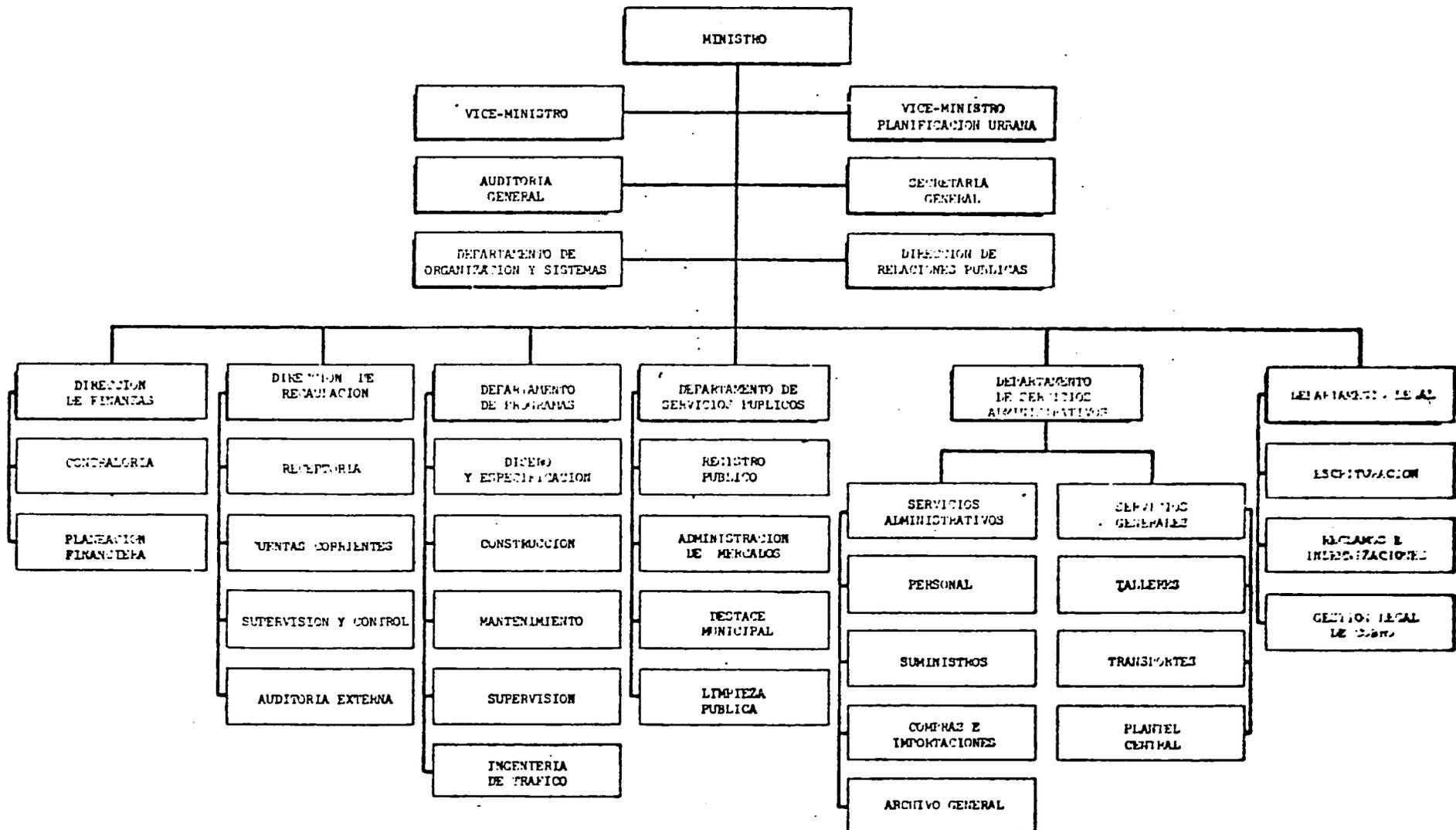
There is still room for improvement in the above areas and in related matters. However, if the effort can avoid the landmine of a major scandal, I am optimistic that it is now "taking off."

MINISTRY OF THE NATIONAL DISTRICT  
CURRENT ORGANIZATION STRUCTURE



6/23

MINISTRY OF THE NATIONAL DISTRICT  
PROPOSED ORGANIZATION STRUCTURE



REPORT OF TECHNICAL ASSISTANCE  
"Human Resources Development and Utilization"

PIO/T No. 524-106-2-40056 - USAID/GON

Managua, Nicaragua

September, October, 1974

Hector D. García  
Manpower Development  
Advisor, International



## TABLE OF CONTENTS

- I. Introduction
- II. Scope of Technical Assistance
- III. Methodology
- IV. Findings
  - A. Disorganization of the Labor (Employment) Market
  - B. Labor (Employment) Market Information
  - C. The Training Institutions
  - D. The Ministry of Labor
- V. Recommendations

NOTE: Annexes appended to the original report  
have been omitted due to space considerations.

## I. Introduction

This report is the result of a one month technical assistance agreement between the Central Bank of Nicaragua (CBN), representing the Government of Nicaragua (GON), and the Agency for International Development (USAID), representing the United States of America (USG). Under this agreement the writer started the review and analysis of the manpower development and utilization systems and the related statistics and labor information programs in effect in the country on September 22, 1974.

After several interviews, the writer was left with the impression that this technical assistance program originated because of the preoccupation and concern of national officials with the need for a well organized permanent labor information system that will provide the country with current and accurate data on manpower supply and demand that will enable them to make medium and long range estimates of such supply and demand.

During the almost two years after the earthquake of December, 1972, all efforts have been directed principally toward the implementation of emergency programs to alleviate the suffering of those citizens affected by the earthquake and in planning for the reconstruction of the city of Managua. The outstanding efforts of the officials responsible for the implementation of these emergency programs is most evident when one travels through the affected area and projects such as has America Housing Program.

It appears that the first phase of the reconstruction program, that part devoted to the providing of emergency assistance, is giving way to a long range reconstruction program.

The next step will probably be the most difficult: to move from planning into implementation.

The purpose of this report is to assist in filling in the gaps that exist in the planning and implementation of reconstruction programs as it pertains to manpower demand and supply to improve the effectiveness of such programs. It emphasizes the need for a manpower development and utilization strategy that includes: 1) the organization of the labor market, and 2) the obtaining of current and accurate information on manpower supply and demand. It recommends a program that, while modest, it can make a most significant contribution to the country's reconstruction and development programs. Its costs are insignificant compared to the benefits it should produce and the disguised losses to the country if it is not implemented.

The writer has taken special care not to crowd the report with statistical information and data which abounds in the numerous research reports emanating from various institutions, to highlight the recommendations within.

He is deeply grateful for the sincere and friendly reception he received from all Nicaraguan officials contacted in government and private enterprise. The frank discussions with these officials and their spirit of cooperation has been outstanding and made this assignment an enriching professional experience and a personal pleasure.

He is specially indebted to Lic. Jorge Montealegre and Lic. Edgar García from the Central Bank for their assistance in executing of this assignment and to Jimmy Philpott, USAID's Director of Development Planning for his guidance and assistance in the

introduction to the country and its officials and providing moral and material support in carrying out this assignment. He is also very grateful for the assistance of Miss Elizabeth Cross, who so patiently coordinated the numerous meetings, reproduced the report and translated it into Spanish.

## II. Scope of Technical Services

### A. Objectives of the Technical Assistance

To provide the GON with the capability to estimate and project the supply and demand for various occupations and to utilize such estimates in planning short and long term skills training programs.

### B. Description of Scope of Work

1. Review and analyze labor information and statistics collected by the Ministry of Labor and review the organization of the Ministry's Labor Statistics Department.
2. Prepare a general work program for the design of a dictionary of job titles covering occupations in the construction industry.
3. Prepare a general work program for the design of a permanent information system that will provide the means for making medium to long range estimates of such supply and demand.
4. Provide recommendations as to additional technical assistance required by the Ministry of Labor, a) to carry out the work programs developed under paragraphs two and three above, and b) to utilize the information effectively in planning short and long term skills training programs.

## III. Methodology

In order to obtain as much information as possible regarding the manpower supply and demand and the existing labor information systems and arrive at the findings and recommendations in this report, the following methodology was followed:

- A. Interviews with government officials of institutions concerned with manpower development and utilization.
- B. Interviews with leading members of private industry including the Chamber of Manufacturing Industry and Chamber of the Construction Industry with emphasis on private construction companies.
- C. Personal visit to the most important training institutions.
- D. Brief review of several reports related to the matter.

#### IV. Findings

The observations that follow are based on the information gathered through the review and analysis following the methodology described above. The findings, which are summarized below, are sometimes necessarily stated in negative terms, for the purpose of supporting the recommendations that follow.

##### A. Disorganization of the Labor (Employment) Market

The lack of accurate and timely labor market information and the need for an institutional system to effectively coordinate the needs for (demand) and the supply of skilled labor will be perhaps an insurmountable handicap affecting the reconstruction and development programs.

At the moment there is no coordination between institutions developing the skilled and semi-skilled manpower (supply) and the institutions, private or public, in need for and utilizing the available manpower (demand). The skills or capabilities of the unemployed persons, which will be needed for the reconstruction and development effort, is not known. Neither is it known whether they can participate effectively in the implementation of programs being prepared for the development of their own environment.

The disorganization of the labor market is complicated by the lack of standard classification of occupations. Today a carpenter may mean one thing to an employer and another thing to another employer. There is an urgent need for occupational analyses and the development of a dictionary of occupational titles applicable to Nicaragua to facilitate the identification of manpower needs and develop the supply according to those needs.

An institution is needed, such as a Department of Employment and Human Resources, to establish a system to organize the labor market in the country and obtain and maintain current essential manpower information.

This institution would establish a system to effectively coordinate the needs for (demand) and the supply of skilled labor and plan and promote the development of the skilled labor information and the efforts of separate institutions which conduct manpower studies and surveys in an effort to make needed projections thereby avoiding duplication of efforts and waste of needed resources.

The information to be gathered, analyzed and maintained on current basis would be most useful not only to other human resources development institutions such as the Ministry of Education, Ministry of Labor, training institutions, but also to all planners, be them in government or private industry.

#### B. Labor (Employment) Market Information

The concern of national officials with the need for a well organized permanent labor information system is well based. Though a number of estimates of availability of skilled workers have been made by different institutions, there seems to be no coordination between these units.

There is great danger in accepting these inventories of "skilled" workers and some of the projections being made. As an example, as late as May, 1974, some of these reports optimistically included in their estimates the number of skilled workers that the training institute in Granada and the Center for the Development of Human Resources in Managua would graduate in 1974. In effect, neither of these institutions are now training workers and there is no certainty as to when they will start their training courses. Though these two institutions are developing the proper way and should be complemented for it, planners must make their projections based on realities; otherwise, when the reconstruction projects begin, the needed skilled workers will not be there.

Another miscalculation which could play havoc with the implementation of reconstruction programs is the assumption that the trainees graduating from the different institutions or the large number of those who received 15 days "cursillos" in 1973 are skilled workers. Reports add all these numbers to arrive at the total production of skilled workers available so far for the reconstruction effort. Actually there is a great deal of difference in the skills acquired by the trainees in the different institutions if only the time spent in training is considered without considering the quality of instruction and availability of such essential items as adequate training facilities, equipment, tools, and materials. The skills of an individual who receives two weeks training or approximately 80 hours, cannot be compared to the worker who receives three or six months of training on full time basis and less to those who receive three years of training.

Another item which stresses the need for the establishment of a well organized labor information system is the fact that while government officials and employers report

a lack of skilled workers in the construction industry, the President of the Construction Labor Union reported in an interview that there were many unemployed skilled construction workers. The writer did not have the time to verify this statement but feels that the situation probably exists because of the disorganization of the labor market, the lack of current labor information, and the lack of a system to coordinate the demand for and supply of labor.

The scope of work of this assignment requires an analysis of the Labor Ministry's Labor Statistics Department and a review and analysis of the labor information and statistics they collect. Unfortunately, there is no Labor Statistics Department in the Labor Ministry. The Section of Economic Studies, poorly staffed (ten (10) technicians authorized and only four (4) on duty at time of visit) personnel in need of training, devotes its very limited resources to the collection of information on salaries related to investigation of minimum wage compliance and other labor management conflicts.

The placement (employment) office of the Ministry of Labor, staffed by one professional and one secretary reports a number of applications, 6,124 in the entire country in 1973 and placements, 3,579 in the same year. These figures are less than candid as report of employment office operations. It is difficult to visualize one person interviewing 6,124 applicants in 16 different cities and placing 3,579 in 14 cities during one year. Information available indicates that most of these individuals are farm laborers being moved from one "hacienda" to another. The effectiveness of the functions of those officers must be discarded as labor statistics collection units because they contribute practically nothing useful in the field of labor information.

The best source of employment and unemployment information, in yearly reports, is the Executive Office of Census and Statistics. In 1973 and 1974 they conducted household surveys in seven (7) urban centers: Managua, Chinandega, León, Granada, Masaya, Jinotepe and Diriamba. These cities represent over 50% of the urban population. Next year they plan to begin studies of the rural population. The surveys are restricted to seven cities because of the high cost and limited availability of financial resources. The reports seem to be an excellent beginning and should be very useful to planners in their work. The writer was very favourably impressed by the operations of this office and the qualification of its personnel.

There is no current information on the supply and demand for labor such as that which is maintained by an Employment Service. The labor market is a very active force that changes continuously from day to day and needs careful management and coordination so that it can function effectively and provide the country with the skilled labor when and where needed. A malfunctioning, disorganized labor market robs the country of its resources, human and material, and slows down the development process.

Today an employer in need of workers has no place to go to obtain assistance in getting the workers and a worker in need of a job has nowhere he can go to obtain assistance in getting the job. The demand for labor and the supply cannot meet each other's needs because of the lack of current labor information and the system to coordinate and bring together this supply of and demand for labor.

This reports includes recommendations for the establishment of such systems to avoid the waste of the nations most precious resources: human resources.

### C. The Training Institutions

To be able to understand the labor market it is essential that one looks at the institutions which are developing the workers needed by industry. There are a number of published excellent reports of evaluations of the leading training institutions such as the Evaluation of the Don Bosco Training Center made by the Central Bank of Nicaragua in October of 1973, and the very excellent evaluation of the principal training institutions made by Ing. Julio Blanco, under the sponsorship of the Chamber of Industries, that though outdated, is very useful. The author does not wish to duplicate these outstanding efforts and will restrict his remarks to brief descriptions of those institutions and some pertinent comments on workers' training in general, as it relates to the labor market.

The principal manpower training institutions in Managua and vicinity are:

- 1) The National Institute of Apprenticeship
- 2) The Vocational Technical Institute
- 3) Youth Center Don Bosco
- 4) Technological Institute of Granada

The National Institute of Apprenticeship (INA) is a government school operated under the Ministry of Labor. This institution has carried the brunt of the manpower training activities in the country since the earthquake of December, 1972. It is located in installations which the trainees are slowly building as part of their practical exercises, their original installations were destroyed in 1972. Since the earthquake of December, 1972, INA has concentrated its efforts in the training of workers for the construction industry.

Early in 1973, in cooperation with the Chamber of the Construction Industry, it gave emergency 15 days training to some 486 workers in areas such as masonry, carpentry, electricity, plumbing and concrete reinforcement. In 1973 it also started dictating three (3) months courses from which 808 trainees graduated to date. These latter type of courses have become the standard for the present and the immediate future and INA is planning to train some 11,680 construction workers in the years 1975-1979 at the rate of 2,340 a year. Two features of the INA program that are most commendable because they are in accordance with the realities of life in Managua are: 1) That the trainees receive a training allowance to allow them to dedicate themselves to their studies without economic worries, and 2) That there are no prerequisites for attendance other than that the potential trainee knows how to read and write, knows basic arithmetic and can keep up with the training lessons.

The success of the implementation of INA's five year plan, so essential to the national reconstruction and development plans, of course, depends on the budgetary support they receive from the National Government. At the moment, INA's facilities and equipment leave much to be desired; however, the Director stated that the equipment necessary is beginning to arrive and that he sees no difficulty in obtaining the necessary resources to carry out the five years plan. This type of training is very expensive but at the same time absolutely necessary to successfully implement the reconstruction and development plans.

The Vocational Technical Institute is located organizationally and functionally under the Ministry of Education. Its original buildings were completely destroyed by the earthquake and are now constructing a new training center with assistance from international organizations. The new center was excellently designed and it is planned to equip it and staff it

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adequately. The writer was very impressed with the plant layout plans and the progress of the construction to date. When completed, the center will have a capacity for 1400 students. The regular program will offer two or three years courses for students in the educational system. However, unlike most vocational education schools under Ministries of Education, it will also provide accelerated training to adults out of the school system. A total of 28 adults completed accelerated training or modular courses in 1974.

One of the most impressive potential training institutions the writer had the pleasure of visiting was the National Technological Institute of Granada. He says potential because the institute has not begun the regular training courses and is now completing the construction of the center and training the instructors. This institute has received substantial assistance from the Government of Spain in the form of technical assistance and equipment, tools and materials. The institute is constructing well planned training shops, developing their own didactic materials and will be excellently equipped. When completed, it will have a capacity for approximately 500 students on the regular courses, hoping to graduate approximately 140 trainees a year. These regular courses will have four (4) years duration. The first three (3) years in training in the institution and the fourth year in apprenticeship training in industry under school supervision. The only entrance prerequisites are that the student be at least 14 years of age, can read and write and knows the basic elements of arithmetic. The center is also planning to conduct accelerated training and skills up-grading training for approximately 600 adults a year. It is administered by a religious order under the guidance of a board which includes representation of institutions such as the Ministries of Labor, Education and Economy and private enterprise.

The Don Bosco Youth Center is also in the development stage though it has been training youth in the available facilities. It provides three hours a day for six months courses to young students in occupations such as welding, lathe operations, carpentry, masonry, and plumbing. It began conducting three month (3 hours a day) courses during 1973 to meet the emergency situation but extended the training period to six months in mid 1974. They have trained approximately 894 students and expect to finish 1974 with a total of 1,000 graduates. The Center provides students and youth from the surrounding vicinity with recreation and sport facilities as well as training in the humanities and religion. It is operated by a religious order and supported by Caritas and the GON. Another job being well done.

The writer could not obtain much information about the Center for the Development of Human Resources other than a publicity pamphlet stating that they planned to train 2,000 individuals in a two year period.

In sum, the writer was left with the impression that the country has in the development process sufficient capacity to provide the quantity of workers to be needed with reasonable investment provided that the budgetary scapel does not cripple the very sensible and urgent plans of these institutions of training and deprive them of the needed resources.

#### D. The Ministry of Labor

It would be impossible to complete this type of report without some comments in reference to the Ministry of Labor, supposed to be the principal government institution concerned with the development and utilization of the nation's human resources.

Unfortunately, in Nicaragua, as in so many other Latin American countries, the Ministry of Labor has devoted its efforts primarily and almost solely to the management of labor affairs as it pertains to the implementation of the labor laws and to the solving of labor conflicts. The management of the nation's labor force, the utilization (employment) of these resources has been practically ignored.

This situation exists because traditionally, the Labor Ministries receive inadequate budgetary support to perform its functions to the detriment of the nation's development process.

The writer believes very strongly that one of the primary functions of a labor Ministry, if not the principal function, is to ascertain that the country has an adequate number of qualified workers when and wherever needed. This includes careful coordination of the supply and demand for labor and the maintenance of accurate and current labor information to enable it to satisfy the day to day demand for skilled workers, make projection for future needs and insure the development of the workers needed for this future demand so they will be available when needed.

After a brief review of the organizational chart of the Labor Ministry and visits to its facilities the writer arrived at the conclusion that the Labor Ministry of Nicaragua is in urgent need of much assistance, both technical and material. This so very vital institution is in urgent need for development, beginning with a reorganization to group related functions and focus on its primary functions, giving the same weight to the three major ones: Employment and Human Resources, Labor Affairs and Social Welfare.

The writer has taken the liberty of including in this report as Annex No. 2, a suggested skeleton organizational chart indicating which should be the relationship between the three major functions of the Ministry.

#### V. Recommendations

To prepare the work programs suggested in the scope of work of this assignment, it would be necessary to do it through an institution specialized in this type of work, such institution does not exist in Nicaragua, the reason why there is no current labor information system, no occupational classification of jobs and no coordination of the demand for and supply of labor.

It is urgent that these systems be established now, not only because of the imminent beginning of the reconstruction period, when the effective or ineffective management of the labor force will have a decisive influence on whether the program succeed or not, but also because Nicaragua may be facing a serious and dangerous threat of massive unemployment upon completion of the reconstruction programs.

Much has been said and written about the need to include manpower planning as an integral part of any program of economic development. The scope of work of this assignment clearly indicates the preoccupation of national officials with this part of their planning. However, manpower programs cannot be carried out in a vacuum. There has to be a focal point in the economy to provide the driving force and continuity in the development, dissemination of information and application of the techniques and methods for effective manpower utilization and the organization of the labor market.

### Recommendation No. 1

It is recommended that the Ministry of Labor be strengthened so that it can adequately perform its functions as pertains to the organization of the labor market and effective management of the work force through the creation of a major unit, perhaps a "Dirección General" of employment and human resources to fill the present vacuum.

Attached as Annex 1, is included a suggested organization chart, brief description of functions and the staff estimated necessary to operate such an institution. Annex 2 is a chart suggesting the place of this unit within the organization of the Labor Ministry.

### Recommendation No. 2

He's also recommended that an organizational study of the Labor Ministry be conducted to effect a reorganization of the Ministry, grouping related functions together, to enable it to function effectively. Annex 2 suggests a skeleton organizational chart indicating the major functions of a Labor Ministry and their relationship.

### Recommendation No. 3

If recommendation one is accepted, it is further recommended that a nucleus of the personnel be hired, utilizing psychological testing and other scientific personnel recruitment and selection methods, and that these individuals be provided eight (8) weeks of training in the Employment Security Department of the Department of Labor of Puerto Rico. The training should consist of four (4) weeks of basic employment service training for all participants and the second four (4) weeks in specialized training. The following personnel should receive the above mentioned training:

1. The Director General. . . . . 1
2. Department Chiefs. . . . . 3
3. Interviewers. . . . . 2
4. Employment Relations Specialists. . . . . 2
5. Farm Labor Section. . . . . 1
6. Counselor. . . . . 1
7. Testing Specialist. . . . . 1
8. Industrial Services. . . . . 1
9. Labor Statistics. . . . . 2
10. Occupational Analyst. . . . . 1

Recommendation No. 4

To assist in the establishment of the institution and systems recommended above and specified in the scope of work of this assignment it is recommended that the Ministry of Labor be provided with the following technical assistance:

Position

1. Manpower Development Advisor Generalist

Period: at least 12 to 18 months

Function: Provide technical assistance in the creation and development of the "Dirección General" of Employment and Human Resources.

2. Employment Service Specialist

Period: 2 months

Function: Provide technical assistance in the initial stages of the establishment of the Department of Employment.

3. Occupational Analysis Advisor

Period: Four (4) months in two periods of two (2) months each

Function: Provide training and technical assistance to personnel in the occupational analysis section in the development of a dictionary of occupational titles. This expert will

arrive on a two months period when this section is created and personnel on hand to train them and start the process of the development of the dictionary. He will return six months later for another two months period to evaluate the work performed and provide any redirections or additional guidance and training if necessary.

4. Labor Statistics Advisor

Period: Two months

Function: Assist the Department of Human Resources in the development and establishment of a permanent labor information system.

Recommendation No. 5

It is further recommended that in order to improve the process of planning by integrating manpower planning in the overall economic developing planning by such key institutions as the National Planning Office and the Central Bank of Nicaragua that at least one person from each of the Economic Planning Sections of these institutions for a total of two (2) be allowed to participate in the Manpower Seminar to be held in the International Manpower Institute in Washington, D. C., U. S. A., in April of 1975 for a period of 12 weeks.

## UNITED NATIONS DEVELOPMENT PROGRAM

## GCN PROJECTS FINANCED BY THE SPECIAL RECONSTRUCTION FUND

(U.S. Dollars)

<u>Project Title</u>	<u>Total</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
<u>Civil Aeronautics</u> Assistance to rehabilitate services damaged by the earthquake	27,000	18,300	8,700	-	-
<u>Rehabilitation of Postal Services</u>	83,643	5,000	42,194	36,449	-
<u>Accelerated Professional Develop- ment for Managua Reconstruction</u>	463,256	-	69,902	329,954	63,400
<u>Organization of Hospital Services in the Reconstruction Phase</u>	122,650	-	20,250	77,500	24,900
<u>Rehabilitation of Potable Water Services to communities affected by the earthquake</u>	142,040	23,804	110,936	7,300	-
<u>Industrial Parks</u>	34,300	-	34,300	-	-
<u>Rehabilitation of Telecom- munications Services</u>	30,601	12,730	17,871	-	-
<u>Programming Course</u>	15,902	10,215	5,687	-	-
<u>Assistance to Vice-Ministry of Urban Planning</u>	444,150	-	64,428	215,897	163,825
<u>Small Industry Assistance</u>	197,500	-	-	68,000	129,500
<u>Environmental Sanitation</u>	74,300	-	15,002	37,998	21,300
<u>Program Administration</u>	21,761	5,761	11,059	4,941	-
Total UNDP Reconstruction Technical Assistance	1,657,103	75,810	400,329	778,039	402,925

SIMPLIFIED DIAGRAM OF THE PROPOSED MECHANISM FOR PROJECT SUPERVISION

